

Annual Report

2021/22

The Annual Report is presented and adopted
at the Annual General Meeting on April 30, 2023

Chairman of the meeting: Søren Birn

Schur International Holding a/s. J.W. Schurs Vej 1, 8700 Horsens. CVR. No. 83100028

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A man with grey hair and safety glasses is leaning over a complex industrial machine, inspecting a component. The machine is filled with various pipes, valves, and gauges. The background is a blurred industrial setting.

Management's report

Management's report

Financial highlights

DKK million	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement					
Revenue	2,054.4	1,770.3	1,654.3	1,555.4	1,497.6
Gross profit	463.4	396.4	337.7	318.3	301.9
Operating income from ordinary activities	130.1	78.8	54.6	35.8	32.6
EBIT	145.1	105.8	75.7	78.8	80.0
EBITDA	315.3	274.8	239.7	225.6	214.8
Net financials	26.2	65.1	27.0	12.6	70.1
Profit before tax (EBT)	171.3	170.9	102.7	91.4	150.1
Profit for the year	125.5	132.8	74.2	71.2	128.3
Balance sheet					
Balance sheet total	2,354.0	2,195.4	2,256.8	2,251.8	2,076.0
Net working capital	558.4	370.8	303.7	280.0	256.0
Net interest bearing debt	310.2	320.7	324.1	388.3	248.0
Equity	1,507.8	1,396.5	1,378.5	1,338.9	1,305.0
Cash flow					
Cash flow from operating activities	88.5	178.9	214.8	197.3	127.3
Cash flow from investing activities	-94.3	-59.1	-101.7	-271.2	100.0
Cash flow from financing activities	-28.0	-180.8	-18.1	-37.8	-121.2
Total cash flow	-33.8	-61.0	95.0	-111.7	106.0
Investments in property, plant and equipment*	-112.7	-106.1	-81.7	-196.2	-148.5
Financial ratios					
Gross margin	22.6%	22.4%	20.4%	20.5%	20.2%
EBITDA margin	15.3%	15.5%	14.5%	14.5%	14.3%
EBT margin	8.3%	9.7%	6.2%	5.9%	10.0%
Equity ratio	64.1%	63.6%	61.1%	59.5%	62.9%
Return on equity	8.6%	9.6%	5.5%	5.4%	9.9%
Leverage ratio	1.03	1.29	1.48	2.13	1.48
Employees at the end of the year	918	919	877	938	836
Average employees for the year	924	896	896	848	819

* Investments in property, plant and equipment are exclusive of additions and disposals relating to acquired or divested subsidiaries.



Company presentation

Schur's activities

Schur is the world's oldest family-owned packaging group with more than 176 years of experience. Our goal has always been, to develop the packaging solutions of the future, together with our customers. We operate globally, and our main activities are carton packaging, flexible packaging, packaging technology, and marking & labels.

In all our activities, we aim to set the bar for packaging innovation and creativity, and we push ourselves to be 'Leader Of The Pack'. We are an end-to-end supplier in packaging solutions with all of our subsidiaries collaborating using their competences across our production sites. The products of the folding carton companies are mainly sold in Northern Europe and the USA, whereas the flexible packaging companies and machinery company sell their products all over the world.

ESG reporting

Schur contributes to socially, environmentally and economically sustainable development. Our commitment is based on internationally approved principles on human rights, the environment and anti-corruption. The principles are all referenced by the UN's Global Compact, OECD Guidelines for Multinational Enterprises and UN's 17 Sustainable Development Goals for global development. Schur will primarily focus on goals #7 Affordable and clean energy, #8 Decent work and economic growth and #12 Responsible consumption and production.

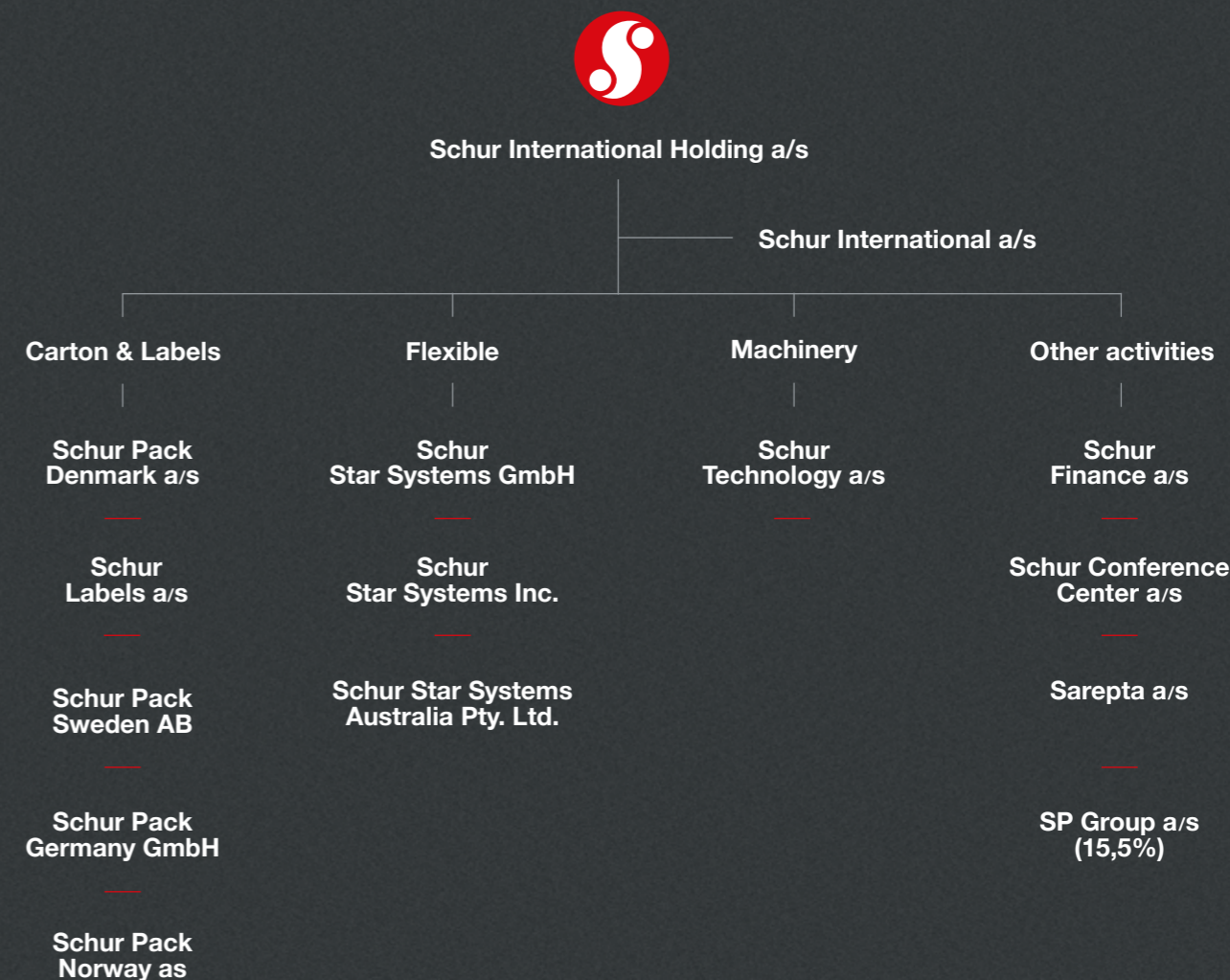
For information about Schur's ESG activities, in accordance with § 99a and § 99b in the Danish FSA, reference is made to our Sustainability Report on our homepage: www.schur.com/sustainability/sustainability-reports/

Founded in 1846

Operating since 1846, Schur is the oldest family-run packaging business in the world. Tradition and innovation have been integrated parts of our DNA, and the combination of the two has been crucial in our journey towards being 'Leader Of The Pack'.

900+ Employees

We have 900+ employees across our group companies who are dedicated to service our customers and stakeholders in the best way possible. It is due to our loyal and hardworking employees, both past and present, that we proudly celebrated our 175th anniversary in June 2021.



Key events in 2021/22

This financial year has not offered any acquisitions or significant changes in our activities. The year has been marked by the outbreak of the war in Ukraine, raw material shortages, inflation and price increases. The focus has been on handling these challenges and securing the demand for raw materials for our customers.

The merger of the label business

As described in last year's annual report, we acquired Interket a/s in March 2021. In September 2021, Interket a/s was merged with our existing label business. The merged label business moved into a brand-new production site in Horsens.

