ELOPAK

Annual Report

2021

Contents

How to read the report

This document constitutes the Statutory annual report in accordance with Norwegian requirements for Elopak Group for the year ended 31 December 2021.

The report is filed with the Norwegian Register of company accounts.

This report presents the Board of Director's report on pages 41-83 and 87-89.

CEO Letter to shareholders

2021 was a landmark year for Elopak. From listing on the Oslo Stock Exchange to securing a platinum EcoVadis sustainability rating and announcing the acquisition of Naturepak Beverage Packaging, our people worked tirelessly to position Elopak for future growth whilst at the same time pushing towards new sustainability-focused targets. I am incredibly proud of all that was achieved.

As we look forward, we are deeply concerned by recent events in Ukraine. Elopak stands with those who are suffering as a result of the conflict, and we condemn the unprovoked attack by the Government of Russia on Ukraine. On 4th March 2022 the Elopak Board of Directors took the decision to temporarily suspend all activities in Russia until further notice. Elopak's plant in Fastiv, Ukraine, has been temporarily closed since 24th February 2022, as we work to protect the safety of our colleagues and their families. I would like to take this opportunity to reassure people that we are doing everything we can to support our staff during this difficult time.

A strong start

In June 2021 we were delighted to welcome 3400 new investors on board. Elopak's IPO saw 18 million additional shares issued, raising EUR 50 million in new equity. As a listed company we now have greater flexibility to grow and develop so that we can effectively meet the rising demand for sustainable packaging solutions. 2021 was a year marked by challenges, including the impact of the Covid -19 pandemic, the volatility of raw material pricing and disruptions to our supply chain. Despite this, Elopak delivered its highest ever revenue of 940 million Euro, up from 909 million Euro in 2020. We maintained a strong EBITDA margin, and net profit for the year stood at 54.1 million.

Investing in innovation

Elopak has a proud history of innovation and in 2021 we upgraded the Elopak Technology Centre – transforming it into a customer-centric hub ready for another century of innovation. We were delighted to unveil new products such as the more environmentally friendly Pure-Pak® eSense: our first aseptic carton made without an aluminium layer. By eliminating this extra layer, we have reduced the carbon footprint of the carton by 30%. We also announced the Pure-TwistFlip™ – a tethered cap that remains attached to the carton throughout its entire lifecycle. This is our lightest cap to date, reducing the use of plastics while also delivering on the EU Single Use Plastics Directive ahead of 2024.

Sustainability at our core

In 2021 we shifted our focus from simply doing less harm towards doing more good, maintaining our focus on the three areas of people, planet and profit. The roll-out of our new vision, 'Chosen by people, packaged by nature', and our mission to remain our customers' partner and consumers' favourite across the business supports this positioning both externally and internally.

Carbon neutral since 2016, Elopak stepped up a gear in 2021 and our efforts were recognised as we secured a platinum rating from EcoVadis – placing us in the top 1% of more than 75,000 companies rated worldwide by EcoVadis and their network.

We continued to place strong emphasis on people, working to identify and strengthen initiatives designed to promote employee wellbeing and motivation, as well as keeping them safe during the Covid-19 pandemic. In 2021 we developed a human rights framework and performed a human rights risk assessment of suppliers. Meanwhile, efforts to raise safety awareness have contributed to a reduction in the number of recordable injuries by 23% since 2019.

As a champion of the power of collaboration, we were also delighted to officially join the UN Global Compact as a participant. We continue to track our performance against our targets, and I encourage those interested in learning more to read our latest Sustainability Report.

Sustainability-driven growth strategy

As a pioneer of sustainable packaging solutions, Elopak's growth strategy is centred on investment in innovation; the pursuit of new business opportunities in existing and new markets across both traditional and non-traditional segments; driving the plastic to carton conversion; and driving commercial excellence through margin optimization, value engineering, and operational improvement. Significant progress was made on these fronts in 2021, from the announcement of our intention to acquire Naturepak Beverage Packaging Co Ltd to the rollout of our popular Natural Brown Board cartons in North America and the reintroduction of an old favourite in the form of the D-PAK™ range of cartons for household products.

We delivered growth in more established segments, pursuing a strategic initiative to develop the UHT business, as well as growing high-value products in new segments like iced tea to boost our aseptic sales. As a result, there was a 9% volume growth in Pure-Pak® Aseptic compared to the previous year, with increased demand for our Pure-Pak® Aseptic systems.

2021 was indeed a landmark year for Elopak from which we have emerged stronger, more pioneering and with a clearer sense of direction. We look forward to building on this strong foundation in 2022 and beyond.

Thomas Körmendi
CEO

This is Elopak

At a glance

A Norwegian saga

Headquartered in Norway, Elopak is a leading global supplier of carton-based packaging and filling machines, tracing our origins back to the original Pure-Pak® patent in 1915. Our iconic Pure-Pak® gable top carton has stood the test of time, and more than 100 years after its invention, it remains one of the world's most popular packages for milk and juice products.

Elopak was founded by Christian August Johansen and Johan H. Andresen in 1957. The Andresen family and Ferd, a private holding company, have been active and dedicated owners of Elopak until June 2021, when Elopak was listed on the Oslo Stock Exchange. Ferd continues to be a committed long-term owner.

Through investment in innovation, Elopak has greatly expanded its product portfolio, pioneering solutions that help its customers lower their carbon footprint and provide consumers with more environmentally friendly packaging solutions. Today, the Pure-Pak® carton is a globally trusted, sustainable packaging solution for liquid content, used daily by consumers in over 100 countries.

Elopak delivers complete and optimized packaging systems designed to support our ongoing fight against food waste. Each Pure-Pak® system consists of a filling line with all related services, ranging from installation to reactive and pro-active servicing, in addition to the Pure-Pak® gable top designs and a corresponding range of Elopak proprietary or customized closures. Through each of these system components, we add value and ensure efficiency and effectiveness throughout the entire value chain.

The Pure-Pak® gable top carton is Elopak's most valued brand asset – we are Pure-Pak®. All other gable top cartons are copies of this legacy brand. Elopak's roll-fed packaging material further supports our growth and deepens customer relationships in our strongest segments, dairy and juice beverages.

Elopak employs 2,600 people* and sells more than 14 billion cartons annually across more than 70 countries.

* including joint ventures

1915 Patent for Pure-Pak® granted

1957 Elopak was founded

1987 Elopak becomes owner of Pure-Pak® license world-wide

2600 Employees incl. joint ventures

14 Billion cartons sold annually

70 Markets across the globe

Photo: Steffen Walstad

Listed on the Oslo Stock Exchange since June 17th, 2021

On 17th of June 2021 Elopak became a listed company on the Oslo Stock Exchange – a landmark date in our history. The successful Initial Public Offering (IPO) resulted in a sell-down by Elopak's majority owner Ferd and a primary issue of shares raising EUR 50m of additional equity for Elopak. The IPO attracted interest from a range of investors, both in Scandinavia and abroad.

Elopak is pleased to have completed a successful IPO and welcomes more than 3400 new investors to our company.

The IPO is a valuable enabler for our strategy and future growth ambitions, providing a stronger financial position and access to equity capital markets.

"

Sustainability is not something we do; it is something we are

– Thomas Körmendi, CEO

2010
FSC Certification of Elopak

2016
Carbon neutral Company

2019
Signing up to SBTs, < 1.5C

2020
UN Global Compact membership

2021
Platinum EcoVadis rating

A strong sustainability profile

Carbon neutral since 2016, Elopak was an early mover to formally pledge to cut greenhouse gas (GHG) emissions in line with criteria set by the Science Based Targets initiative aimed at keeping the global average temperature increase below 1.5°C. In line with this commitment, and after already reducing GHG emissions by 70% between 2008 and 2018, Elopak has pledged a further 42% reduction in internal GHG emissions by 2030 and a 25% reduction in emissions across the value chain by 2030 from a 2020 baseline. This is a key step towards Net Zero, following the framework of Science Based Targets.

In 2021, Elopak was admitted to the United Nations (UN) Global Compact in recognition of its commitment to advancing sustainability. This involves collaborating with more than 9,500 companies in 160 countries in pursuit of the UN Sustainable Development Goals (SDGs).

The same year, Elopak was awarded a platinum rating for its sustainability performance by EcoVadis, the world's largest and most trusted provider of business sustainability ratings. This achievement places Elopak in the top 1% of companies evaluated across all industries. EcoVadis is a trusted sustainability ratings provider with a global network of more than 75,000 rated companies. EcoVadis assesses sustainability performance and how well a company has integrated Corporate Social Responsibility (CSR) principles into their business and management system. The methodology covers 21 criteria across four themes: environment, labor & human rights, ethics, and sustainable procurement. It is built on international sustainability standards, such as the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000.

In 2020, Elopak signed a pledge against green-washing, initiated by Skift and the Norwegian NGOs Future in Our Hands, Zero, and WWF Norway. As a signatory, Elopak agreed to specific commitments, including being honest and accountable in reporting, ensuring that actions to further sustainability in line with the United Nations Sustainable Development Goals (UNSDGs) are integrated across the company, and having a strong focus on reducing the company's environmental footprint. Elopak's 2021 Sustainability Report is fully digital and is available on our website **elopak.com** and at **sustainabilityreport2021.elopak.com**

2021 Key Figures

940 €*
Revenue

+3.5%
Revenue % Diff. vs PY

7.5
TRI Rate

-10%
Scope 1 and 2 Emissions Reduction

100%
Scope 2 - % of renewable electricity used

-1%
Scope 3 Emissions Reduction

120.9 €*
Adjusted Ebitda

14bn
Number of Cartons Sold

2600
Number of Employees

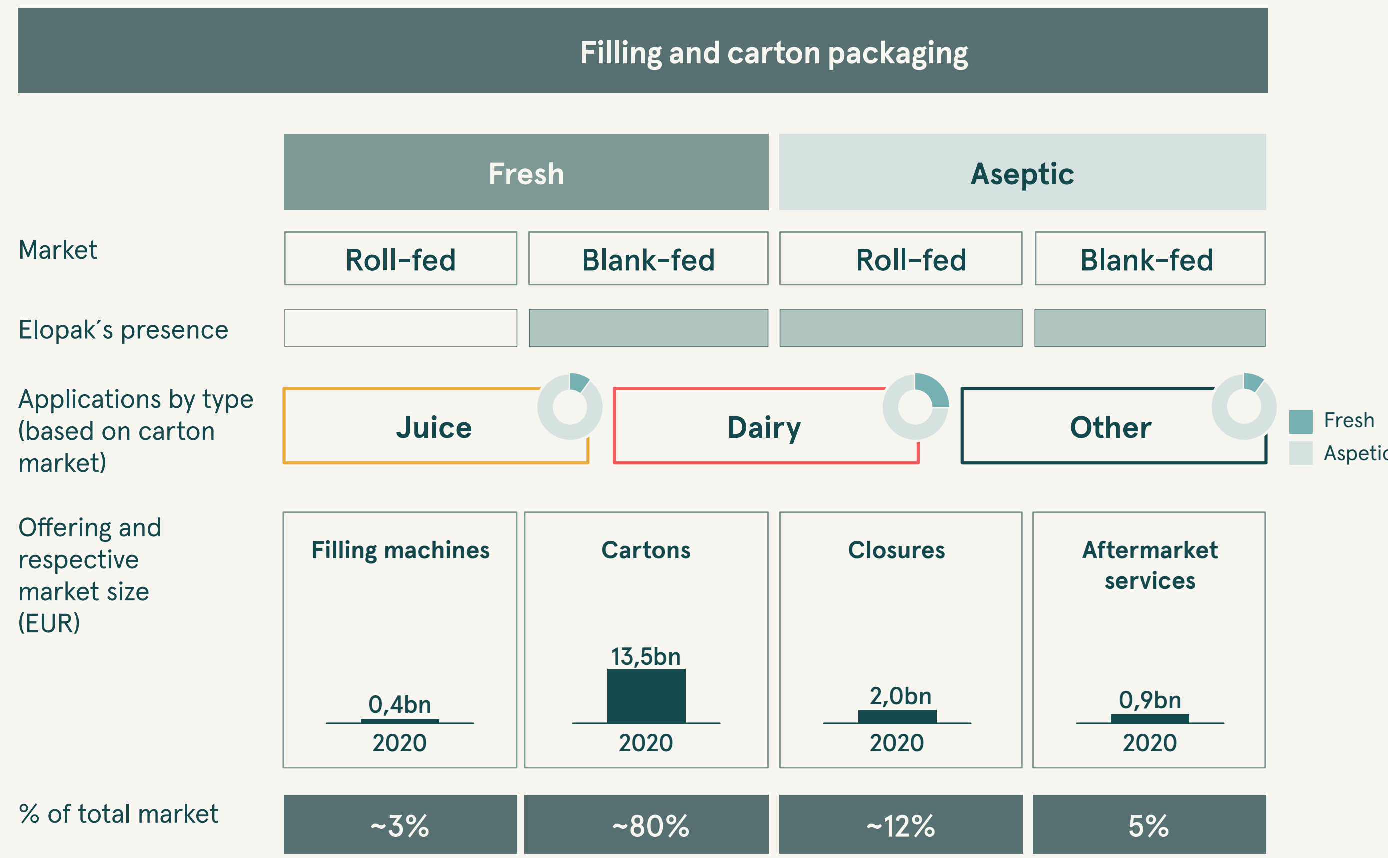
22%
% of all milk cartons in Europe, fully renewable

Female 22% Male 78%
Gender Split

Platinum
Ecovadis Rating

*Numbers in EUR Million

In December 2021, the volume of Elopak's Natural Brown Board cartons surpassed 1.6 billion units. This milestone illustrates Elopak's ambitions to leave our customers' products unchanged and the world unharmed. The lower CO_2 footprint of these cartons means that an estimated 5,000 tons of scope 3 GHG emissions have been avoided.