The merger of the two businesses together with the move to new premises and the purchase of completely new production equipment, turned out to be a greater challenge than expected. In addition, we faced difficulties with the supply of raw materials as in the rest of the group.

However, we have seen the worst part of the challenges and our processes are aligned with those of the rest of the group. We are therefore looking ahead in our label business with great optimism with a completely new and updated production setup.

Schur® Star Systems Australia Ltd

In 2016 we acquired Burgess Printing and Packaging in Melbourne Australia with the aim of introducing our Schur Star concept to the Australian market.

We have recently experienced a post covid demand for roll stock/printed film and loose bags in connection with a shift in sourcing towards more local supply in Australia rather than sourcing from Asia. This shift has resulted in increased sales and a decision to expand the production capacity with a new 10 color flexo press, which will be installed in 2023.

Sale of properties

This financial year we have sold the properties that has been rented out and not used by the group - Halsskovvej in Korsør and Norgesvej in Horsens. Furthermore, we have terminated a lease in Vejle and a lease in Horsens. After this, the group no longer has properties or leases that are not used for our primary activities.

Digitalization Strategy

Schur's digitalization strategy based on Microsoft Dynamics 365 platform is now successfully implemented in phase 1 in 2022. This includes Microsoft CE (CRM system), which is up and running in 3 companies now and Microsoft Finance and Operation (ERP system) was activated in the parent company from May.

We will continue the rollout and increased focus on digitalization in order to optimize efficiencies and improved internal and external cooperation.



Financial performance 2021/22

2,054
DKK Million
Net Revenue

In the most recent published annual report, we expressed expectations for a revenue between DKK 1.8 and 2.0 billion and a profit before tax around DKK 125 million.

Despite a raw material shortage and heavy price increases on almost everything we use in our production, these expectations have been met. Revenue increased by DKK 284 million (16.0% growth) and profit before tax was slightly higher than last year.

171
DKK million
profit before tax

We have a responsibility towards our employees and customers to run a sustainable and stable business, therefore this year's result is considered satisfactory.

310
DKK million
Net interest bearing debt

With investments of DKK 137 million in intangible and tangible fixed asset and a positive cash flow from operating activities, the net interest-bearing debt decreased by 11 DKK million.

We have increased our inventory to secure the supply chain and make sure we can fulfill our customers demand in time of uncertainty. This increase has affected our cash flow with DKK 185 million.

1.03
Leverage ratio

Leverage ratio (net interest-bearing debt/adjusted EBITDA) has decreased from 1.29 to 1.03, mainly driven by a higher EBITDA.

Outlook 2022/23

Packaging is very much in focus these days. Many initiatives have been started in order to change consumer behaviour (sorting at source) and new products are being introduced with the goal to increase recycling and reduce environmental impact. We constantly aim to develop new solutions, which can help reduce food waste and increase the extent of recycling and reuse, and thus make our contribution to a circular economy.

The market situation for the West European carton market is estimated to show an increase in demand, primarily due to the environmental drive towards recyclability and reusability. Schur is committed to setting the stage for the most modern production and logistics technology on the market and has in recent years invested heavily in product development and state-of-the-art production technology. We will continue to invest in new production equipment with expected investments between DKK 2-300 million in 2022/23 alone.

As a sub-supplier, we depend on our customers' sales and product development, and we are

pleased to be able to contribute with an innovative approach while creating new sustainable solutions with our customers.

With the EU's upcoming packaging directive, there will be new challenges, but also opportunities for the packaging industry. We look forward to working with the new opportunities this will give us as an innovative total solution supplier of packaging.

We expect that the inflation, in particular the higher energy prices will affect the entire financial year 2022/23.

In 2022/23, we expect a revenue between DKK 2.0 - 2.2 billion and a profit before tax between DKK 160 million and DKK 180 million.

Risk management

Identification and management of business risks are significant strategic focus areas that are annually reviewed and determined by the management and the Board of Directors.

Business risk

Reducing packaging waste is subject to much focus. The special challenges of the industry will be to develop new products to meet the consumers' and customers' demands for reduced environmental impact. These demands may be supplemented by local and/or international regulatory initiatives.

Recent years have shown that it is crucial to have secure supply chains, as these are far more fragile than they have been in the past. Thus, we have experienced a great risk to secure deliveries of raw materials. We take this risk seriously and are in close dialogue with our suppliers to secure our deliveries.

Price risk

The packaging market's use of raw materials, which are based on oil or fibre, incurs a certain risk because of fluctuations in prices which may affect the companies' and thereby the Group's earnings capacity as the price increases cannot immediately be transferred to the selling prices.

Energy risk

The process energy of the packaging companies is based on electricity and therefore the group is sensitive to price developments of electricity. The group follows the price development of electricity closely and considers where and when hedging the price on electricity may be relevant. The current accounting year is characterised by increasing energy prices. The group has partially hedged the purchase of electricity in the coming financial year.

Interest rate risk

The activities of the Group and the financing of these mean that profit, cash flow and equity will be influenced by the development in interest rates. In accordance with the interest rate policy of the Group, the extent of the interest rate risk is evaluated, and interest rate hedging is carried out if this is considered necessary. At the end of the accounting year, there is no interest rate hedging.

Currency rate risk

The activities of the Group abroad imply that the results of operations, cash flow and equity will be influenced by the foreign exchange movements in several currencies. The primary currencies of the Group's business activities are EUR, SEK, NOK, GBP, USD and AUD. Compared to the rate of exchange prevailing at the beginning of the accounting year, the changes in foreign exchange rates had a certain effect on revenue and net profit in the Swedish carton company and, to a certain extent, in the flexible companies.

According to the currency policies, the Group intends to hedge the currency positions excluding shares in investments in subsidiaries and the coming 12 months' net flow of foreign currency by using financial instruments, including especially forward contracts. However, hedging is only taken out for selected currencies subject to specific risk.

Liquidity risk

It is the Group's objective to have sufficient cash resources at its disposal to ensure appropriate financial decisions in the event of unforeseen fluctuations.

Credit risks

Schur has centralized systematized monitoring of its customers' and cooperative partners' credit rating and has, furthermore, taken out credit insurance for partial hedging of relevant risks.

IT security strategy and cyber risk

We see an increasing number of cybercrime and hacker attacks on all companies, and together with increasing demands in GDPR and certifications, Schur has therefore decided to upgrade the IT security strategy and prioritizations.

Our security level at our hosting partner is now upgraded to a higher level and includes a dedicated IT security team who is monitoring all Schur companies 24/7. This includes an expanded range of focus areas such as IT infrastructure, updated firewalls and security setups for each IT client. Furthermore, Schur has prepared a roadmap for IT security activities to upgrade our IT security setup and a well prepared and tested IT risk contingency plan. At the same time Schur has upgraded dedicated resources to focus on IT security. We believe that this increases our IT security level in Schur. However, this is a high priority area which we still need to invest in and upgrade during the coming years.

Insurances

The insurance market has been characterized by rising premium rates and selective underwriting and more focus on risk. In order to meet the increasing insurance demands and maintain the current premium rates and total insurance costs, Schur

implements new disruption scenario and emergency reports with focus on risk and renewal data in all companies. As a result of the many measures for improvements and focus on delivery terms, the year was characterized by a generally declining number of insurance cases, especially concerning damage to property and thirdparty claims. The current insurance programme is assessed on an annual basis in cooperation with the Group's insurance advisor.

Data ethics

Schur International Holding a/s is in the process of drawing up a policy for data ethics based on the group's GDPR policy. The policy determines the group's data ethics guidelines for collection, use and sharing of data in order to ensure good practice and take into account the rights of customers, business partners and employees.

Data is collected, used and shared within the group in accordance with applicable legislation and with a legitimate business purpose. Data is stored securely and with unequivocal authority in accordance with fixed procedures for deletion and access requests, etc.

Schur International Holding a/s works systematically to secure stored data against cyberattacks. Data security is continuously monitored and checked immediately in the event of suspected attacks. Any breach of data security or leakage of personal data is reported to the relevant authorities for Data Supervision.

BST

Schur

Consolidated financial statements

Consolidated financial statements

Income statement

DKK '000	Note	2021/22	2020/21
Revenue	2	2,054,363	1,770,343
Production costs	3+4	-1,590,963	-1,373,937
Gross profit		463,400	396,406
Sales and distribution costs	3+4	-181,958	-171,872
Administration expenses	3+4	-151,343	-145,690
Other operating income	5	18,540	28,842
Other operating costs	6	-3,509	-1,852
Profit before net financials		145,130	105,834
Income from associated companies	12	25,090	26,060
Financial income	7	11,985	53,469
Financial expenses	8	-10,889	-14,466
Profit before tax		171,316	170,897
Tax on profit for the year	9	-45,785	-38,059
Profit for the year		125,531	132,838

Balance sheet

Assets

DKK '000	Note	2021/22	2020/21
Completed development projects		203	689
Customer relations		13,595	24,113
Goodwill		44,944	52,562
IT development and software		12,816	1,302
Intangible assets in progress		33,313	24,982
Intangible assets	10	104,871	103,648
Land and buildings		472,181	498,594
Plant and machinery		494,522	565,548
Other plant, operating equipment, tools and equipment		32,556	32,575
Tangible assets under construction		65,603	35,578
Property, plant and equipment	11	1,064,862	1,132,295
Investments in associated companies	12	214,405	195,360
Other securities and equity investments	13	19	19
Other receivables	13	5,475	11,000
Investments		219,899	206,379
Total non-current assets		1,389,632	1,442,322
Raw materials and consumables		238,410	141,038
Work-in-progress		53,364	41,961
Finished goods and goods for resale		141,683	117,361
Prepayments for goods		2,798	965
Inventory		436,255	301,325
Trade receivables		387,894	348,706
Contract work in progress	14	22,671	13,452
Other receivables		22,405	25,928
Deferred tax assets	15	8,430	8,684
Corporation tax receivables		319	1,011
Prepayments and accrued expenses	16	13,262	8,284
Receivables		454,981	406,065
Cash at bank and in hand		73,189	45,765
Total current assets		964,425	753,155
Total assets		2,354,057	2,195,477

Distribution of the profit for the year appears from note 19 to the financial statements of the Parent Company.

Balance sheet

Equity & liabilities

DKK '000	Note	2021/22	2020/21
Share capital	17	31,500	31,500
Hedging transactions reserve		-167	-134
Exchange adjustment reserve		12,729	13,128
Retained earnings		1,443,782	1,350,911
Proposed dividends for the year		20,000	1,050
Total equity		1,507,844	1,396,455
Provision for deferred tax	15	34,484	27,541
Other provisions	18	11,662	16,753
Total provisions		46,146	44,294
Credit institutions and bank loans		205,507	231,998
Other debt		0	750
Deferred income	19	58,330	67,024
Non-current liabilities	20	263,837	299,772
Current portion of non-current liabilities other than provisions	20	4,956	5,427
Bank loans		153,021	91,789
Prepayments from customers		5,705	7,362
Trade payables		157,007	131,686
Invoicing on account contract work in progress	14	8,159	10,404
Tax payables		53,853	30,827
Other debt		141,401	165,144
Deferred income	19	12,128	12,317
Current liabilities		536,230	454,956
Total liabilities		800,067	754,728
Total equity and liabilities		2,354,057	2,195,477
Special items	1		
Fee for auditor appointed by the General Meeting	21		
Contractual obligations, contingent liabilities, etc.	22		
Charged assets and guarantees	23		
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Statement of changes in equity

DKK million	Share capital	Hedging transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total
Equity at 1 November 2021	31,500	-134	13,128	1,350,911	1,050	1,396,455
Ordinary dividends paid	0	0	0	0	-1,050	-1,050
Profit for the year	0	0	0	105,531	20,000	125,531
Currency translation adjustments	0	0	-399	0	0	-399
Equity adjustments in associated companies	0	0	0	-12,660	0	-12,660
Adjustment of hedging instruments at fair value, net	0	-42	0	0	0	-42
Tax on changes in equity	0	9	0	0	0	9
Equity at 31 October 2022	31,500	-167	12,729	1,443,782	20,000	1,507,844

Consolidated cash flow statement

DKK '000	Note	2021/22	2020/21
Cash flows from operating activities			
Profit for the year		125,531	132,838
Tax on profit for the year		45,785	38,059
Adjustments	27	117,820	87,792
Change in working capital	28	-184,880	-53,352
Cash flows from operating activities before tax		104,256	205,337
Corporation tax paid		-15,750	-26,443
Cash flows from operating activities after tax		88,506	178,894
Cash flows from investing activities			
Purchase of intangible fixed assets		-24,582	-22,607
Purchase of property, plant and equipment		-112,674	-106,103
Sale of property, plant and equipment		41,151	11,149
Purchase of associated companies		-12,409	0
Sale of associated companies		0	80,259
Dividends received		5,793	9,481
Additions financial fixed assets		-2,957	-5,323
Disposals financial fixed assets		6,184	956
Sale of securities		5,190	6,271
Purchase of activities and companies		0	-33,964
Sale of activities and companies		0	786
Cash flows from investing activities		-94,304	-59,095
Net cash flows from financing activities			
Lease commitments		0	-15,692
Change in long-term debt, net		-26,961	-42,099
Dividends paid		-1,050	-5,000
Purchase of treasury shares		0	-118,055
Net cash flows from financing activities		-28,011	-180,846
Cash flows from operating activities after tax		88,506	178,894
Cash flows from investing activities		-94,303	-59,095
Net cash flows from financing activities		-28,011	-180,846
Cash flow for the year		-33,808	-61,047
Cash and cash equivalents and short-term bank loans at 31 October			
Cash and cash equivalents and short-term bank loans at 1 November		-46,024	17,601
Cash and cash equivalents and short-term bank loans in acquired or divested Companies		0	-2,578
Cash flow for the year		-33,808	-61,047
Cash and cash equivalents and short-term bank loans at 31 October	29	-79,832	-46,024



Notes

Notes

1. Special items

Net profit for the year 2020-21 was influenced by special circumstances that are not part of what Management considers to be its primary activities. These include net gain due to sale of shares in SP Group A/S and Dit Pulterkammer Holding A/S and grants received regarding Covid-19 in Danish and foreign subsidiaries. In total, the impact of these special circumstances on net profit for the year 2020-21 amounted to DKK 45,574 thousand reflected in the following lines in the financial statements:

DKK '000	2021/22	2020/21
Other operating income	0	2,384
Financial income	0	43,190
	0	45,574

2. Revenue

DKK '000	2021/22	2020/21
Denmark	553,689	489,569
Germany	538,252	412,119
Sweden	240,692	217,083
Poland	129,487	130,677
Australia and New Zealand	125,673	108,009
Norway	101,434	86,266
Great Britain	70,140	87,864
USA	62,185	66,069
France	37,636	30,764
The Netherlands	35,366	21,967
Other countries	159,809	119,956
	2,054,363	1,770,343

Segment information

DKK '000	2021/22	2020/21
Packaging	1,894,182	1,637,177
Machinery	149,851	127,425
Other activities	10,330	5,741
	2,054,363	1,770,343

3. Staff costs

DKK '000	2021/22	2020/21
Salaries and wages	443,391	417,472
Pensions	26,665	25,608
Other social security costs	45,521	42,200
Other staff costs	10,424	13,401
	526,001	498,681

Staff costs are included as follows:

Production costs	363,874	341,155
Sales and distribution costs	78,443	79,718
Administrative expenses	83,684	77,808
	526,001	498,681
Salaries and fees including pensions paid to the Management Board	5,160	3,352
Salaries and fees including pensions paid to the Board of Directors	1,800	1,810
Average number of full-time employees	924	896
Number of full-time employees, year-end	918	919

4. Depreciation and amortisation of intangible assets and property, plant and equipment

DKK '000	Production costs	Sales and distribution costs	Administrative costs	Other operating income/costs	Total	
					2021/22	2020/21
Completed development projects	0	486	0	0	486	486
Customer relations	0	10,091	0	0	10,091	13,533
Goodwill	0	7,444	0	0	7,444	10,130
IT development and software	382	83	1,281	0	1,746	908
Buildings	15,893	4,625	478	1,710	22,706	22,940
Plant and machinery	106,368	1,708	507	354	108,937	111,519
Other plant, operating equipment, tools and equipment	4,145	1,814	3,310	203	9,472	9,461
	126,788	26,251	5,576	2,267	160,882	168,977

5. Other operating income

DKK '000	2021/22	2020/21
Gain on the sale of non-current assets	4,485	5,269
Profit on rental activity	719	825
Insurance claim compensations and refunds	470	5,088
Grants	10,135	12,028
Covid-19 grants	317	2,384
Other operating income	2,414	3,248
	18,540	28,842