Our Markets

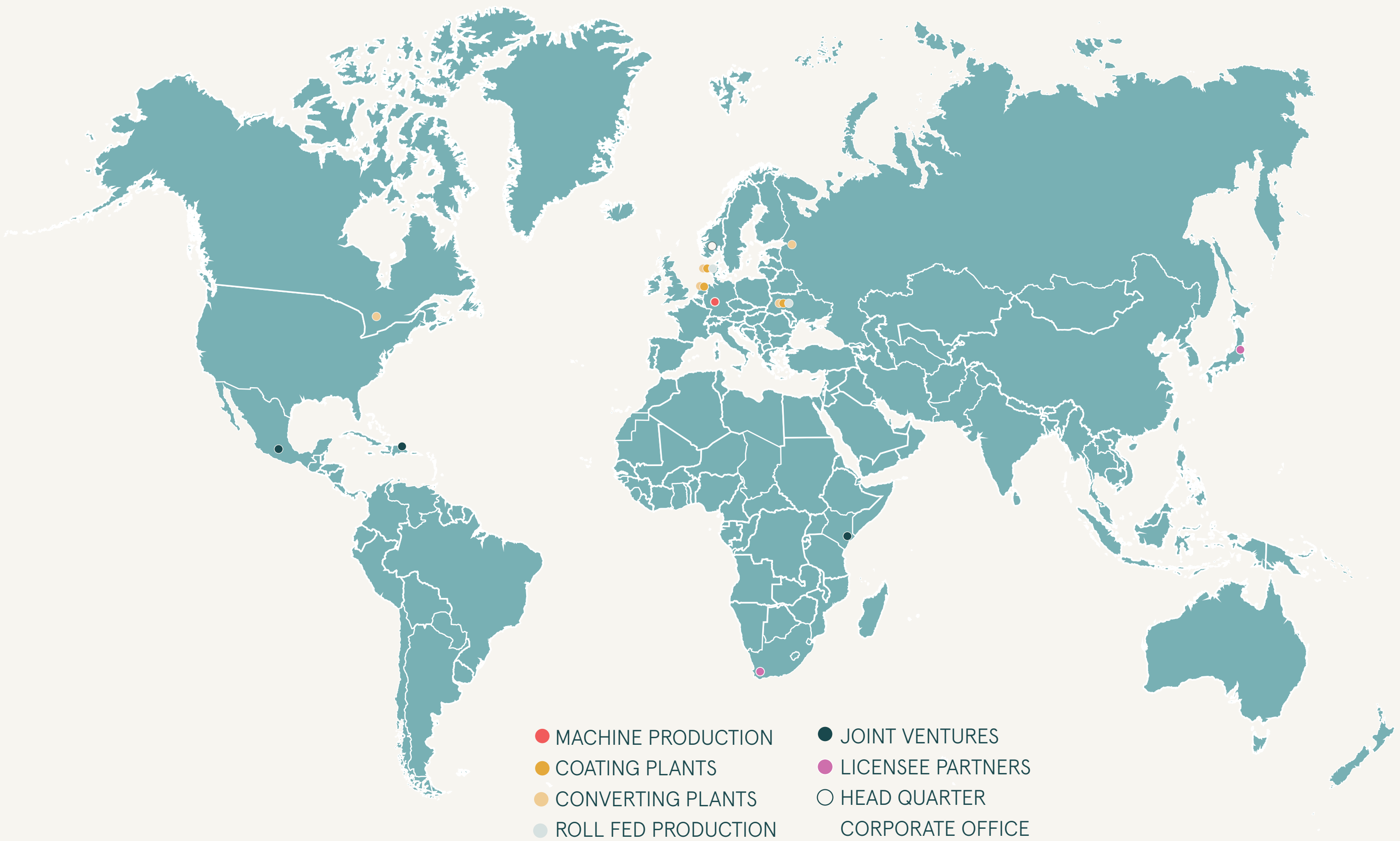
Elopak operates in a 17 BN Euro global, liquid carton packaging market. The market can be split into fresh and aseptic. With the main segments Dairy and Juice. Market definition includes filling machines, cartons, closures and aftermarket services. Consumables, cartons (80%) and closures (12%) make up the majority share. Cartons can be further divided into roll-fed and blank-fed systems. With the Pure-Pak® portfolio, Elopak offers a complete blank-fed system in fresh and aseptic. With its roll-fed business, Elopak participates in an unbundled manner to parts of the aseptic market.

Elopak has a sophisticated production network with market units and associates in over 40 countries, serving customers worldwide. We have a long, proven track record coupled with deep system knowledge and collaboration with our customers and partners, making Elopak the complete industry partner for the future.

40
countries

70
markets across the globe

9
manufacturing units



Filling machines

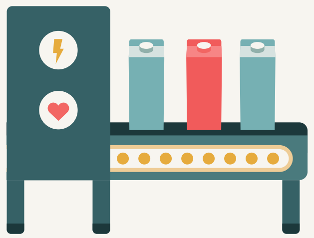
State-of-the-art offerings across fresh and aseptic

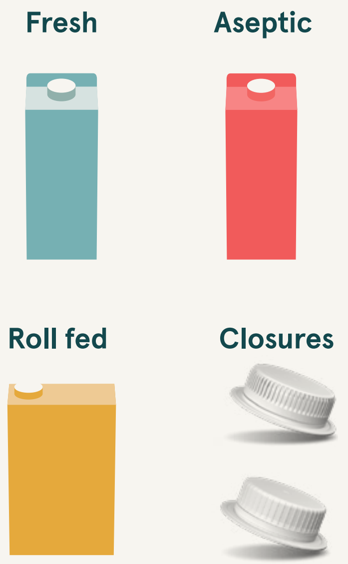
Packaging solutions

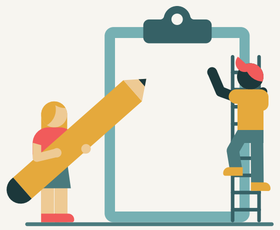
Known for quality and innovation

Aftermarket services

Value-added after-market support







Our offering

Any Pure-Pak® carton is a sustainable choice. Beverage cartons have strong environmental credentials compared with alternatives such as plastic bottles. Studies have shown a reduction of 70.7% GHG emissions when packaging UHT milk in standard cartons compared with disposable PET bottles and an 83.6% reduction for fresh milk.[1]

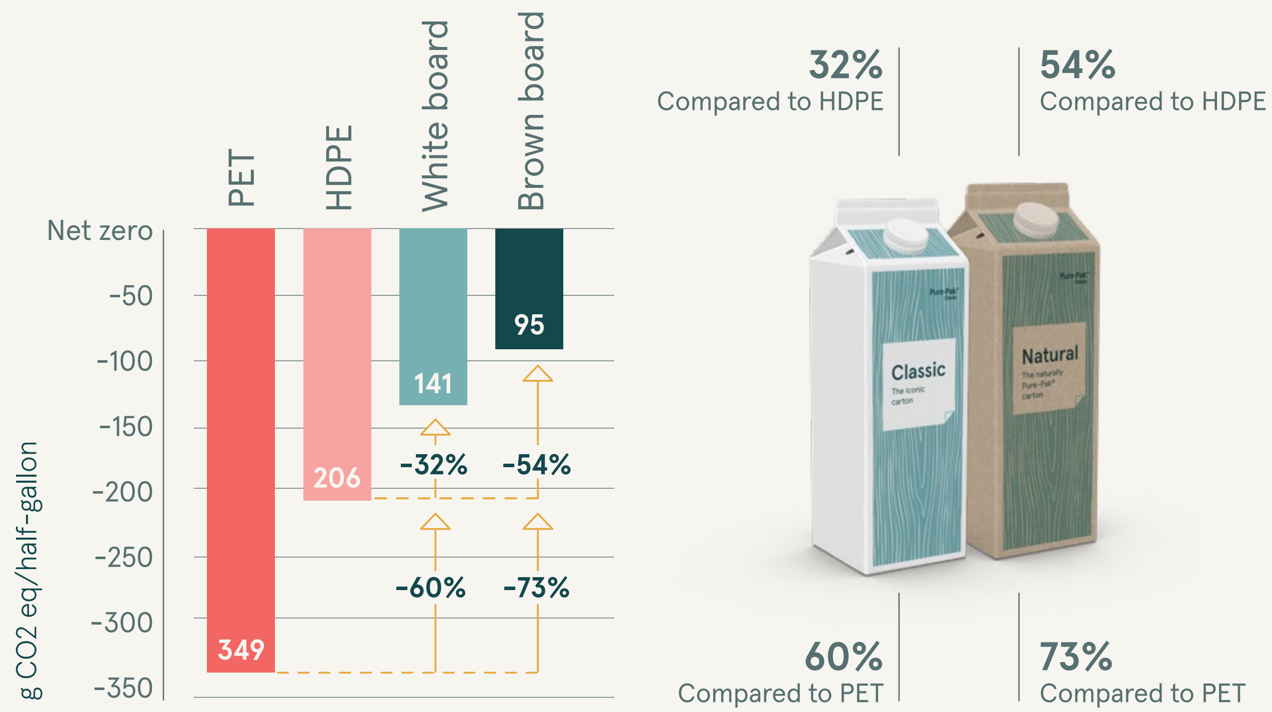
[1] Life Cycle Assessment (LCA) performed by the Institute for Energy and Environmental Research (IFEU) in 2018. The study compared 1-liter beverage cartons with commercially available disposable and reusable systems in the German market, including glass and PET packaging. The entire life cycle of all market-relevant packaging was considered.

Elopak delivers a Full-Service Platform which covers the entire customer journey with frequent touch points.

Through each touchpoint, we deliver value to customers and consumers. The tethered cap, Pure-TwistFlip™, is the latest sustainability-focused innovation announced by Elopak. The closure remains attached to the carton throughout its entire lifetime, helping tackle the serious problem of marine littering by ensuring that the cap is disposed of properly. It is also Elopak's lightest screw cap to date, reducing the use of plastics.

Megatrend: sustainable packaging

Plastic, especially bags and plastic bottles, is considered the most harmful packaging material. The environmental damage it causes is obvious, and if we continue on the current path, there will be more plastic than fish in the oceans.



Over 30% of all households are reluctant to use plastic packaging when shopping if they can avoid it (Kantar report "Who cares? Who does?"), and the environmental concerns are becoming broader and stronger. GfK asked its consumer panels amid the Covid-19 pandemic what keeps them awake at night, and the primary answer is climate change. Consumers want to make a change, and 22% of the global population can be classified as "eco-active." Eco-actives are highly concerned about the environment, have a greater awareness, and take responsibility to act sustainably. It is predicted that Eco-actives will account for half the population by 2029 (Kantar report "Who cares? Who does?).

This means that every self-respecting manufacturer today needs a credible strategy for sustainable packaging. Consumers look to companies to provide them with climate-friendly choices and pro-active guidance. Manufacturers and retailers play an important role in creating transparency, educating, and guiding consumers to more eco-friendly products and packaging. Recurrent topics addressed are:

- Reduction of CO_2 emissions
- Recyclability and/or recycled content
- Plastic reduction and/or reduction of (virgin) fossil-based plastics

Brand trust is shaped more and more by ethical considerations and a coherent and authentic product and packaging concept. Brands need to demonstrate purpose. However, building transparency and creating guidance for consumers is challenging, with 400+ eco-labeling initiatives within Fast-moving consumer goods (FMCG).

Cartons and other fiber-based packaging provide the natural answer. Not only do consumer studies show that paper-based packaging achieves the highest liking and buying interest amongst eco-conscious communities, but objective facts also support it. The carbon footprint of a standard carton is up to 80% lower than a PET bottle. Although recycled content improves the carbon footprint of PET bottles, beverage cartons perform better from a carbon footprint perspective.

Our strategy

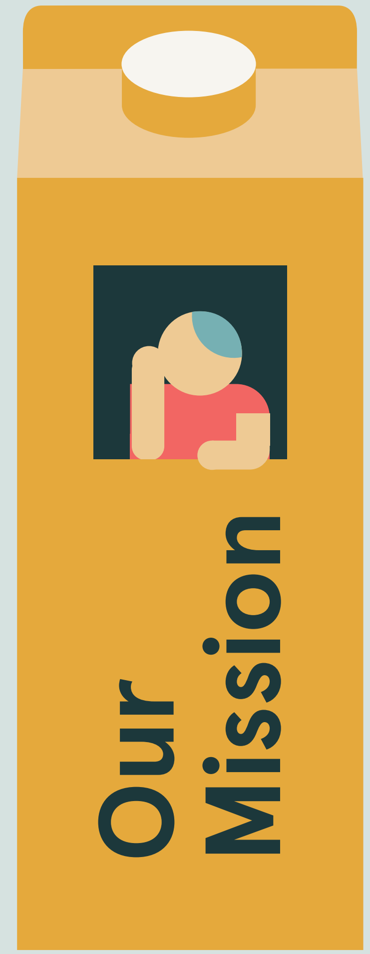
Driving a circular economy.

It is our obligation to leave the world unharmed for the next generation. The packaging we use matters. Packaging can play an important role in minimizing food waste. Roughly 1/3 of the food produced for human consumption is lost or wasted. Food waste alone generates about 8%-10% of global greenhouse gas emissions (EUFIC). Packaging also helps drive a more circular economy by minimizing emissions and maximizing the use of renewable and recyclable materials.

Elopak is uniquely well-positioned to meet the growing demand for sustainable packaging solutions, thanks to its strong track record, growing geographical footprint, and investment in sustainability-focused innovations.

Going forward, Elopak will build on these strengths to provide the best carton consumer experience possible while systematically supporting our customers in realizing the transition to a low carbon, circular economy.

This dual approach – always taking care of both consumers and the planet – is at the core of Elopak's vision and mission.



As worldwide makers of carton-based packaging, we are committed to remaining our customers´ partner and the consumers´ favorite, through relentlessly developing new solutions for an expanding range of content.

Applying market-leading technology, skills and natural materials sourcing, we always aim to provide the highest quality products that leave the world unharmed.

Chosen by people, packaged by nature

In 2021, Elopak upgraded its Elopak Technology Center into a true customer-centric hub of innovation, on-site or remotely accessible, ready for another century of innovation.

Pure-Pak® is leading the way in sustainability

Elopak's relentless pursuit of sustainable materials, enhanced product performance and operational excellence makes us the industry innovator and chosen partner for a growing number of customers and products. A fundamental building block in all our innovational work is our close cooperation with our clients.

We take care of the most demanding and delicate products, ensuring safe arrival at the consumer. Our Elopak Technology Center at Spikkestad in Norway has the knowledge and expertise to develop the optimal Pure-Pak® carton solution for our customers.

All our Pure-Pak® cartons are already a sustainable choice, and further innovation can improve them both inside and out: boards, barriers, caps, and coatings of recyclable and renewable materials from responsible forestry; CarbonNeutral® Pure-Pak® cartons, made of 100% recycled and/or renewable content.

Elopak has invested heavily in market-leading technology over decades to develop high-quality, sustainable Pure-Pak® packaging solutions that deliver convenience for the consumer and ensure product safety. The value that the Pure-Pak® carton offers is well recognized. Driven by consumer demand, Elopak has also translated the Pure-Pak® carton system solution to aseptic, ambient beverage applications supplying over a billion cartons.

Pure-Pak® has become a very versatile packaging format. It is used to package virtually all product types and is considered to suit the ultra-fresh, fresh with Extended Shelf Life (ESL) and aseptic markets.

Today, Elopak offers Pure-Pak® cartons for every conceivable need and has the competence to develop solutions for future needs, with sustainability at the core.

Packaging by Nature®

Consumers are increasingly demanding more sustainable packaging solutions. Making the transition to more environmentally friendly options such as beverage cartons is not only an important step for brands to take in future-proofing their business; it is also the right thing to do.

Brands and retailers are looking for ways to reduce their carbon footprint. Changing their packaging is an obvious step to take that can have a measurable impact on their journey to net-zero, as well as helping them to communicate their sustainability credentials visually on the shelves.

In 2021, Arla Foods introduced the first climate-neutral dairy products to the Dutch market. The dairy food giant launched the Arla organic climate-neutral range – the first products with the independent ClimateNeutral® quality mark of the Climate Neutral Group.

Elopak is perfectly positioned to leverage this opportunity, as the Pure-Pak® carton has stood the test of time. Evolving with market needs, it remains the iconic shape for packaging fresh beverages.

From the start, the Pure-Pak® carton was created as a safe and convenient alternative to glass bottles, reducing complexity in the supply chain.

Today, Pure-Pak® has established itself as the natural and convenient alternative to plastic bottles. It fits within a low carbon circular economy, and it is made using renewable, recycled, and sustainably sourced materials. We call this Packaging by Nature®.

A standout solution

When battling for consumers' attention, the Pure-Pak® carton excels in meeting relevant trends. The present growth in E-commerce makes it more challenging to ensure a consistent consumer experience. The second moment of truth, which refers to the moment when the consumer uses the product, has become an even more critical decision point. This is the moment when a Pure-Pak® carton outperforms other sustainable packaging formats. Pure-Pak® cartons are considered best-in-use and strongly and positively influence the consumer's brand perception and future buying decisions. A good user experience will more likely result in the consumer choosing the same brand and speaking favorably of the product in conversation or online reviews.

The versatility of the Pure-Pak® carton format allows Elopak to design a solution for every intended consumer experience. There are some expected impacts from the Covid-19 pandemic, such as increased demand for longer shelf life, stricter food safety, and a shift towards home consumption or larger formats. The Pure-Pak® carton can meet these shifting requirements. Meanwhile, "convenient and on-the-go" remains an underlying trend. The overall conclusion is that we all experience products in increasingly different ways. And, when focusing on the common points across these multitudes of consumer journeys, the right packaging can dramatically boost sales.

Natural, healthy, and locally produced remain top drivers behind consumers' choices when buying food & beverages, impacting

Juste Pressé in France, with its partner juice and smoothie producer Hermes Boissons, has launcahed the world's first High-Pressure Processing (HPP) juice products filled in cartons. Thanks to the new HPP technology, the juices have maintained the high quality of a fresh product and its nutritional benefits.

Tropicana Brand Group has given its Organic juice range a sustainable carton makeover for the French market, shifting from non-returnable glass bottles.

the demand for health and plant-based drinks. Sustainable packaging is also having an increasing influence on consumers' decisions. However, consumers also highly value transparency. Demanding transparency from companies and their products, values, and how they do business is one of the most important and pressing consumer experience trends.

It is no secret that the sustainability credentials of packaging solutions vary considerably. Choosing the right pack helps reduce the overall carbon footprint of the finished product and ensures the product is kept safe and fresh, helping to minimize waste. But packaging can also help brands to communicate their commitment to the environment. Communicating clearly on sustainable packaging helps build and maintain trust with consumers.

The Boxed Water™ brand communicates clearly that Pure-Pak® cartons are better than plastic bottles for the environment. So much so, they go beyond their 92% plant-based packaging to support the environment by planting trees in national forests and cleaning up oceans.

Reflecting on our performance

PROFITABLE GROWTH DRIVERS

Executing our sustainability-driven growth strategy

Elopak prides itself on its agility and high level of personal service. Elopak develops close and long-lasting relationships with its customers, working to deliver solutions that meet their needs and appeal to their consumers.

Elopak is a pioneer of sustainable solutions within the packaging industry.

Sharing our commitment to leave the world unharmed for the next generation is our strongest opportunity for profitable growth.

Leveraging our expertise, market-leading Pure-Pak® system technology, and skills, we set customer expectations and create demand for sustainable Pure-Pak® cartons. Elopak has prioritized five key growth pillars, executing our sustainability-driven growth strategy.

1. Expand our end-to-end, sustainable Pure-Pak® offer in North American fresh markets
2. Leverage our historical know-how and broaden our sustainable solutions, growing into ambient, aseptic applications.
3. Broaden our geographical footprint through selective M&A opportunities, strengthening the company's position in markets with higher inherent growth

4. Grow accessible potential, converting plastics to carton
5. Drive business performance leveraging our commercial excellence program: margin optimization, value engineering and operational improvement

Fresh opportunity in North America

With increasing consumer awareness, the growth potential for more sustainable carton-based packaging solutions is significant in North America's core fresh dairy markets. The market is characterized by an installed base of older filling equipment and consequently rather over-specified and heavy gable top packaging formats.

Building on the success of the Natural Brown Board in Europe, we developed a new board structure in 2021. The new structure delivered on regional requirements of a heavier and more rigid board, enabling the launch of the first Gable Top using Natural Brown Board in North America. The Natural Brown Board was introduced in Canada by Organic Meadow, a pioneer in the organic dairy market in October 2021. The launch was supported with a targeted PR program and the first carbon neutral on-pack claim in North America. This represents a solid business case for all other customers, as the Natural Brown Board proved to be a solid visual cue for supporting sustainability claims.

Furthermore, Elopak North America conducted a comprehensive Life Cycle Assessment study with Anthesis in 2021. The study showed that Regular Pure-Pak® can reduce the CO_2 footprint by 32% versus HDPE bottles and 60% versus PET, and that the Natural Brown Board reduces CO_2 footprint by 54% versus HDPE and 73% versus PET. This will further motivate companies to switch from plastic bottles to carton packaging.

Aseptic growth roadmap

In August, Elopak announced the more environmentally friendly aseptic carton – the Pure-Pak® eSense. The new Pure-Pak® eSense is the same shape as the consumer-friendly Pure-Pak® Sense Aseptic carton, with the 'e' standing for eco-friendly.

It has been developed using technology from Elopak's fresh portfolio, meaning that the carton can preserve product integrity, safety, and lifespan without requiring the aluminum layer commonly used in aseptic packaging. The elimination of the aluminum layer reduces the carton's carbon footprint by 30% while facilitating full recyclability. The new Pure-Pak® eSense caters to brands and consumers who are constantly looking for new ways to reduce their environmental footprint.

The Pure-Pak® eSense carton aligns with Elopak's ambitions to contribute to a Net Zero circular economy. Elopak is on a mission to replace plastic bottles with fully renewable, low-carbon cartons that offer a natural, sustainable, and convenient alternative.

The Pure-Pak® eSense carton comes with a new aseptic filling line, the E-PS120AH, capable of running both aluminum (Pure-Pak® Sense) and non-aluminum (Pure-Pak® eSense) aseptic configurations at the same time, offering maximum flexibility.

Broaden geographical footprint

In October 2021, Elopak advanced its growth strategy by announcing the signing of a Share Purchase Agreement to acquire 100% of Naturepak Beverage Packaging Co Ltd, the leading gable top fresh liquid carton and packaging systems supplier in the MENA region.

Present in 16 countries, Naturepak's offering consists of fresh gable-top cartons and filling machines, accompanied by technical support and service. Naturepak is the leading fresh carton supplier in MENA and is considered one of the highest quality assets in the MENA region. With this acquisition, Elopak sees the addition of local production facilities in Morocco and Saudi Arabia to its extensive existing global network, which already encompasses customers across 70 countries.

In addition, it boosts annual production capacity by 2.7 billion cartons, supporting Elopak's ambition to meet the growing

demand for sustainable packaging solutions. The acquisition reinforces Elopak's access to a strategic customer base in the fresh beverage carton segment in key growth markets, many of whom are global blue-chip FMCG players and strong regional champions. Naturepak Beverage's sales were approximately $40 million (€35 million), and it employs approximately 140 people.

The move marks a key milestone in Elopak's growth strategy. The strategy targets an organic growth of 2-3% per annum by capitalizing on its strong track record, growing geographical footprint, and investment in sustainability-focused innovations. It also entails pursuing new business opportunities across both fresh and aseptic markets and all segments, as well as driving the plastic to carton conversion.