6. Other operating expenses

DKK '000	2021/22	2020/21
Loss on sale of non-current assets	2,097	558
Other operating expenses	1,412	1,294
	3,509	1,852

7. Financial income

DKK '000	2021/22	2020/21
Foreign exchange gains	1,725	1,602
Capital gains and dividends	5,190	49,706
Interest income from banks	22	92
Other financial income	5,048	2,069
	11,985	53,469

8. Financial expenses

DKK '000	2021/22	2020/21
Interest expenses from long-term loans	4,341	4,816
Interest expenses from short-term debt	4,589	3,527
Foreign exchange loss	1,385	1,495
Interest expenses from leasing contracts	0	45
Capital losses	0	3,643
Other financial expenses	574	940
	10,889	14,466

9. Tax on profit for the year

DKK '000	2021/22	2020/21
Tax on profit or loss for the year can be calculated as follows:		
Current tax on profit for the year	37,761	28,749
Deferred tax on profit for the year	8,043	9,520
Change in tax rates compared to last year	35	-500
Adjustment of tax for previous years	-54	290
Tax on profit for the year	45,785	38,059
Current tax on entries on shareholders' equity	-9	-38
Total tax for the year	45,776	38,021

Reconciliation of tax for the year

Calculated 22% tax on the profit before tax	37,689	37,597
Adjustment of calculated tax in foreign group enterprises in relation to 22%	4,535	3,448
Change in tax rates compared to last year	-35	500

Tax effect of:

Non-deductible expenses and non-taxable income	524	2,439
Adjustment of tax for previous years	-54	290
Value adjustment of capitalised tax asset	9,788	9,025
Profit from associated companies and other equity investments	-6,662	-15,240
	45,785	38,059

Effective tax rate for the year	26.7%	22.3%
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The calculated current tax for the year is distributed as follows.

DKK '000	2021/22	2020/21
Denmark	27	342
Germany	30,096	19,769
Sweden	7,586	8,638
USA	52	0
	37,761	28,749

10. Intangible assets

DKK '000	Completed development projects	Customer relations	Goodwill	IT development and software	Intangible assets in progress	Total
Cost at 1 November	1,947	73,533	79,595	15,194	24,982	195,251
Transfer	0	0	0	13,164	-12,971	193
Currency translation adjustment	0	-2,667	-520	-109	0	-3,296
Additions during the year	0	0	0	321	24,262	24,583
Disposals during the year	-490	0	0	-821	-2,960	-4,271
Cost at 31 October	1,457	70,866	79,075	27,749	33,313	212,460
Amortisation and write-downs at 1 November	1,258	49,420	27,033	13,892	0	91,603
Transfer	0	0	0	193	0	193
Currency translation adjustment	0	-2,240	-346	-77	0	-2,663
Amortisation during the year	486	10,091	7,444	1,746	0	19,767
Write-downs during the year	0	0	0	0	2,960	2,960
Amortisation on disposals	-490	0	0	-821	-2,960	-4,271
Amortisation and write-downs at 31 October	1,254	57,271	34,131	14,933	0	107,589
Carrying amount at 31 October	203	13,595	44,944	12,816	33,313	104,871
To be amortised over a period of	3 years	5 years	10 years	3-10 years	-	

Write-down on intangible assets in progress relates to development of software that will not be used as it has been replaced with another system.

11. Property, plant and equipment

DKK '000	Land and buildings	Plant and machinery	Other plant, operating equipment, tools and equipment	Tangible assets under construction	Total
Cost at 1 November	758,270	1,391,308	89,353	35,578	2,274,509
Transfer	2,169	16,115	-1,132	-17,345	-193
Currency translation adjustment	-3,369	-4,860	1,053	-802	-7,978
Additions during the year	32,478	15,050	10,668	54,478	112,674
Disposals during the year	-70,641	-5,721	-7,157	-6,306	-89,825
Cost at 31 October	718,907	1,411,892	92,785	65,603	2,289,187
Depreciation and write-downs at 1 November	259,676	825,760	56,778	0	1,142,214
Transfer	0	-271	78	0	-193
Currency translation adjustment	-1,195	-13,398	350	0	-14,243
Depreciation during the year	22,706	108,937	9,472	0	141,115
Write-downs during the year	0	0	0	6,306	6,306
Depreciation on disposals	-34,461	-3,658	-6,449	-6,306	-50,874
Depreciation and write-downs at 31 October	246,726	917,370	60,229	0	1,224,325
Carrying amount at 31 October	472,181	494,522	32,556	65,603	1,064,862
To be depreciated over a period of	5-50 years	5-12 years	3-8 years	-	-

Write-down of tangible assets under construction relates to production machinery that will not be used due to order cancellation from a customer.

12. Associated companies

DKK '000	Investments in associated companies
Cost at 1 November	128,370
Additions during the year	12,408
Cost at 31 October	140,778
Value adjustments at 1 November	66,990
Profit for the year	25,090
Dividend received	-5,793
Equity adjustments	-12,660
Value adjustments at 31 October	73,627
Carrying amount at 31 October	214,405

Equity investments in associated companies are specified as follows:

DKK '000	Domicile	Currency	Share capital	Ownership	Market value (share price 254,5)
SP Group A/S	Søndersø, Denmark	DKK	24,980	15,5%	491,467

The profit for the year is based on the latest interim financial statements received.

13. Other investments

DKK '000	Other securities and equity investments	Other receivables	Total
Cost at 1 November	292	14,500	14,792
Currency translation adjustments	-1	128	127
Additions during the year	0	2,957	2,957
Short-term share of long-term receivables	0	-2,424	-2,424
Disposals during the year	-6	-8,220	-8,226
Cost at 31 October	285	6,941	7,226
Value adjustments at 1 November	-273	-3,500	-3,773
Currency translation adjustments	1	-1	0
Disposals during the year	6	2,035	2,041
Value adjustments at 31 October	-266	-1,466	-1,732
Carrying amount at 31 October	19	5,475	5,494

The carrying amount of other receivables as at 31 October 2022 consists of DKK 2,394 thousand relating to deposits, and DKK 3,081 thousand relating to lease agreements.

14. Contract work in progress

DKK '000	2021/22	2020/21
Selling price of work carried out	64,870	48,931
Invoicing on account	-50,358	-45,883
	14,512	3,048
Classified in the balance sheet as follows:		
Net receivables	22,671	13,452
Net liabilities	-8,159	-10,404
	14,512	3,048

15. Deferred tax

DKK '000	2021/22	2020/21
Deferred tax at 1 November	-18,857	-9,994
Currency translation adjustments	881	157
Deferred tax for the year recognised in the profit for the year	-8,043	-9,520
Adjustment of tax rates compared to previous years	-35	500
	-26,054	-18,857

Deferred tax is recognised in the balance sheet as follows:

	2021/22	2020/21
Deferred tax, assets	8,430	8,684
Deferred tax, liabilities	-34,484	-27,541
	-26,054	-18,857

Deferred tax relates to:

	2021/22	2020/21
Intangible assets	2,711	1,947
Property, plant and equipment	-62,173	-55,211
Current assets	-2,294	-1,771
Provisions	812	968
Other liabilities	24,247	26,106
Tax loss allowed for carryforward	63,513	47,492
Write-down	-52,870	-38,388
	-26,054	-18,857

The tax asset of DKK 8,430 thousand relates to the US company (DKK 3,373 thousand) and internal eliminations on inventory and machines (DKK 5,057 thousand). Based on the budget for the US company up to and including 2026-2027. Management has estimated that future taxable profit is likely to be utilized by future taxable profit.

16. Prepayments and accrued expenses

DKK '000	2021/22	2020/21
IT licenses	5,198	2,374
Prepaid tax	4,400	1,027
Property cost	1,459	2,057
Service agreements	580	995
Other prepayments and accrued expenses	1,625	1,831
	13,262	8,284

17. Share capital

DKK '000	2021/22	2020/21
15,750 A shares at DKK 1 thousand	15,750	15,750
7,875 B shares at DKK 1 thousand	7,875	7,875
5,250 C shares at DKK 1 thousand	5,250	5,250
2,625 D shares at DKK 1 thousand	2,625	2,625
	31,500	31,500

18. Other provisions

DKK '000	2021/22	2020/21
Pensions	5,360	7,032
Warranties	2,739	3,074
Tenancy commitments	371	5,409
Provision for restoration of tenancies	1,555	976
Other provisions	1,637	262
	11,662	16,753

Other provisions include a pension liability regarding a Swedish scheme, 'direct pension'. The net liability amounts to DKK 0 as the pension debt of DKK 16,419 million is offset by corresponding plan assets. The scheme entails no risk for the Group and is therefore recognised at net value in the balance sheet.