Delivering Elopak's brand portfolio and sharing our sustainable packaging solutions while leveraging the broadened geographical footprint in a growth market establishes a forceful engine for growth. The transaction reflects our strong commitment to growth in the Middle East and Africa, applying our expertise, market-leading Pure-Pak® system technology, and skills in fresh markets while expanding into aseptic markets.

Plastics to carton conversion: Growing accessible potential in core markets

2021 showed good traction, creating demand for sustainable Pure-Pak® cartons in a traditional plastics market like the UK. According to Mintel, May 2020, up to 52% of UK consumers would prefer buying milk in cartons rather than plastic bottles.

The UK fresh milk market amounts to up to 5BN liters and is traditionally packed in HDPE bottles, offering considerable growth potential to Elopak. Retail brands constitute a 90% share of the total fresh milk market.

At these retailers, each having specific, multi-dimensional sustainability targets, we started our journey by presenting Elopak's sustainable packaging solutions and gaining a deep understanding of the supply chains, consumer perceptions, and motivations.

Together with our partner Graham's, we built a market-specific value proposition based on extensive consumer research, backed up with facts from Life Cycle Analyses (LCA) studies. At the same time, Elopak raised awareness of sustainable Pure-Pak® solutions amongst retailers and dairies and, for the first time, directly engaged with consumers through social media.

Graham's, Scotland's largest independent dairy, started offering their own branded milk in cartons nationwide for the first time in 20 years in the second largest UK retailer. With the carton launch, Graham's aims to eliminate 1,000 tons of plastic per year. Graham's also opted for a cap made from renewable materials, substituting fossil-based plastics. Graham's' launch of milk in cartons aligns with the most important sustainability aspects, according to their latest research. 59% of respondents confirmed that reducing plastic waste is most important for them, and 46% opted for packaging recycling as their environmental priority.

Building on the same momentum, Freshways, UK's largest independent milk processor, also signed up for two new filling lines, which will be operational in Q2 2022. Freshways will relaunch their "LoveMilk" brand in a carbon-neutral carton and is also looking to opt for renewable PE on both cartons and caps. Elopak supported the move with technical and design advice and provided cartons with many environmental benefits. Freshways see it as their responsibility as a major dairy supplier to the UK to help reduce the environmental damage from plastic waste. With the support of Elopak, they will do this one milk carton at a time. Morrisons, the fourth largest supermarket chain in the UK, is introducing sustainable Pure-Pak® cartons for its 100% juice range, just one of the ways the retailer is helping to look after the planet's future is by switching from plastic bottles to 1-liter Pure-Pak® Sense cartons for its range of fresh juices.

Morrisons is calling the new packs 'our clever cartons' and launched the Pure-Pak® cartons in November 2021 across its 497 UK stores. The environmental benefits of the move from plastic to cartons are communicated clearly on the pack as a 'more sustainable option, with a lower carbon footprint and 100% recyclable but with the same great taste.

Plastics to carton conversion: Developing new markets

In 2021, Elopak reintroduced a modernized version of the D-PAK™ range of cartons. Originally developed in the 90s for the laundry care segment, these gable top cartons designed for non-food applications are based on Elopak's market leading Pure-Pak® technology. The D-PAK™ carton prioritizes convenience for the consumer and is also the naturally sustainable choice, offering a wood-based alternative to plastic bottles.

Through the development of unique applicator technology, the freedom to design customer- or brand-specific carton packaging was greatly enhanced. Creating a carton pack design that meets all consumer and shopper marketing demands.

Building on Elopak's historical core competencies, we established a quality process for each new potential application of the D-PAK™ to ensure the solution meets all technical and regulatory demands. D-PAK™ illustrates the potential of leveraging Pure-Pak® know-how and market-leading technology to open whole new market segments by offering a sustainable packaging solution for personal care, laundry and other household cleaning products.

In September 2021, Orkla launched re-fill hand soap and detergent products in cartons for its Klar brand, a series of sustainable, mild and fragrant products. Prior to this, Orkla had pre-launched the product in their e-commerce channel klardag.no. The results exceeded all expectations. The carton refills sold out in record time, and over 1000 people signed a waiting list. Orkla also got feedback from consumers through different communication channels that showed they were looking forward to seeing the product in-store. The results so far are very positive, with feedback from the consumers stating that they appreciate both the new carton's user-friendly and environmentally-friendly features. This project takes Orkla closer to achieving its ambitious sustainability goals, with plastic reduction high on the agenda. Orkla introduced this packaging format in Q1 2022 across different major Home Care brands across Norway, Sweden and Finland.

Business performance

Key market comments

Covid-19

In 2021 the Covid-19 pandemic continued to drive the key marked dynamics, which also influenced the management and focus of the company. While the pandemic caused demand volatility in the initial phase of the pandemic in 2020, 2021 was mainly a continuation of a pattern of higher home-based consumption and lower consumption in the foodservice sector. In addition to changed consumption patterns, there was a generally lower appetite in the market for making investment decisions and testing new solutions. While we adapted to a more virtual approach to business operations, fewer face-to-face meetings with customers and business partners will impact the speed of collaborative market-driven innovation and after-market service.

Raw materials volatility

As a consequence of the pandemic and lockdowns, supply/demand imbalance occurred in basically all raw materials worldwide. This was also the case for polymers and aluminum, used as barrier materials in packaging and production of closures. LDPE prices and aluminum prices increased 68% and 40%, respectively[1], between 2020 and 2021. In addition, normally less significant input costs were subject to price increases, like filling machine parts, pallets, and utility costs. A good illustration of the volatility is Euro pallets, where Elopak experienced a 175% change from high to low.

[1] LME EUR/t and LDPE ICIS Low EUR/t

Supply chain disruptions

Another effect of the pandemic and the lockdowns were disruptions in supply chains leading to a more challenging sourcing situation for packaging raw materials and filling machine parts. Several of Elopak's suppliers incurred issues and announced force majeures during 2021. Delays in getting goods also occurred due to transport interruptions. Travel restrictions reduced accessibility and the possibility to provide service to our customers.

Consumption

In 2021, we continued to experience temporary, diverging patterns in demand induced by consumers adapting to the Covid-19 restrictions and consequences. These shifts, such as retail versus branded products, fresh versus aseptic, or spending between categories, vary in intensity by country and in time, somehow reflecting the spread or evolution of the pandemic.

Although these affect the performance of individual market units in the given period of 2021, the total cartons market trend line remains. The larger White Milk segment showed signs of stabilization compared with the previous year, although still lower than 2019 (Global Data, Euromonitor). Dairy Segments like hay or meadow milk, bio milk, milk drinks, and plant-based drinks show significant growth, driven by socially and environmentally responsible consumer considerations – the same sentiments as those fueling the tendency toward carton packaging.

Environmental, Social, and Governance (ESG) focus

Irrespective of the challenging market dynamics, the mega-trend towards sustainable packaging only strengthened during 2021. This effect comes with a lag time, as manufacturers invest in new filling lines. In 2021, we saw some good examples hitting the shelves, and we believe the conversion from plastic to carton will continue to be a growth driver.

Continued resilience

Despite the challenges resulting from the pandemic, raw material pricing and supply chain disruptions, Elopak's performance in 2021 demonstrated our resilience. Elopak's consistent approach to quality and our agile mindset helped deal with many new challenges. Being part of the essential food industry also provides some stability, as there is still a need for Elopak's products during times of crisis.

Covid-19

Global and local Covid-19 response teams have worked proactively and systematically to protect the employees' health, the integrity of the products, access to raw materials, a well-functioning supply chain, stable operations, and security of supply and service for customers. Any significant disruption to Elopak's operations would affect many families.

To ensure production output, all of Elopak's production plants have taken restrictive measures to minimize infection risk, thus reducing the risk of not being able to man production. Several of these measures have gone beyond legal requirements and depend on the goodwill of Elopak's employees. Using video links, Elopak's production employees have managed to execute projects outside their core skills with remote assistance. This has both reduced the risk of Covid infections and ensured the execution of projects. Through good union relations and the fantastic effort of Elopak's employees, the required output of the production plants has been secured.

Raw Materials and margin management

The carton packaging industry is normally relatively stable in terms of prices and raw materials, so recent raw materials price increases and inflationary pressure are quite unprecedented. However, the business model of Elopak is robust and has mitigated a large proportion of this volatility. A key focus in 2021 has been managing exposure and margins in a responsible manner that supports the financial sustainability of the company as well as our customers. The starting point has been to price our products and solutions based on the value we create while managing the cost of raw materials

These are the main features of our raw material exposure:

In Europe, board contracts are typically 3-5 years with fixed prices linked to CPI. In the Americas, board contracts are also multi-year, with spot prices linked to a range of indexes. Purchased boards are coated with polymer. Customer contracts in the Americas for blanks are linked to similar indexes as the board contracts, and consequently, the raw material exposure is very limited. The same mechanics apply to the Americas' closure business.

Polymers (PE) and aluminum for production in the European plants are multi-year contracts with spot prices, and the company enters commodity hedges to manage the exposure. In European markets, the margin exposure is also managed through raw materials clauses in some customer contracts, primarily for closures.

The bottom line is that Elopak has mitigated raw material hikes to a large extent through a combination of commercial and commodity hedging arrangements. However, the company is still exposed to polymers and aluminum and other cost drivers such as energy utility costs, transportation, and pallets.

Performance vs. mid-term targets

Elopak has committed to the following mid-term targets:

Targets	Mid term 3-5 years	2019	2020	2021
Revenue growth	2-3% organic growth p.a. and selectively pursue M&A opportunities for revenue growth	-0.3%	0.3%	3.5%
EBITDA margin	14-15% adjusted EBITDA margin	11.2%	13.5%	12.9%
Capex	EUR ~50m p.a.	EUR 53m	Eur 50m	Eur 37m
Dividend policy	50-60% pay-out ratio % or adjusted net profit	45%	22%	52%
Capital structure	~2.0x net debt/ adjusted EBITDA mid-term	3.5	2.5	2.0

Supply chain
Elopak works diligently to ensure a robust and reliable supply chain. With Covid-19, the organization was put through a live stress test. Elopak's purchasing and supply chain team worked proactively throughout the year to avoid supply issues impacting Elopak's customers and production. In addition to a close dialogue with suppliers, some of the measures Elopak uses to manage supply chain interruptions are planning of inventory, moving inventory internally in Elopak, switching supplier plants, change of suppliers, and change of specifications. By proactively identifying and qualifying alternative suppliers and sourcing in different regions, Elopak has built resilience in case of supply interruptions.

In 2020 the company took a leap in terms of EBITDA margin combined with stable revenues. In 2021, the year continued with a strong EBITDA margin, despite significant raw material headwinds in the second half of the year. The revenues grew 3.5% (4.3% on a fixed currency basis), driven by sales in higher-value segments and markets, price increases following raw materials in the Americas, and increased sales of filling machines.

The company remains committed to the mid-term targets, as margins are expected to normalize over time combined with scale effects from our organic growth.

Key financials

The following table summarizes key financials as they have been reported through the year in the quarterly reports. The main developments in 2021 are described in the following sections of the report.

	Year to date ended		
EUR million	2019	2020	2021
Revenues	906.4	908.8	940.2
EBITDA [1]	88.3	122.9	110.5
Adjusted EBITDA [1]	101.3	122.3	120.9
Adjusted EBITDA [1] margin	11.2%	13.5%	12.9%
Profit for the period	9.9	47.8	33.8
Adjusted profit for the period [1]	22.6	45.3	39.0
Leverage ratio [1]	3.5	2.5	2.0
Adjusted basic and diluted earnings per share (in EUR)	0.09	0.18	0.15

[1] Definition of Alternative Performance Measures, including specification of adjustments, at the end of this report

Revenues

Group

For the full year of 2021, Group revenues increased by 3.5%, or EUR 31.4 million. Adjusting for currency translation effects, the revenue growth was 4.3%.

Revenues group by geography and product

Revenues	Year to date ended		
EUR million	2021	2020	Change
Europe	759.8	741.4	2.5 %
Americas	192.2	194.0	-0.9 %
Corporate and eliminations	-11.8	-26.6	-55.8 %
Total revenues	**940.2**	**908.8**	**3.5 %**

Group	Year to date ended		
EUR million	2021	2020	Change
Cartons and closures	833.8	822.5	1.4 %
Equipment	46.1	30.2	52.9 %
Service	43.1	42.6	1.2 %
Other	17.2	13.5	27.8 %
Total revenues	**940.2**	**908.8**	**3.5 %**

Revenues EMEA per product

Europe	Year to date ended		
EUR million	2021	2020	Change
Cartons and closures	651.8	643.6	1.3%
Equipment	41.1	36.2	13.6%
Service	43.6	41.8	4.2%
Other	23.3	19.8	17.6%
Total revenues	**759.8**	**741.4**	**2.5%**

Europe

Revenues in Europe increased by EUR 18.4 million, or 2.5%, driven by a range of initiatives.

An important success factor in 2021 was our ability to grow high-value products in new segments, like iced tea in the aseptic juice segment (see BraTee case below). Also, our strategic initiative to grow the UHT business resulted in solid growth. Pure-Pak® Sense Aseptic features provide an outstanding brand image and user convenience and have been increasingly used by our customers as a valuable tool for milk market segmentation. As a result, Elopak has increased the installed base of Pure-Pak® Aseptic systems, contributing to a 9% total Pure-Pak® aseptic volume growth compared to the previous year.

The achievements in the aseptic segments more than compensated for reduced revenues in fresh dairy in Europe. The decline in fresh dairy revenues is a combination of consumption decline and reduced volumes in segments that were not financially sustainable. In addition to the positive mix effects from an increased share of aseptic, the company benefitted from a full-year effect of price increases introduced in the second quarter of 2020 and further contract improvements in 2021.

Revenue from equipment increased as the company delivered higher-capacity filling machines than in 2020, with a higher proportion of sales versus rental deals.

With the Covid-19 pandemic, there have been frequent and significant shifts in demand as our customers had to adapt to rapidly changing consumer preferences through lockdowns or re-openings. Investing in cross-capabilities has made Elopak better equipped to react and adapt to changes, like the surge in aseptic products experienced during the second quarter of 2021. Utilizing our capabilities secures customer satisfaction and profit.

Americas

In the Americas, revenues decreased by EUR 1.8 million compared to last year. Currency translation effects had a EUR 7.3 million unfavorable impact due to a stronger Euro against USD, and the underlying growth was 2.8%. Revenues were negatively impacted by the loss of a Roll Fed customer in Q2 2020.

Pure-Pak® revenues increased compared to last year. The main reason was a healthier portfolio of customer contracts and a larger average size of the cartons produced in Montreal. Raw material indexing contributed to the revenue growth. Sales of school milk cartons produced in Mexico increased by more than 35%.

Revenue from the sale of closures increased due to targeted sales efforts enabled by additional capacity see case example below.

Revenues Americas per product

Americas	**Year to date ended**		
EUR million	**2021**	**2020**	**Change**
Cartons and closures	185.2	191.3	-3.2 %
Equipment	5.0	1.3	289.8 %
Service	-	0.8	-100.0 %
Other	1.9	0.6	240.5 %
Total revenues	**192.2**	**194.0**	**-0.9 %**

Case example
BraTee: Driving high-value growth through agility

As a part of Elopak's "plastic to carton" conversion strategy, we focused specifically on the iced tea segment in some markets in 2021. In February, the German rap star Capital Bra launched the BraTee iced tea brand.

The company behind BraTee, Unibev GmbH, specializes in artist collaborations and distributing young, innovative brands. UniBev was quickly convinced by Pure-Pak®´s premium look, communication strengths, and environmental advantages. Elopak´s collaborative approach and service mentality, which led the initial idea quickly to market implementation, was also a determining factor.

A flexible and straightforward ordering process and alignment with customers' filling capacities supported UniBev's expanding distribution. At co-fillers sites, Elopak's highly flexible aseptic filling technology, applicable to a large spectrum of drinks and flexible to alternate between sizes, shapes, and designs, enabled smooth application into existing processes.

BraTee was one of 2021´s most successful iced tea launches, outperforming leading brands. The brand highly contributed to modernizing a stagnating market and inspired other brands to launch new concepts and pack formats.

Case example
Selling caps to full capacity in North America

We started to see positive development in filling machines sales by the end of the year. At the end of 2019, Elopak implemented a new leadership team in America with the mandate to build a new vision for America with the ambition to capture all growth opportunities. America's market was quickly identified as a strong growth opportunity for closures as more than 50% of our customers' carton volumes were using caps from competitors.

We reviewed our cap business and identified our proprietary cap technology's key competitive consumer benefits, customer production and logistical advantages. We combined this with an internal incentive sales program and a contract re-negotiation with our business partners. Implementing this new strategy, Elopak managed to gain market shares increasing caps sales by 23% in 2020 and additional 19% in 2021. This growth strategy has been executed with discipline without damaging our contribution in this market segment. The new strategy opens new opportunities for cross selling for cartons and filling machines which are also part of Elopak growth vision for America. To support our ambition for coming years, we invested in additional capacity end of 2021.

Adjusted EBITDA
Group

Adjusted EBITDA by geography

Adjusted EBITDA	**Year to date ended**		
EUR million	**2021**	**2020**	**Change**
Europe	104.3	111.3	-6.3 %
Americas	35.4	33.3	6.4 %
Corporate and eliminations	-18.7	-22.3	-15.8 %
Total adjusted EBITDA	**120.9**	**122.3**	**-1.1 %**

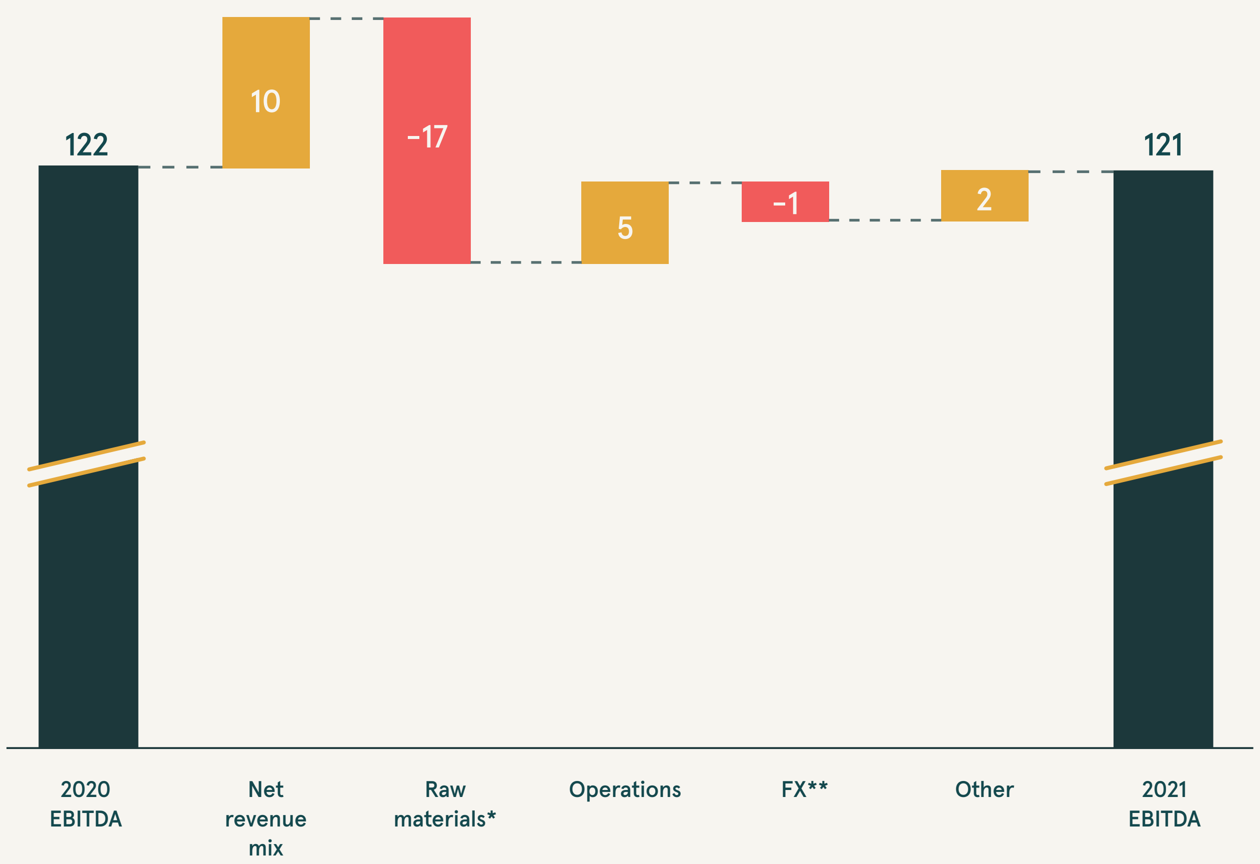
For the Group, adjusted EBITDA for 2021 decreased by 1.1%, or EUR 1.4 million.

Operating profit for the full year 2021 decreased by EUR 16.6 million. The main reason for this is the EUR 5.2 million gain on the sale of the Speyer plant in the comparative period and EUR 6.8 million in transaction-related costs in 2021.

Reconciliation of operating profit, EBITDA and adjusted EBITDA

Adjusted EBITDA	**Year to date ended**	
EUR million	**2021**	**2020**
Operating profit	**54.1**	**70.7**
Depreciation, amortisation and impairment	56.5	52.2
EBITDA	**110.5**	**122.9**
Total adjusted items	6.8	-5.2
Share of net income from joint ventures (continued operations)	3.6	4.6
Adjusted EBITDA	**120.9**	**122.3**

Annual Adjusted EBITDA (EURm)



* Raw materials are only related to carton production in Europa
** FX impact related to EURUSD

EMEA

In EMEA, adjusted EBITDA in 2021 decreased by EUR 7.0 million. Adjusted EBITDA margin was 13.7%, down from 15.0% in the comparative period. Raw material price increases started to impact margins from Q2, and the calculated impact on European carton production was more than EUR 17m.

As explained in the revenue section, mix effects and price increases had a significant positive impact on the result. The plastic- to-carton strategy and the iced tea volume growth led to a better product and customer mix, and the company had an increase in profitable volume in the UHT and plant-based segments.

Operations at the coating and converting plants were good during 2021. Elopak has a long history of continuous improvements, and the efficiency and quality of the plants is generally at a high level. These results have been achieved through a structured operational improvement program, Elovation. In 2021, production KPIs continued to improve despite significant changes in product mix and a workforce heavily impacted by Covid-19. Production stability and reduced waste levels have been achieved despite fluctuations in demand, both in volumes and type, and force majeures by suppliers.

Americas

In the Americas, adjusted EBITDA for the full year 2021 was EUR 35.4 million, an increase of EUR 2.1m, or 6 %, compared to last year. This increase is despite the decreased revenues resulting from the Covid-19 pandemic and the loss of a Roll Fed customer in 2020. Adjusted EBITDA margin was 18.4%, up from 17.2% last year.

The main driver of the improved margins is a better mix of products and customers and better efficiency in the Montreal plant. An important part of the mix effect is carton size, as the share of maxi sizes in production increased. The raw material indexing in customer agreements protects against higher raw material costs. Operations in the plant remained strong and contributed positively to the results.

The Montreal plant received government grants related to Covid, reducing labor costs. Adjusted EBITDA was reduced by EUR 1.1m related to the share of results from the two joint ventures. In the Dominican Republic, schools were closed for a large part of the year due to Covid-19. The business in the two joint ventures in the Americas showed significant improvement in the second half of the year, mainly due to growth in school milk volumes.

Profit

Net profit in 2021 decreased by EUR 16.6 million from EUR 70.7 million to EUR 54.1 million. The main reason for this development is the EUR 5.2m gain on the sale of the Speyer plant in the comparative period and the EUR 6.8m in transaction-related cost in 2021. Depreciation and amortization increased by EUR 4.2m, mainly related to software amortization. Net financial costs for 2021 were EUR 7.7 million compared to EUR 13.6 million for 2020. The reduction was mainly due to lower interest expense due to reduced interest-bearing debt and lower interest rates.

Income tax expenses for 2021 were EUR 16.1 million, corresponding to an effective tax rate of 32%. (2020 EUR 12.4m, or 21%). The expected effective tax rate for the group is approximately 24%, depending on the relative mix of profits and losses taxed at varying rates in the jurisdictions in which Elopak operates.

The main reasons for deviation from the anticipated effective tax rate are variations in the distribution of taxable profit within the Group and impact from the difference in local and functional currency. The year-to-date currency effects for 2021 increased the tax expense by EUR 1.7 million and decreased the 2020 tax expense by EUR 1.8 million.

Cash flow & capital structure

Cash flows

For the full year 2021, cash flow from operations was EUR 73.2 million. Cash from operations is impacted by tax payments and changes to working capital. Tax payments in 2021 increased based on the strong profit in 2020. The working capital level at the end of 2021 was EUR 19 million higher than the comparable figure end of 2020, which was lower than normal. The working capital at the end of 2021 is closer to the average level through the year.