19. Deferred income

Deferred income primarily comprises DKK 65,451 thousand (DKK 74,010 thousand) regarding a grant for the factory in Gallin which is booked as other income over the period of the depreciation of property and production machinery.

The grant is included in non-current liabilities at an amount of DKK 56,860 thousand (DKK 65,422 thousand) and in short-term liabilities at an amount of DKK 8,591 thousand (DKK 8,589 thousand).

20. Non-current liabilities

DKK '000	2021/22	2020/21
Total liabilities	280,518	317,373
Current portion of non-current liabilities	-4,956	-5,427
Deferred income, short-term	-11,725	-12,174
	263,837	299,772
Falling due after more than five years:		
Credit institutions and bank loans	131,752	156,342
Deferred income	22,227	30,987
Deposits and other non-current liabilities	0	706
	153,979	188,035

21. Fee for auditor appointed by the general meeting

DKK '000	2021/22	2020/21
EY		
Fee for statutory audit services	1,509	1,470
Fee for services in relation to tax and VAT	342	527
Other non-audit fees	660	1,334
	2,511	3,331
Other auditors		
Fee for statutory audit services	79	77
Fee for services in relation to tax and VAT	25	25
	104	102

22. Contractual obligations, contingent liabilities, etc.

DKK '000	2021/22	2020/21
Operating lease	8,977	8,508
Lease commitments	19,333	30,660
- hereof recognised under "Provisions"	0	-1,271
Payment guarantees for customers	4,825	5,072

Not recognised deferred tax assets amount to DKK 52.9 million cf. note 15.

23. Pledged assets and guarantees

DKK '000	2021/22	2020/21
The following assets have been provided as security for mortgage credit institution:		
<i>Placed as security for mortgage deeds, in total</i>	104,515	114,140
Book value of Danish properties	150,610	180,586
Mortgage debt in Danish properties at 31 October	87,187	100,508
The following assets have been provided as security for the Group's banks:		
<i>Placed as security for mortgage deeds, total</i>	148,730	148,720
Book value of foreign properties	193,636	202,214
Payables to banking connections at 31 October	123,818	137,194

According to German practice, suppliers making deliveries to German companies may retain the title to the goods in question until payment takes place.

24. Financial instruments

As part of the hedging of already recognised transactions and future cash-flows, the Schur International Holding Group uses hedging instruments such as forward exchange contracts and interest rate and currency swaps.

The hedging of recognised transactions primarily comprises receivables and liabilities.

The Group uses forward exchange contracts for the hedging of selected sales agreements.

The fair value is based on observable market data and is part of level 2 in the fair value hierarchy.

The derivatives are not traded on an active market based on quoted prices but are individual contracts. The fair value of these assets/liabilities is determined using valuation techniques that apply market data such as exchange rates, credit risk and volatilities

DKK '000	Remaining period	Contract value/ Calculated principal		Value adjustment recognised in equity before tax		Fair value	
		2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Forward exchange transactions							
GBP	1 month	0	1,322	117	-117	0	-117
USD	5-6 months	1,912	0	-144	-56	-144	0
SEK	1-2 months	848	0	-15	0	-15	0
		2,760	1,322	-42	-173	-159	-117

25. Related parties

Related parties of the Group include the members of the Companies' management and the Company's shareholders.

Controlling interest

No related parties hold a controlling interest.

Transactions with related parties:

DKK '000	2021/22	2020/21
Interest paid to shareholders	172	480
Grant from shareholders	1,213	3,176
Amounts owed to shareholders 31 October	22,951	42,519

26. Post balance sheet events

No post-balance-sheet events have occurred which will affect the valuation of the earnings and financial position of the Group.

27. Cash flow - adjustments

DKK '000	2021/22	2020/21
Result of and profit from share issue in associated companies	-25,090	-26,060
Depreciation and impairment - property, plant and equipment	147,421	143,920
Amortisation and impairment - intangible assets	22,727	25,057
Profit from the sale of property, plant and equipment and companies	-2,200	-4,712
Realised capital gains and losses	-5,190	-49,564
Other adjustments without cash flow	-19,848	-849
	117,820	87,792

28. Change in working capital

DKK '000	2021/22	2020/21
Change in stocks	-134,931	-34,073
Change in contract work in progress	-11,463	-7,388
Change in receivables	-38,219	-43,030
Change in debt to trade payables	25,321	25,027
Change in other short-term debt	-25,588	6,112
	-184,880	-53,352

29. Cash and cash equivalents and short-term bank loans at year-end

DKK '000	2021/22	2020/21
Cash at bank and in hand	73,189	45,765
Bank loans	-153,021	-91,789
	-79,832	-46,024

Parent company financial statements

Income statement

DKK '000	Note	2021/22	2020/21
Administrative expenses	1+2	-85,220	-79,874
Profit or loss on primary activities		-85,220	-79,874
Other operating income	3	72,687	56,839
Other operating expenses	4	-714	0
Profit before net financials		-13,247	-23,035
Income from equity investments in group enterprises	10	129,656	148,694
Financial income	5	8,345	5,851
Financial expenses	6	-1,893	-2,549
Profit or loss before tax		122,861	128,961
Tax on profit for the year	7	2,670	3,877
Profit for the year		125,531	132,838

Balance sheet

Assets

DKK '000	Note	2021/22	2020/21
IT development and software		11,651	203
Intangible assets in progress		30,654	24,614
Intangible assets	8	42,305	24,817
Other plant, operating equipment and tools and equipment		1,196	2,538
Property, plant and equipment	9	1,196	2,538
Equity investments in group enterprises	10	1,398,838	1,332,728
Amounts owed by group enterprises	10	14,661	35,335
Other securities and equity investments	11	19	19
Investments		1,413,518	1,368,082
Total non-current assets		1,457,019	1,395,437
Trade receivables		6	15
Amounts owed by group enterprises		229,260	152,618
Other receivables		1,550	920
Deferred tax assets	12	1,164	1,227
Corporation tax receivables		3,069	5,214
Prepayments and accrued expenses	13	3,584	1,884
Receivables		238,633	161,878
Cash at bank and in hand		12,171	27,507
Total current assets		250,804	189,385
Total assets		1,707,823	1,584,822

Liabilities

DKK '000	Note	2021/22	2020/21
Share capital	14	31,500	31,500
Reserve under the equity method		148,671	84,383
Reserves for development costs		32,996	19,357
Retained earnings		1,274,677	1,260,165
Proposed dividend for the year		20,000	1,050
Equity		1,507,844	1,396,455
Other provisions		937	0
Total provisions		937	0
Debt to group enterprises		1,374	1,347
Non-current liabilities	15	1,374	1,347
Bank loans		144,152	87,598
Trade payables		6,671	2,394
Debt to group enterprises		23,197	53,674
Other debt		23,648	43,354
Current liabilities		197,668	187,020
Total liabilities		199,042	188,367
Total equity and liabilities		1,707,823	1,584,822
Fee for statutory audit services	16		
Contractual obligations, contingent liabilities, etc.	17		
Related parties	18		
Distribution of the profit for the year	19		
Post balance sheet events	20		

Statement of changes in equity

DKK '000	Share capital	Reserve under the equity method	Reserves for development costs	Retained earnings	Proposed dividend	Total equity
Equity at 1 November 2021	31,500	84,383	19,357	1,260,165	1,050	1,396,455
Ordinary dividends paid	0	0	0	0	-1,050	-1,050
Profit for the year	0	77,380	13,639	14,512	20,000	125,531
Currency translation adjustments	0	-399	0	0	0	-399
Equity adjustments in group enterprises	0	-12,660	0	0	0	-12,660
Adjustment of hedging instruments, net	0	-42	0	0	0	-42
Tax on changes in equity	0	9	0	0	0	9
Equity at 31 October	31,500	148,671	32,996	1,274,677	20,000	1,507,844

Notes

1. Staff costs

DKK '000	2021/22	2020/21
Salaries and wages	1,806	12,492
Pensions	0	855
Other social security costs	0	104
Other staff costs	1,091	2,380
	2,897	15,831
Salaries and fees paid to the Management Board	5,160	3,352
Salaries and fees paid to the Board of Directors	1,800	1,810
Average number of full-time employees	0	32
Staff costs are included in administrative expenses	2,897	15,831

Salaries and fees to the Management Board are paid through Schur International a/s in 2021/22.