Net cash flows used in investing activities was EUR -26.2 million, which was a reduction of EUR 9.4 million compared to the year before. The main reason was lower filling machine CapEx due to a higher share of customer projects structured as sales and one large project being delayed into 2022. In the manufacturing plants, projects progressed according to plan and investments were in line with the comparable period. Dividends received from Joint Ventures were EUR 5 million in 2021.

Net cash flows used in financing activities were EUR -31 million, reflecting a further reduction of bank loans and lease payments. The decrease is predominantly due to the proceeds from capital increase in relation to the IPO in June.

Capital structure

As of December 31, 2021, net interest-bearing bank debt has decreased to EUR 160.1 million from EUR 223.2 million at year end 2020. The main reason for the reduction is that proceeds from capital increase in relation to the IPO were used for repayment of long-term debt to financial institutions. Lease liabilities decreased from EUR 88.2 million to EUR 80.6 million following down payment on lease contracts. Consequently, the Leverage Ratio as of December 31, 2021 was 2.0x.

For a specification of the net debt, please refer to Alternative Performance Measures section.

Equity increased by EUR 83.6 million, from EUR 185.4 million as of December 31, 2020 to EUR 269.1 million as of December 31, 2021. The increase was due to issue of new shares in relation to the IPO, with net proceeds at EUR 48.7 million. Total comprehensive income in 2021 was EUR 45.8 million. A dividend at EUR 10.0 million was paid during the second quarter.

Business risks

Managing risks is an essential part of executing our sustainability-driven strategy. Elopak's board and management have a strong focus on risk management to ensure an adequate level of risk exposure. It is of the board and management's opinion that Elopak has taken appropriate measures to ensure an acceptable and appropriate level of risk exposure through its business model, procedures, and actions. These measures include but are not limited to insurance and hedging programs, business model adjustments including contingency planning in operations, sourcing programs, pricing mechanisms ensuring pass-through of price fluctuations in raw material, and planning and execution of risk mitigation.

Elopak has a global business model that exposes the company to certain global risks, such as inherently relying on well-functioning sourcing and supply chains. The liquid carton packaging industry is also exposed to industry-specific risks, such as the underlying consumption of liquid food products in all markets. In addition, Elopak has certain company-specific risks, such as integrating new investments and introducing new products and offerings. Elopak is exposed to risks inherent with operating as an international group involved in producing food packaging materials with individual consumers as the end-users of the products. Elopak products are in direct contact with the content that is packaged. Therefore, food safety risks are of critical importance. Elopak executes strict quality controls over the production of the packaging system components and strict controls on the system itself. During 2021 there were no significant non-sterility or food safety issues.

Risks in the production processes are managed through systematic process improvement work and detailed work safety standards. Elopak is covered by insurance that is normal for this type of industry, covering the financial impact of unforeseen events that would cause significant damage to the equipment or products.

Elopak ASA has purchased and maintain a Directors and Officers Liability Insurance. The insurance covers Directors & Officers and any employee acting in a managerial capacity in both Elopak ASA, subsidiaries owned by more than 50% and also our Joint Ventures. The insurance policy is placed with a reputable insurer with appropriate rating.

Elopak's responsible supply chain work follows a risk-based approach and is based on UN Guiding Principles and OECD framework. In 2021, Elopak conducted a high-level Human Rights risk assessment of our supply chain to identify salient human rights risk issues and Human Rights due diligence priorities. Read more in our sustainability report. The following is a consolidated overview of what Elopak considers its main strategic risk factors after mitigating actions. Market risk, credit risk and liquidity risk are discussed further in Note 25 of the Group Consolidated Financial Statements.

Risk Type	Risk Factor
Macro Risks	Raw materials – availability and price
	Inflationary pressure and uneven recoveries of economies
	Cyber security risk
Market Risks	Market Dynamics- consumption
	Political and regulatory changes
	Market Presence - country risk
Company Risks	Investment and integration
	Currency exposure

RISK FACTOR	MITIGATING ACTION
RAW MATERIAL – AVAILABILITY AND PRICE	
Elopak's primary raw materials are boards, plastic resin, low-density polyethylene ("LDPE"), and aluminum foil. The cost and availability fluctuate due to economic, weather, and industry conditions. Prices for raw materials have fluctuated rapidly during the Covid-19 pandemic, from historically low points in 2020 to record high prices towards the end of 2021. Elopak is highly dependent on third-party suppliers for the supply of key raw materials. As a result of the Covid-19 pandemic, several of Elopak's suppliers incurred issues and announced force majeures during 2021. If Elopak's supply agreements terminate or expire or contracted agreements are not met, Elopak may be forced to obtain deliveries from different suppliers.	Elopak has price adjustments mechanisms in place in some customer agreements, adjusting pricing based on the price devel-opment of certain raw materials. To manage pricing volatility in Europe, Elopak also has a hedging strategy for LDPE and aluminum. To mitigate the risk of availability of key raw materials, Elopak aims for long-term relationships with a range of suppliers. As an example, boards are purchased under three- to five-year contracts. Some of the measures for managing supply chain inter-ruptions are planning of inventory, moving inventory internally, changing supplier, etc. By proactively identifying and qual-ifying alternative suppliers and sourcing, Elopak has built resilience in case of supply interruptions.
INFLATIONARY PRESSURE AND UNEVEN RECOVERIES OF ECONOMIES	
From 2020 to 2021, the annual inflation rate in the EU was 5.2%, well above the inflation goal of the ECB. Forecasting and predicting have never been harder, and world economists' estimates differ significantly. Uneven recoveries across the globe may lead to slower or lower recovery of demand for some products and markets. There is greater uncertainty regarding the recovery of emerging markets after Covid-19, and economies may have been hit differently.	See mitigating actions on Raw Material – Availability and price. Operating in 40 countries across the globe, Elopak has a natural spread of operational risk both towards emerging and developed economies. Among the emerging markets Elopak is exposed to, the Middle East is reaping the rewards of being positively affected by high oil prices, increasing the likelihood of a quicker recovery relative to many other emerging econ-omies. This is encouraging with Elopak's increased footprint through the Naturepak acquisition.
CYBER SECURITY RISK	
Elopak is vulnerable to security breaches, including un-authorized access to systems, computer viruses, or other cyber threats that could have a security impact. Elopak may not be able to prevent cyber-attacks, such as phishing and hacking, or prevent breaches caused by employee error. If such events occur, unauthorized persons may access or manipulate confidential information, destroy data or systems, or cause interruptions in operations of Elopak and/or third parties.	Elopak has cyber security measures to safeguard its data and operations, also considering its employees as critical factors. Elopak increased several security measures last year on technology and employee awareness. Elopak is constantly monitoring safeguards and has a continuous improvement approach to consider the increasing sophistication of cyber-crime. Elopak has an insurance policy covering consequences of cybercrime. However, these may not cover unlimited consequences of cybercrime and/or incidents.

RISK FACTOR	MITIGATING ACTION
MARKET DYNAMICS – CONSUMPTION	
78% of Pure-Pak® sales are made in the "Fresh" market, of which 85% are in the dairy segment. Although total carton sales in the fresh dairy segment are expected to stay stable (Total Carton Market (Units) – CAGR 2020-'25 of 0.1% in Europe, Roland Berger), downward pressure in the largest sub-segment, "White Milk" consumption, can be observed. Meanwhile, sub-segments like hay or meadow milk, bio-milk, and milk drinks are expected to compensate with significant growth. Although these are longer-term trends, medium-term market imbalances can occur.	Elopak has strong and long-lasting customer relationships and a sufficient breadth of portfolio to mitigate medium-term risk for market imbalances. Risk is also mitigated by effectively managing the large account development tool for each of the top 25 customers. Continuous innovation and consequently strengthened value proposition enhance customer loyalty even further. Overall, the underlying trends, like plastic to carton conversion, also seem favorable, positively impacting the addressable potential. Our growth strategy is built to capture these and effectively realize Elopak's growth potential more than off-setting the longer-term consumption risks in conventional markets.
POLITICAL AND REGULATORY CHANGES	
Elopak's global operations expose Elopak to political developments which may impact the packaging industry. Political debates, government regulations, and judicial decisions could affect demand for Elopak's products. Implementation of the European Green Deal, political action plans, directives, and taxes on plastic could affect the demand for Elopak's products positively and negatively. Future legislation could also limit the use of carton packaging.	Elopak has a proactive approach to managing the shifting landscape of new regulations in the industry. We welcome new regulations and legislation promoting sustainable packaging and see Elopak as part of the solution to the current sustainable and just transition, ensuring our business is continuously prosperous. Elopak focuses on developing packaging solutions to meet new regulations and requirements and drive new sustainable innovations to the market to improve the competitiveness of our offering.
MARKET PRESENCE – COUNTRY RISK	
Being present in 40 countries across all continents with production on seven different locations and sales to customers in 70 markets, Elopak is present in some countries where political, social, and economic instability may affect the performance of Elopak. The political and regulatory risks are higher in developing markets. In the past months, the conflict between Ukraine and Russia has escalated. This has led to a temporary suspension of all business activities in Russia. See Note 29 Subsequent Events in the Financial Statements for more information.	Elopak is following the situations across all present and potential markets closely and assesses the risks and opportunities that follow. As a part of the Group's present business, Elopak illustrates capabilities and capacity to manage presence in a wide range of markets and the respective conditions that follow. Elopak has established a crisis response team dedicated to the situation in Ukraine and Russia with workstreams focusing on managing and mitigating risks in the extraordinary situation. Elopak's crisis response team is constantly monitoring the development in Ukraine and Russia and assessing the impact on Elopak's business, people and assets, in line with the Company's risk management principles. See Note 29 Subsequent Events in the Financial Statements.
INVESTMENT AND INTEGRATION	
Elopak may consider acquiring other companies, assets, and product lines that may complement or expand Elopak's existing business. Completing and integrating acquisitions involves several risks, such as complying with new laws and regulations, market regulations, unexpected liabilities, incorporating acquired products into Elopak's product line, being unable to retain key employees of the acquired business, and failing to achieve the anticipated results. The Group may not be able to successfully integrate future acquisitions without incurring substantial costs, delays, or other issues. The political and regulatory risks are higher in developing markets due to less mature governance.	Through its daily business, Elopak illustrates the capability and capacity to manage geographical and cultural diversity through our presence in 40 countries across all continents and a diversified product portfolio. Elopak typically requires the sellers in acquisitions to indemnify the Group against certain undisclosed liabilities. Elopak is committed to high quality and adequate risk assessment throughout all investment processes and stages and does not hesitate to involve external support from experts when considered necessary. Elopak's management and board closely monitor all significant investment assessments and decisions.
CURRENCY EXPOSURE	
Elopak's business is exposed to fluctuations in exchange rates. Although Elopak's reporting currency is Euro ("EUR"), many of the subsidiaries of the Group have other functional currencies. Elopak is mainly exposed to exchange rate fluctuations between EUR and United States Dollar "USD"), Russian rubles, and Norwegian kroner, respectively. Elopak has certain investments in foreign operations whose net assets are exposed to currency exchange risk. Elopak primarily funds businesses in the local currencies to minimize currency translation risk, exposing the Group to interest rate risks associated with EUR and USD.	Where possible, Elopak tries to minimize the impact of exchange rate fluctuations by transacting in local currencies to create natural hedges. Where unable to naturally offset its exposure to these currency risks, Elopak enters derivative transactions to reduce such exposures. Nevertheless, exchange rate fluctuations may increase or decrease Elopak's reported revenue and expenses. Further, Elopak aims to manage interest rate risk through interest rate swaps and borrowing at fixed interest rates. However, it is not Elopak's policy to hedge all its interest rate exposure.

The Elopak share

Elopak aims to deliver long-term value creation for its shareholders, exceeding comparable investment alternatives. For our shareholders, this will be reflected in the combination of the long-term price performance of the Elopak share and dividend pay-out.