2. Depreciation and amortisation of intangible assets and property, plant and equipment

DKK '000	2021/22	2020/21
IT development and software	1,155	364
Other plant, operating equipment, tools and equipment	1,522	1,592
	2,677	1,956

Depreciation and amortisation are included in administrative expenses.

3. Other operating income

DKK '000	2021/22	2020/21
Group enterprises fees	72,019	55,388
Other operating income	668	1,451
	72,687	56,839

4. Other operating expenses

DKK '000	2021/22	2020/21
Other operating expenses	714	0
	714	0

5. Financial income

DKK '000	2021/22	2020/21
Interest income from group enterprises, cash pools	2,561	1,005
Interest income from group enterprises, other	134	3,847
Foreign exchange gains	91	0
Gain on shares	5,190	0
Other financial income	369	999
	8,345	5,851

6. Financial expenses

DKK '000	2021/22	2020/21
Interest expenses from group enterprises, cash pools	1,269	16
Interest expenses from group enterprises, other	41	371
Interest expenses from short-term debt	408	1,771
Foreign exchange loss	175	316
Other financial expenses	0	75
	1,893	2,549

7. Tax on profit for the year

DKK '000	2021/22	2020/21
Tax on profit or loss for the year can be calculated as follows:		
Current tax on profit for the year	2,733	3,879
Deferred tax on profit for the year	-63	-2
Tax on profit for the year	2,670	3,877

8. Intangible assets

DKK '000	IT develop- ment and software	Intangible assets in progress	Total
Cost at 1 November	9,487	24,614	34,101
Transfer	12,603	-12,603	0
Additions during the year	0	21,603	21,603
Disposals during the year	-821	-2,960	-3,781
Cost at 31 October	21,269	30,654	51,923
Amortisation and write-downs at 1 November	9,284	0	9,284
Amortisation during the year	1,155	0	1,155
Write-downs during the year	0	2,960	2,960
Disposals amortisation and write-downs during the year	-821	-2,960	-3,781
Amortisation and write-downs at 31 October	9,618	0	9,618
Carrying amount at 31 October	11,651	30,654	42,305

Write-down on intangible assets in progress relates to development of software that will not be used as it has been replaced with another system.

9. Property, plant and equipment

DKK '000	Other plant, operating equipment, tools and equipment
Cost at 1 November	12,767
Adjustment to cost year start	-20
Additions during the year	180
Disposals during the year	-1,241
Cost at 31 October	11,686
Depreciation and write-downs at 1 November	10,229
Adjustment to depreciation year start	-20
Depreciation and write-downs during the year	1,522
Disposals depreciations during the year	-1,241
Depreciation and write-downs 31 October	10,490
Carrying amount at 31 October	1,196

10. Group enterprises

DKK '000	Equity investments in group enterprises	Amounts owed by group enterprises	Total
Cost at 1 November	1,248,345	35,672	1,284,017
Additions during the year	69,566	15,086	84,652
Disposals during the year	-67,744	-35,672	-103,416
Cost at 31 October	1,250,167	15,086	1,265,253
Value adjustments at 1 November	84,383	-337	84,046
Disposals during the year	65,139	337	65,476
Exchange rate adjustments	-399	-425	-824
Value adjustment of hedging instruments, net	-33	0	-33
Other equity adjustments	-12,660	0	-12,660
Dividends received	-117,414	0	-117,414
Profit for the year	129,655	0	129,655
Value adjustments at 31 October	148,671	-425	148,246
Carrying amount at 31 October	1,398,838	14,661	1,413,499

Equity investments in group enterprises are specified as follows:

Name:	Domicile:	Currency	Share capital	Owner-Ship
Schur Finance a/s	Horsens, Denmark	DKK	3,000,000	100%
Schur Pack Denmark a/s	Horsens, Denmark	DKK	5,100,000	100%
Schur Pack Sweden AB	Kumla, Sweden	SEK	7,000,000	100%
Schur Pack Norway as	Årnes, Norway	NOK	100,000	100%
Schur Pack Germany GmbH	Gallin, Germany	EUR	1,500,000	100%
Schur Star Systems GmbH	Flensburg, Germany	EUR	2,350,000	100%
Schur Star Systems Inc.	Carlsbad, USA	USD	10	100%
Schur Star Systems Australia Pty. Ltd.	Thomastown, Australia	AUD	35,001	100%
Schur Technology a/s	Horsens, Denmark	DKK	1,100,000	100%
Schur Conference Center a/s	Glud, Denmark	DKK	1,100,000	100%
Schur International a/s	Horsens, Denmark	DKK	561,200	100%
Schur Labels a/s	Horsens, Denmark	DKK	11,000,000	100%
Sarepta a/s	Horsens, Denmark	DKK	1,200,000	100%

All group enterprises are independent units.

11. Other investments

DKK '000	Other securities and equity investments	Other receivables	Total
Cost at 1 November	269	3,500	3,769
Currency translation adjustments	0	1	1
Disposals during the year	0	-2,035	-2,035
Cost at 31 October	269	1,466	1,735
Value adjustments at 1 November	-250	-3,500	-3,750
Currency translation adjustments	0	-1	-1
Disposals during the year	0	2,035	2,035
Value adjustments at 31 October	-250	-1,466	-1,716
Carrying amount at 31 October	19	0	19

12. Deferred tax

DKK '000	2021/22	2020/21
Deferred tax at 1 November	1,227	1,229
Adjustment of deferred tax for the year	-63	-2
	1,164	1,227

As of 31 October 2022, the company has recognized a tax asset totaling DKK 1,164 thousand, which relates to the tax value of unutilized tax deductions due to timing differences.

13. Prepayments and accrued expenses

DKK '000	2021/22	2020/21
IT licenses	3,515	1,884
Other prepayments and accrued expenses	69	0
	3,584	1,884

14. Share capital

DKK '000	2021/22	2020/21
15,750 A shares at DKK 1 thousand	15,750	15,750
7,875 B shares at DKK 1 thousand	7,875	7,875
5,250 C shares at DKK 1 thousand	5,250	5,250
2,625 D shares at DKK 1 thousand	2,625	2,625
	31,500	31,500

15. Non-current liabilities

DKK '000	2021/22	2020/21
Total liabilities	1,374	1,347
Current portion of non-current liabilities	0	0
Total non-current liabilities	1,374	1,347

Non-current liabilities fall due within 5 years.

16. Fee for auditor appointed by the general meeting

DKK '000	2021/22	2020/21
Fee for statutory audit services	369	377
Fee for services in relation to tax and VAT	139	352
Other non-audit fees	249	915
	757	1,644

17. Contractual obligations, contingent liabilities, etc.

DKK '000	2021/22	2020/21
Tenancy commitments in group enterprises	321	313
Guarantees for the group enterprises' utilisation of credit limits in the banks	239,777	242,592
Guarantee for payment guarantees provided by group enterprises	9,927	5,072

The company is jointly taxed with other Danish consolidated companies. Being the Management Company, the Company has unlimited, joint and several liabilities together with the other consolidated companies for Danish corporation tax and withholding tax on dividends, interest and royalties within the group of jointly taxed companies.

18. Related parties

Related parties of the Company include the members of the management in associated companies, Schur International Holding a/s' shareholders and members of the management.

Controlling interest

No related parties hold a controlling interest in the Company.

Transactions with related parties.

DKK '000	2021/22	2020/21
Sale of goods and services to consolidated companies	76,326	58,907
Purchase of goods and services from consolidated companies	-44,631	-24,872
Interest income from consolidated companies, cash pools	2,561	1,005
Interest income from consolidated companies, others	490	4,237
Interest paid to consolidated companies, cash pools	-1,269	-16
Interest paid to consolidated companies, others	-41	-371
Interest paid to shareholders	-172	-480
Amounts owed by group enterprises at 31 October	243,921	187,953
Debt to group enterprises at 31 October	-24,571	-55,021
Amounts owed to shareholders at 31 October	-22,951	-42,519

19. Distribution of the profit for the year

DKK '000	2021/22	2020/21
Proposed distribution of the profit for the year		
Proposed dividend for the year	20,000	1,050
Reserves for development costs	13,639	15,460
Reserve under the equity method	77,380	76,220
Retained earnings	14,512	40,108
Distributed, total	125,531	132,838

20. Post balance sheet events

No post balance sheet events have occurred which will affect the valuation of the earnings and financial position of the company.



Accounting policies

Accounting policies

The Annual Report of Schur International Holding a/s for 2021-22 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C enterprises.

No changes have been made in the accounting policy compared to last year.

Foreign currency translation

Foreign currency transactions are translated upon initial recognition at the exchange rate prevailing at the date of the transaction. Exchange differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised in the income statement as an item under financial income and expenses.

Accounts receivable, debts and other monetary items denominated in foreign currencies which have not been translated at the balance sheet date, are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associated companies are all considered independent businesses in relation to the accounting treatment of foreign currencies. The income statement is translated using the average exchange rates. The balance sheet is translated using approximate average exchange rates.

Foreign exchange gains and losses in connection with the translation of the subsidiaries' equity at the exchange rate prevailing at the balance sheet date and in connection with the translation of the income statement using average exchange rates are taken directly to equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised in other debtors or other debt under short-term or long-term share, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or recognised liability, are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other debtors or other debt under short-term or long-term share, respectively, and in the equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised directly in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in the fair value are currently recognised in the income statement.

Consolidation

The consolidated financial statements include the Parent Company Schur International Holding a/s and all companies in which the Parent Company holds more than 50% of the voting rights or otherwise exercises control, see the above chart of the consolidated companies. Enterprises over which the Group exercises significant influence, are classified as associated enterprises, see the Group chart.

The financial statements of the subsidiaries are recognised according to the same accounting policies used in the Parent Company. The consolidated financial statements are prepared on the basis of the financial statements of the individual companies by aggregating items of a similar nature and by subsequently eliminating intercompany revenue, profit, interest, dividends, balances and shareholdings.

Schur Pack Germany GmbH, Gallin, Germany and Schur Star Systems GmbH, Flensburg, Germany are fully consolidated subsidiaries availing themselves of the exemption provisions of section 264 (3) HGB (The German Commercial Code).

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions and disposals.

Gains or losses on disposal of subsidiaries and associated companies are recognised as the difference between the selling amount and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. In connection with the acquisition, provision is made for costs related to adopted and announced plans to restructure the acquired enterprise. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

In the event of intra-group business combinations, the pooling-of-interests method will be used.

Minority interests

Minority interests constitute part of the Group's total equity. In the distribution of the profit for the year, the net profit for the year is allocated to the share attributable to the minorities and to the share attributable to the parent company's shareholders. Minority interests are recognised at the carrying amount of the acquired assets and liabilities at the date of the acquisition of subsidiaries.

Income statement

Revenue

Revenue is measured and recognised using IAS 11 and IAS 18 as the basis. The revenue from the sale of goods and services is recognised in the income statement when delivery and the transfer of the risk to the customer have taken place and if the income can be reliably measured. The revenue is recognised exclusive of VAT less discounts in connection with the sale.

Furthermore, contract work in progress is recognised according to the stage of completion with the revenue corresponding to the selling price of work carried out (percentage of completion method). The revenue from work in progress is recognised when the total income and expenses of the orders and the stage of completion at the balance sheet date can be reliably calculated and when it is likely that the economic benefits including payments will flow to the company.

Production costs

Production costs include costs of depreciation/amortisation and salaries, which are paid to obtain the revenue for the year. This includes direct and indirect costs for raw materials and consumables, wages and salaries, hire and leasing and depreciation of plant.

Production costs also include research and development costs, which do not meet the criteria for capitalisation and amortisation/depreciation on capitalised development costs.

In addition, provision for losses on construction contracts is recognised.

Sales and distribution costs

Sales and distribution costs include costs paid for the distribution of goods sold during the year, and for sales campaigns carried out during the year, etc. Costs relating to sales staff, advertising, exhibitions and depreciation/amortisation are also recognised as distribution costs.

Administrative expenses

Administrative expenses include expenses, which are paid during the year, for the management and administration of the Company, including expenses for the administrative personnel, the management, office premises and office expenses and amortisation/depreciation.

Other operating income and costs

Other operating income and expenses include items of a secondary nature relative to the companies' principal activities, including gains and losses on disposal of non-current assets, subsidiaries and associated companies. Profit and loss related to secondary activities are presented net.

Furthermore, government grants are recognised concurrently with depreciation of the subsidised assets.

Net financials

Financial income and expenses include interest, capital gains and losses on debt and foreign currency transactions, amortisation of investments and liabilities and surcharges and allowances under the tax prepayment scheme, etc.

Dividends from other securities and investments are booked as an income in the accounting year in which the dividend is declared.

Shares of profit/loss in subsidiaries and associated companies

In the Parent Company's income statement, the subsidiaries' post-tax profit or loss is recognised less amortisation of goodwill and after full elimination of internal profits and losses.

The proportionate share of the associated companies' post-tax profit or loss less depreciation/amortisation on goodwill and after elimination of the proportionate share of internal profits and losses are recognised both in the Parent Company's and the Group's income statements.

Tax on profit for the year

Tax for the year, including current tax for the year and changes in deferred tax, is recognised in the income statement with the share that can be attributed to the profit for the year. The share that can be attributed to changes in equity is recognised directly in the equity.

The Parent Company is subject to the Danish rules regarding compulsory joint taxation of the Group's subsidiaries. Subsidiaries are included in the joint taxation with effect from the date on which they are included in the consolidated financial statements and until the date at which they are excluded from the consolidation.

The Parent Company is the Management Company as far as the joint taxation is concerned and consequently settles all payments of corporation tax with the tax authorities.

Balance sheet

Goodwill

Goodwill is amortised on a straight-line basis over the estimated economic life which is determined based on an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff. The amortisation period covers 10 years.

	<i>Useful life</i>
Goodwill	10 years

Development projects, customer relations, IT development and software

Costs for development projects are recognised as intangible assets if they qualify for recognition. Other development costs are recognised as expenses in the income statement when incurred.

Development projects are measured at direct costs and a portion of the costs that can be related indirectly to the individual development projects.

Customer relations, IT development and software are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the expected useful lives:

	<i>Useful life</i>
Completed development projects	3 years
Customer relations	5 years
IT development and software	3-10 years

Amortisation is recognised in the income statement as production, distribution and administrative expenses.

Gains and losses on disposal of development projects, software and customer relations are calculated as the difference between the selling price after deducting the costs of disposals and the carrying amount at the time of the sale. Gains and losses are recognised in the income statement under other operating income and expenses, respectively.

Property, plant and equipment

Property, plant and equipment include land and buildings, plant and machinery as well as other plant, operating equipment and tools and property, plant and equipment under construction. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not subject to depreciation.

The cost includes the purchase price and costs directly related to the purchase until the time when the asset is ready for use. The cost of self-constructed non-current assets includes payroll costs and cost of materials, etc. directly used in the construction process as well as a share of the costs which are indirectly attributable.

The cost of buildings is broken down and individually depreciated if the useful lives differ. Other assets are not broken down as the individual components are not estimated to have markedly different useful lives.

Depreciation is made on a straight-line basis over the expected useful lives:

	<i>Useful life</i>
Buildings	25-50 years
Installations and other building components	5-20 years
Plant and machinery	5-12 years
Other plant, operating equipment, tools and equipment	3-8 years

The basis of depreciation is calculated as the cost less any residual value of the asset after the expiry of its useful life. The residual value of the Company's property, plant and equipment is reassessed annually.

Depreciation is recognised in the income statement as production, distribution, and administrative expenses and as other operating income and expenses as far as secondary activities are concerned.

Lease contracts

Lease contracts are recognised and measured using IAS 17 as the basis.

Upon initial recognition in the balance sheet, lease contracts regarding non-current assets where the Company bears all significant risks and rewards of ownership (financial leasing) are measured at the lower of the fair value and the present value of the future lease payments. In calculating the present value, the interest rate implicit in the lease agreement or the alternative borrowing rate is used as discount factor. Assets held under finance lease are then treated like the Company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability and the lease payment's share of interest is recognised in the income statement during the term of the contract.

All other lease contracts are operating leases. Payments in connection with operating leases and other rental agreements are recognised in the income statement during the term of the contract. The Group's total commitment regarding operating leases and rental agreements must be disclosed as contingent liabilities, etc.