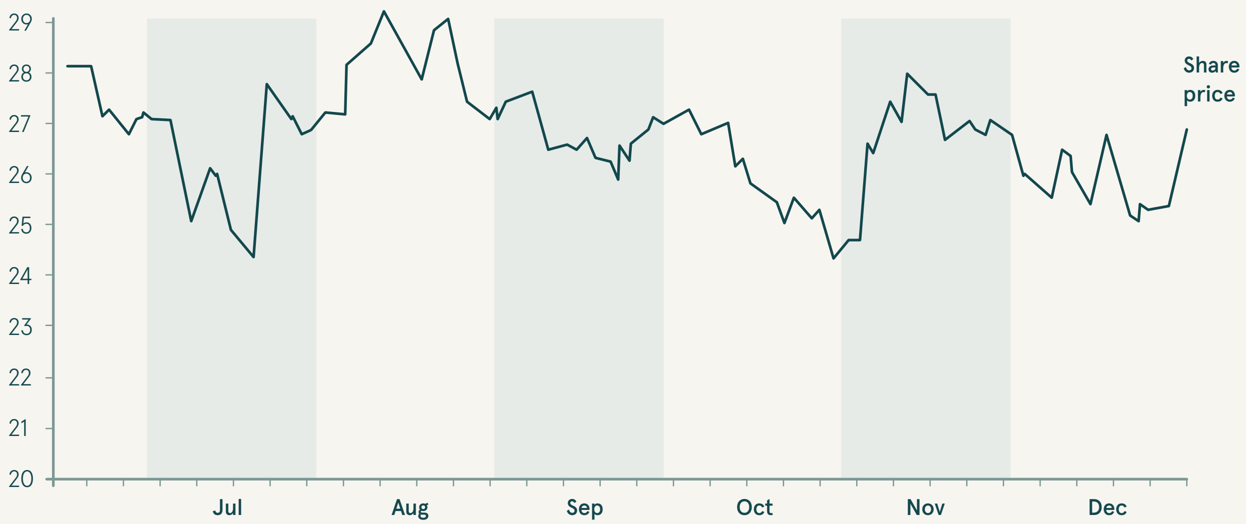


Figure 1. Elopak share price development 2021, from IPO date to 31.12.2021

Market capitalization and turnover
The Elopak share is listed on the Oslo Stock Exchange under the ticker code ELO. All shares have equal rights and are freely transferable. The market capitalization of Elopak as of 31 December 2021 was NOK 7.2 billion, and the average daily volume of ELO shares traded on the Oslo Stock Exchange was 0.3 million. Despite a high interest and attention for the IPO, Elopak will endeavor to increase trading volume and liquidity during 2022.

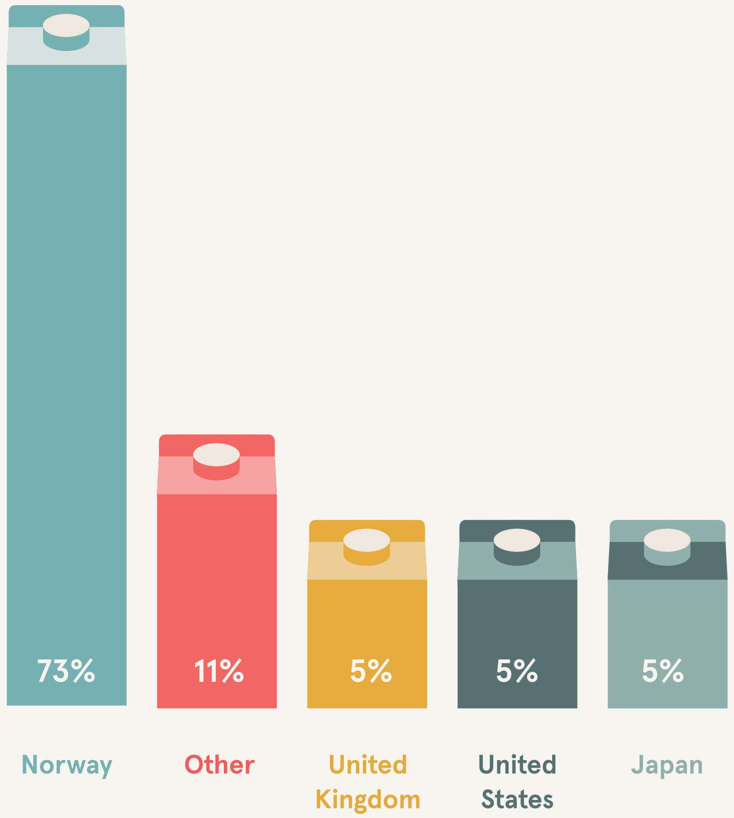


Figure 2. Geographic split of Elopak's shareholder base, as of 31.12.2021

Dividend policy

Elopak has a dividend policy and guiding to distribute 50–60% of adjusted net profit as an annual dividend. Shareholders of Elopak should expect a competitive return on their investment over time through a combination of dividends and an increase in the share price. The Board of Directors proposes to pay a dividend of [NOK 0.75] per share for the 2021 financial year. The dividend will be paid out on [24 May 2022] to shareholders of record on the date of the Annual General Meeting.

2022 Annual General Meeting

The Annual General Meeting will take place at 14:00 (CEST) on Thursday 12 May 2022. Information about how to register for the Annual General Meeting will be published on www.elopak.com no later than 21 days prior to the event, including information on how to register attendance or vote.

Analyst coverage

Elopak has several analysts covering the Elopak share. 23 financial analysts provide market updates and estimates for our financial results.

Broker	Analyst	Contact
ABG Sundal Collier	Martin Melbye	martin.melbye@abgsc.no
Carnegie	Robin Santivirta	robin.santavirta@carnegie.fi
DNB	Ole Martin Westgaard	ole.martin.westgaard@dnb.no
Exane BNP	George Borrows	george.borrows@exanebnpparibas.com
Goldman Sachs	Jack O´Brien	jack.obrien@gs.com
SEB	Truls Kolsrud Engene	truls.engene@seb.no

Financial Calendar

Date	Event
1 April 2022	Annual report
5 May 2022	Quarterly report – Q1
12 May 2022	Annual General Meeting
13 May 2022	Ex-dividend day
24 May 2022	Payment of dividend
18 August 2022	Half-yearly report
26 October 2022	Quarterly report – Q2

Top 20 shareholders, as of 31 December 2021

Shareholder		# Shares Dec 21	% S/O Dec 21
# 1	Ferd As	157 183 013	58.38%
# 2	Nippon Paper Industries Co., Ltd.	13 460 950	5.00%
# 3	Folketrygdfondet	9 000 000	3.34%
# 4	Neuberger Berman Investment Advisers LLC	5 823 955	2.16 %
# 5	Handelsbanken Fonder AB	5 628 647	2.09 %
# 6	Artemis Investment Management LLP	4 847 661	1.80 %
# 7	Pareto Asset Management AS	4 611 541	1.71 %
# 8	Alfred Berg Kapitalforvaltning AS	3 943 744	1.46 %
# 9	Zadig Asset Management SA	3 900 000	1.45 %
# 10	FIL Investment Advisors (UK) Ltd.	2 129 295	0.79 %
# 11	Skagen AS (Investment Management)	2 099 920	0.78 %
# 12	Blackwell Partners LLC - Series E	1 879 371	0,70 %
# 13	UBS Asset Management Switzerland AG	1 852 107	0.69 %
# 14	Boldhaven Management LLP	1 823 487	0.68 %
# 15	Arctic Fund Management AS	1 804 930	0.67 %
# 16	Fondsfinans Kapitalforvaltning AS	1 750 000	0.65 %
# 17	Pension Benefit Guaranty Corporation	1 745 811	0.65 %
# 18	DNB Asset Management AS	1 701 685	0.63 %
# 19	Forsvarets Personellservice	1 450 600	0.54 %
# 20	AEGON Investment Management BV	1 430 870	0.53 %

From the boardroom

Taking care of both consumers and the planet - a message from the board

The recent tragic events in Ukraine have cast a deep shadow over the world. Elopak stands with all those who are suffering at this time. As a result of the on-going and escalating conflict, which also significantly disrupts the situation in the market including supply chain and logistic issues, Elopak Board took the decision on 4th March to temporarily suspend all activities in Russia until further notice. Elopak's plant in Fastiv, Ukraine was temporarily closed already on 24th February as we focused on the safety of our colleagues and their families.

We will continue to pay the salaries of our 336 employees in Ukraine and Russia until further notice. Elopak continues to monitor and evaluate the situation. Our overriding priority is the personal safety and security of our employees in Ukraine. We are in constant dialogue with our co-workers in Kyiv and Fastiv and have established a steering group that is working to support them and their loved ones.

2021 marked a new chapter in Elopak's 65-year-old history through the listing on the Oslo Stock Exchange. Consequently, the Board focused our work in the first half of the year on the process leading to the listing in June 2021. Part of this process included establishing strengthened governance, with new committees and bodies as described in this report. In parallel, and through the second half of the year, the Board focused on executing the sustainability-driven strategy. Towards the end of the year, the Board approved the acquisition of Naturepak Beverage Packaging Co Ltd, the leading gable top fresh liquid carton and packaging systems supplier in the MENA region.

Company overview

Elopak is a leading global supplier of carton packaging and filling equipment, using renewable, recyclable, and sustainably sourced materials to provide innovative packaging solutions. Elopak was founded in 1957. The head office is in Oslo, and the Elopak Technology Center is based in Spikkestad, Norway. Elopak has nine production plants in Europe and the Americas, including two joint ventures, and operates in more than forty countries through market units and associates.

The business activities are reported externally in two segments, EMEA and Americas.

Governance

Elopak ASA is committed to upholding high standards for corporate governance. We strongly believe that good corporate governance is important for value creation.

Elopak's shares are listed on the Oslo Stock Exchange, and thus we are bound by the Norwegian Code of Practice for Corporate Governance. We are committed to complying with all recommendations in the Norwegian Code of Practice for Corporate Governance. Elopak has utilized the IPO process to identify areas for improvement, and we have implemented several new policies and procedures. Elopak has appointed two sub-committees of the Board of Directors, The Board Audit and Sustainability Committee (BASC) and the Compensation Committee, as part of converting the company from a privately held to a Norwegian public limited company in accordance with the Norwegian Private Limited Companies Act.

In 2021, we updated our Code of Conduct, not only reflecting the fact that Elopak is a listed company but also to reflect a higher ambition and expectations from employees, investors, and society at large. The board updated the Code of Conduct in December 2021, and it will be rolled out to the organization in 2022 as part of a broader Ethics & Compliance program.

A sustainability-driven strategy

In 2021, we updated our vision and mission. The new vision, "Chosen by people, packaged by nature," with the corresponding mission statement, aim to better express and emphasize our focus on sustainability and innovation as an integrated part of the company's purpose and aspiration. The vision and mission guide the direction of the company's sustainability-driven strategy. Elopak is uniquely positioned to meet the growing demand for sustainable packaging solutions, with its strong track record, growing geographical footprint, and investment in sustainability-focused innovations. Going forward, Elopak will build on these strengths to provide the best carton consumer experience possible while systematically supporting our customers in realizing the transition to a low carbon circular economy. This integrated approach – always taking care of both consumers and the planet – is at the core of Elopak.

Elopak has prioritized five key growth pillars, executing the sustainability-driven growth strategy.

1. Expand our end-to-end, sustainable Pure-Pak® offer in North American fresh markets
2. Leverage our historical know-how and broaden our sustainable solutions, growing into ambient, aseptic applications.
3. Broaden our geographical footprint through selective M&A opportunities, strengthening the company's position in markets with higher inherent growth
4. Grow accessible potential in our core markets, converting plastics to carton
5. Drive commercial excellence through margin optimization, value engineering, and operational improvement

Three principles, in the form of mutual promises, were developed to align the organization on how to deliver on the strategy and guide leaders and employees in fulfilling the mission and realizing the vision. These were "Empower," "Unite," and "Accelerate" – all key features critical to successful strategy implementation. The Board was actively engaged in the process leading to approval in May 2021. Digital training sessions with top management and leaders ensured that the new set of values was communicated in a structured and engaging way.

Through the annual Business Plan, the strategy is broken down to a one-year tactical plan that defines priorities for the coming year; a balanced set of targets focusing on People, Planet, and Profit, all supported by initiatives and action plans.

This way, the Board believes that Elopak builds alignment – by connecting vision and mission to strategy and ultimately execution, by uniting the whole organization, and defining how to deliver together through our promises.

In 2021 Elopak was awarded a platinum rating for our sustainability performance by EcoVadis, which places Elopak in the top 1% of companies evaluated across all industries. EcoVadis assesses sustainability performance, more specifically how well a company has integrated Corporate Social Responsibility (CSR) principles into their business and management system. Working towards this achievement helps us to continuously improve in all dimensions.

People

At the end of 2021, Elopak had 2106 employees. The workforce consists of more than 50 nationalities with different backgrounds, expertise, culture, and experiences. Gender equality and diversity are fundamental human rights reflected in United Nations Sustainable Development Goals, and Elopak will embrace diversity in all its forms to ensure competitive and sustainable growth as a strategic asset. We also believe that diversity creates energy for an inspiring and healthy work environment. Please see the Sustainability Report presented on the Elopak website for further details.