Investments in subsidiaries and associated companies

Upon initial recognition, equity in subsidiaries and associated companies are recognised at cost and subsequently at the proportionate share of the companies' equity value calculated in accordance with the Parent Company's accounting policies with the addition of or less unrealised intra-group gains and losses and with the addition of goodwill.

Equity investments in subsidiaries and associated companies with a negative equity value are measured at zero, and any amounts owed to these companies are to be written down to the extent these are considered uncollectible. To the extent that the Parent Company has a legal or constructive obligation to cover a deficit exceeding the outstanding amount, the remainder is recognised under "Provisions".

Net revaluations of equities in subsidiaries and associated companies are disclosed as reserve for net revaluation according to the equity method in the equity to the extent that the carrying value exceeds the cost. Dividends from subsidiaries expected to be adopted prior to the approval of the Annual Report for Schur International Holding a/s, are not tied up in the revaluation reserve.

Other investments

Other investments comprise securities, equity investments, debtors relating to finance lease agreements and other long-term receivables.

Other securities and equity investments comprising listed shares and bonds are measured at fair value corresponding to the market value at the balance sheet date. Unlisted securities are measured at cost if a fair value cannot be reliably estimated.

Amounts outstanding from finance lease agreements are measured at the present value of the remaining minimum lease payments with an addition of any unguaranteed residual value. Write-downs are based on an individual assessment of the individual receivables.

Other receivables under non-current assets are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment, equity investments in subsidiaries and associated companies and other fixed asset investments are assessed annually to determine whether there is any indication of impairment.

If there is any indication of impairment, an impairment test is carried out for each individual asset or group of assets, respectively. The assets are written down to the recoverable amount, if this is lower than the carrying amount.

For the recoverable amount, the higher of the net selling price and the value in use has been used. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or group of assets and expected net cash flows from the sale of the asset or group of assets at the end of the useful life.

Inventory

Inventory are measured at cost based on the FIFO method or at net realisable value if this is lower.

Raw materials, consumables and goods for resale are measured at cost.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of materials and direct payroll costs with the addition of indirect production costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. The receivables are written down for anticipated uncollectible debt according to an individual assessment of receivables

Contract work in progress

Contract work in progress in the machinery division is measured at the selling price of work carried out. The selling price is calculated on the basis of the stage of completion at the balance sheet date and the total expected income from the contract in question.

The stage of completion is calculated on the basis of the costs incurred in relation to the expected total costs.

Deductions in connection with losses are calculated as the total expected loss on the construction irrespective of the stage of completion.

The value of the ongoing contracts, less invoiced payments on account is classified as debtors if the amounts are positive and as debt, if the amounts are negative.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding the subsequent accounting year.

Equity

Reserve from the use of the equity method

Reserve from the use of the equity method comprises net revaluation of equity investments in subsidiaries and associated companies in relation to cost.

The reserve can be eliminated by loss, realisation of equity investments or dividends received.

The reserve cannot be recognised at a negative amount.

Reserves for development costs

Reserves for development costs comprise recognised development costs.

The reserves cannot be used for the payment of dividends or the cover of losses.

The reserves shall be reduced or dissolved if the recognised development costs are depreciated or abandoned. This is affected by a transfer directly to the equity's distributable reserves.

Exchange adjustment reserve

Exchange adjustment reserve comprises the share of currency differences arising from the translation of accounts for entities with a functional currency other than Danish kroner, exchange rate adjustments relating to assets and liabilities that form part of the company's net investments in such entities and exchange rate adjustments for hedging transactions that hedge the company's net investments in such entities. The reserve is dissolved by the disposal of foreign entities or if the conditions for effective

hedging are no longer present. When investments in subsidiaries and associated companies in the parent company's financial statements are subject to the reserve requirement in the net revaluation reserve under the equity method, exchange rate adjustments will instead be included in this equity reserve.

Hedging transactions reserve

The hedging transactions reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future payment flows and where the hedged transaction has not yet been realized. The reserve is dissolved when the hedged transaction is realized if the hedged cash flows are no longer expected to be realized or the hedging relationship is no longer effective. The reserve does not represent a company law bond and can therefore constitute a negative amount.

Dividend

Proposed dividends are recognised as a liability at the date of adoption at the ordinary general meeting (time of declaration). Dividends proposed paid for the year are presented as a separate item under 'Shareholders' equity'.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, defined pension schemes, restructurings, tenancy commitments, etc. Provisions are recognised when, at the balance sheet date, the Company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Pension schemes that include pension liabilities, as well as related scheme assets, are recognised in the balance sheet at the net value of the scheme.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the present value of the expected payments. Other provisions are measured at net realisable value.

Corporation tax due and deferred tax

Current tax liabilities are recognised in the balance sheet as the assessed tax on the taxable profit for the year adjusted for tax on prior years' taxable profit and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Corporation tax payable' or 'Corporation tax receivable'.

Deferred tax is calculated using the balance sheet liability method for all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences occurring at the date of acquisition of assets and liabilities neither affecting the results of operations nor the taxable profit.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Liabilities other than provisions are recognised at the date of borrowing at the proceeds received less transaction costs. Interest-bearing debt is subsequently measured at amortised cost calculated based on the effective interest rate method at the date of borrowing. Other debt is subsequently measured at amortised cost corresponding to the nominal debt outstanding.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial years, including any government grants received in settlement of investments.

Cash flow statement

The cash flow statement shows the Group's cash flows, the year's changes in cash and cash equivalents and the Group's cash at bank and in hand at the beginning and at the end of the financial year.

The cash flow statement is presented on the basis of the Group's profit and shows cash flows from operating activities, investing activities and financing activities.

The cash flow effect of acquisitions and disposals of companies is presented separately under "Cash flows from investment activities". Cash flows regarding acquired companies are recognised in the cash flow statement from the date of acquisition and cash flows regarding companies disposed of are recognised until the date of disposal.

A cash flow statement for the Parent Company has not been prepared as the Parent Company's cash flows are contained in the Group's cash flow statement.

Cash flows from operating activities

Cash flows from operating activities are indirectly presented and calculated as the share of the profit/loss for the year adjusted for non-cash operating items, changes in working capital and paid corporation tax.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of companies and activities as well as acquisitions and disposals of non-current assets.

Cash flow from financing activities

Cash flows from financing activities comprise payment of dividends to shareholders, capital increases and reductions as well as borrowings and repayments of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank loans.

Segment information

Information on geographical markets is provided. The segment information complies with the Group's accounting policies, risks and internal financial management.

Financial highlights

Explanation of key figures:

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Profit before net financials, depr., amor. and write-downs} \times 100}{\text{Revenue}}$
EBT margin	$\frac{\text{Profit before tax} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Leverage ratio	$\frac{\text{Net interest bearing debt}}{\text{EBITDA excl. other operating income \& cost}}$

A photograph of a warehouse aisle. The aisle is flanked by tall, industrial metal shelving units on both sides, filled with various boxes and packages. The floor is concrete with white painted lines. In the distance, a person is walking away from the camera towards a bright doorway. The lighting is dramatic, with strong highlights and deep shadows.

**Management's
statement and
auditor's report**

Management's statement and auditor's report

Management's statement

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Schur International Holding a/s for 1 November 2021 - 31 October 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies selected appropriate and the accounting estimates made reasonable. In our opinion, the Annual Report gives a true and fair view of the Company's and

the Group's assets, liabilities and financial position as of 31 October 2022 and the results of the activities and the cash flow of the Group and the Company for the financial year 1 November 2021 – 31 October 2022.

In our opinion, the Management's Review gives a true and fair description of the conditions outlined in the Review.

We recommend that the annual report be adopted by the Annual General Meeting.

Horsens, January 23th, 2023

Management Board

Hans Christian Schur

Johan Sebastian Schur

Board of Directors

Søren Birn
Chairman

Hans Schur

Anne Mette Vestergaard Olesen

Morten Rahbek Hansen

Anna Katharina Schur

Henrik Burkal

Hans Christian Schur

Johan Sebastian Schur

The independent auditor's report

To the shareholders of Schur International Holding a/s

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Schur International Holding A/S for the financial year 1 November 2021 – 31 October 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 October 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 November 2021 – 31 October 2022 in accordance with the Danish Financial Statements Act.

Basis for the 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

The management's responsibility for the financial statements

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

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

Auditor's responsibility for the audit of the financial statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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 management's review

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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



Aarhus, January 23th, 2023

EY Godkendt Revisionspartnerselskab. CVR-no.: 30 70 02 28

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State Authorised Public Accountant
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