Elopak respects all applicable laws, rules, regulations, and industry standards concerning working hours, minimum wages, and rules related to the working environment in line with the human rights as defined by the United Nations. In 2021, Elopak developed a human rights framework and performed a human rights risk assessment of suppliers.

In 2021, we continued to develop our interactive learning platform to keep our employees digitally connected in a different working environment. We also conducted an engagement survey to gain insight into the well-being and motivation of our employees after the Covid-19 pandemic's challenges and restrictions. Despite the difficulties of the pandemic, the survey shows sustained strong employee engagement and trust in Elopak's response. The survey also identified some potential areas of improvement, of which management has prioritized e-learning on how to better provide feedback and an upgrade of the performance dialogue process and system.

In 2022, Elopak will continue to develop talent and performance management, including succession planning and an onboarding program. A key priority is to continue the rollout of the company's vision, mission, and promises.

Safety is a core value in Elopak, and we are committed to providing and maintaining a safe work environment in accordance with local legal requirements, company and industry standards, and our Corporate Safety Policy. Each operational unit has its own Safety Officer to drive our safety initiatives, share best practices, and monitor and secure compliance.

From 2019 to 2021, Elopak has reduced the average number of recordable injuries by 23 %. The key focus in 2021 has been to lift overall safety awareness and to incorporate this more strongly in the company culture, as rules, procedures, reporting and investigation are not sufficient to get closer to the target of zero accidents. This has been done through safety impact dialogues, visualization of residual safety risks, and discussion of the impact of accidents on personal life.

Implementation of safety activity reports of incidents, near misses and severity level are followed up on a regular basis including in the Global Leadership Team and in the Board of Directors.

Absence due to sickness has increased from 3.9% in 2020 to 4.0% in 2021, which is above the Group target of 3%. The main reason is sick leave and absence due to quarantine regulations related to the Covid-19 pandemic, both in 2020 and 2021.

To protect people, supply chains, and products and secure supply to customers, Elopak continued with a Covid-19 Corporate Response Team under the lead of the CHRO. Its role was to map and analyze risks, align and establish corporate processes and guidelines and develop communication frameworks for internal and external stakeholders. Strict travel restrictions were maintained, continuing home-office working for staff wherever possible. Temperature measurement equipment was used for on-site employees and visitors at all our manufacturing sites and offices.

Planet

As for People and Profit, the sustainability program sets clear targets and KPIs for the Planet dimension, both in terms of renewability, emission reductions and recycling. Although we have already achieved a lot, and offer environmentally-friendly products to the market, we are keeping our ambitions high. Through our Science Based Targets we commit the ambition of keeping global warming below 1.5°C, and through our RE100 membership, we commit to continue sourcing 100% renewable electricity for all global operations. We also have an ambitious goal of 100% renewable or recycled materials in cartons on the EU market by 2030. Reaching these targets requires new ways of thinking, collaboration with partners, and an ever-increasing focus on new product development.

Renewability is important to Elopak, being an inherent part of this world and having a responsibility to maintain the planet's scarce resources. Key stakeholders confirm the importance of renewability and recycled content for Elopak. We have a systematic approach to renewability and recycled content in the supply chain through a Raw Material Sourcing Policy.

In 2021, the Science Based Targets initiative (SBTi) launched its Net Zero Standard, the first framework for corporate net-zero target setting in line with climate science. The new framework requires near-term and long-term targets focusing on rapid, deep cuts to emissions across the value chain. Elopak supports the SBTi and took part in the Net-Zero Road Test with 80 other companies during the summer of 2021. We see it as imperative to reach net-zero by 2050 to stay on track towards the Paris Climate Agreement's goal of limiting the consequences of climate change on the people on this planet.

In 2021, Elopak updated near-term targets on the path to net-zero, committing to reducing absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 base year. We have also committed to reducing scope 3 (value chain) GHG emissions by 25% by 2030 from a 2020 base year.

Being part of a larger value chain, Elopak needs to ensure responsible sourcing of raw materials through the supply chain, and a good way to do this is through certification schemes. Elopak's main raw materials are paperboard and polymers. Some cartons also contain a thin layer of aluminum as an oxygen barrier. We have identified three main certification systems relevant to our products. Through our Raw Material Sourcing Policy, our Global Supplier Code of Conduct, and Sustainability Program, we secure a consistent approach aligned with our Procurement Team and our Sustainability Team. The certifications are embedded in all relevant areas of the organization, including supply chain, production, design, marketing, and sales.

Our approach to environmental issues is firmly embedded throughout the company through our sustainability program, commitment to the SBT initiative, and RE100 membership. We report in line with the GRI framework and the GHG protocol. Please see the Sustainability Report presented on the Elopak website for further details.

Profit

Elopak delivered 3.5% growth in 2021 with revenues at EUR 940 million, up from 909 million in 2020.

The growth was mainly in Europe, and the key drivers were increased sales of filling machines and growth in aseptic cartons, in line with the strategy.

Adjusted EBITDA, as reported in the quarterly reports to investors, was EUR 120.9m in 2021 compared to EUR 122.3m in 2020. We are satisfied with the overall performance of Elopak, delivering top-line growth and solid results in a very challenging business environment. Raw material prices started to increase during the second quarter, after pricing for 2021 had been agreed with customers. During the second half of the year, the pricing of polymers and aluminum reached unprecedented levels. In addition, normally less significant input costs were subject to price increases, like filling machine parts, pallets, and utility costs.

Net profit in 2021 decreased by EUR 12.4 million from EUR 70.7 million to EUR 54.1 million. The main reason for this development is the EUR 5.2m gain on the sale of the Speyer plant in the comparative period and the EUR 6.8m in transaction cost in 2021 related to the IPO and the Naturepak acquisition. Depreciation and amortization increased by EUR 4.2m, mainly related to software amortization.

Cash flow from operations was EUR 73m, compared to EUR 104m the year before. The working capital level at the end of 2020 was low due to higher accounts payables and lower inventories and trade receivables than normal. The balance sheet at the end of 2021 is closer to the average level through the year. Net cash flows used in investing activities decreased by EUR 9 million. The main reason was lower filling machine capex as a higher share of customer projects were structured as sales. Net cash flows used in financing activities decreased by EUR 45 million. The decrease is predominantly due to the proceeds from a capital increase in relation to the IPO in June.

As of December 31, 2021, net interest-bearing bank debt has decreased to EUR 160.1 million from EUR 223.2 million at year-end 2020. The main reason for the reduction is that proceeds from the capital increase in relation to the IPO were used to repay long-term debt to financial institutions. Lease liabilities decreased from EUR 88.2 million to EUR 80.6 million following down payment on lease contracts. Consequently, the Leverage Ratio as of December 31, 2021, was 2.0x.

Equity increased by EUR 83.6 million, from EUR 185.4 million as of December 31, 2020, to EUR 269.1 million as of December 31, 2021. The increase was due to the issue of new shares in relation to the IPO, with net proceeds at EUR 48.7 million. The total comprehensive income in 2021 was EUR 45.8 million. A dividend of EUR 10.0 million was paid during the second quarter.

The Board confirms that the accounts are presented under a going concern assumption.

The net result of the parent company Elopak ASA was EUR 1.4 million, down from EUR 30.8 million the year before. The parent company is responsible for sourcing raw materials and production in the European value chain and therefore carries the raw material pricing risk. In 2021 Elopak ASA also carried transaction costs related to the IPO and the Naturepak acquisition.

Outlook

The situation in Ukraine and Russia has become the main challenge for Elopak in 2022. At the time of writing this report, we do not have enough information to fully assess the long-term consequences to our business in Russia and Ukraine. The Board of Directors will actively monitor the situation and take appropriate actions, in line with Corporate Governance principles and legislation and with the safety our people in mind. More information can be found in note 29.

We expect continued volatility related to raw material prices, and the situation in Ukraine and Russia is likely to contribute to this volatility. Through our business model and commodity hedging we seek to mitigate some of these fluctuations. Elopak has a strong track record of managing margins responsibly over time.

The inflationary pressure increased throughout 2021, and this is expected to continue in 2022. As for most companies, Elopak will return to a moderately higher fixed cost base, as various cost elements have been at low levels in 2020 and 2021 due to the pandemic. Cost discipline will therefore be another key priority.

The fundamentals for sustainable packaging solutions are robust as the world needs to move towards a low-carbon economy. Elopak is well-positioned to address market opportunities and challenges. Sustainability is embedded in the business strategy, and we actively pursue the opportunities arising from sustainability awareness and the continued conversion from plastic to carton.

In addition to defining the longer-term future in Ukraine and Russia, a key focus in 2022 will be to secure successful integration of Naturepak. An integration team has been established to ensure we deliver on the business case and realize synergy potentials.

Elopak will continue to materialize its Aseptic growth strategy, responding to the need for long shelf-life solutions. Key elements in the strategy are successful completion of ongoing development projects, signing and delivering on contracts based on the momentum from recent innovations, while simultaneously managing innovation of new products.

Elopak will continue to focus on executing the growth strategy in the Americas and leverage its fresh Pure-Pak® portfolio and system approach as already successfully deployed in Europe.

To strengthen Elopak's position in growth markets, we will actively pursue business opportunities in new geographies. The Middle East, Africa, and Asia will be developed to deliver further growth for Elopak.

Overall, we will continue to drive systematic improvements through commercial excellence, purchasing, and value engineering.

The Board of Directors proposes a dividend to all shareholders of NOK 0.75 per share, for a total of EUR 20.2 million, in line with dividend policy and the statement in the Q4 report.

Oslo, March 31, 2022
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

Corporate governance

In Elopak, we believe that effective corporate governance is the foundation of our business. Through our governance, we set clear responsibilities for our managers, leaders, employees, and partners. We do so because we believe that this is ultimately the best way of creating long-term competitive returns for our shareholders and ensuring that our business is sustainable—in every sense of the word.

Our objectives and principles

Our objective is to ensure long-term value creation for our shareholders through our vision, mission and promises.

We believe that the best way to achieve this goal is through value-based performance culture, stringent ethical requirements, and a code of conduct that promotes personal integrity and respect for the environment. Therefore, our corporate governance is based on our corporate values and ethical guidelines such as the Elopak Code of Conduct.

We believe that good corporate governance is more than just a technical exercise. It is a fundamental element in the practical work of the company's governing bodies, and it defines the criteria on which the trust of the company's shareholders is based.

In addition, the work of the Board of Directors is based on the existence of a clearly defined division of roles and responsibilities between the shareholders, the Board of Directors, and the management of Elopak ASA.

Implementing and reporting on corporate governance

Effective corporate governance allows Elopak to work smoothly by ensuring that everyone has a clear understanding of the distribution of roles, responsibilities, rights, and accountability.

The board of directors is responsible for the management of the company. The Board of Directors' responsibilities are to ensure that the company's business is adequately organized, make necessary plans and prepare strategic, financial, and operational targets for the company's business, supervise the company's day-to-day management, and discuss all unusual or crucial company matters.

Elopak ASA has a board of directors independent of the group's management. The board of directors shall consist of a minimum of 3 and a maximum of 12 board members. The authority to sign on behalf of the company is held by the chairman of the board alone or by the Chief Executive Officer and one board member jointly. The board may grant a power of procuration.

Our Board of Directors actively adheres to good corporate governance standards. The Board will at all times ensure that Elopak ASA complies with the Norwegian Code of Practice for corporate governance (the "Code of Practice") or explains any deviations from the Code of Practice. The topic of corporate governance is subject to regular assessment and discussion by the Board of Directors. The Elopak Principles for corporate governance were approved by the Board of Directors in May 2021.

The Norwegian Code of Practice is set by the Oslo Stock Exchange/NUES.

Complementary information and deviations from the Code:

Regarding business sustainability

Elopak provides information on sustainability in a separate sustainability report in accordance with the Norwegian Accounting Act, where further details regarding sustainability can be found, such as the reporting according to the requirements of the Global Reporting Initiative. The sustainability report is also in accordance with the Oslo Stock Exchange's guidance on the reporting of corporate responsibility.

Regarding equal treatment of shares

The Articles of Association place no restrictions on the transferability of Elopak shares, and the shares are freely negotiable. The Annual General Meeting has approved a bonus scheme (Long-Term Incentive plan) and authorization to acquire own shares. There are no voting restrictions linked to the shares.

Following the listing of Elopak ASA on Oslo Stock Exchange on June 17th, 2021, the Company and their selling owners were subject to a 180 days lock-up period where they were restricted not to sell shares in the Company. The members of the Management and Board of Directors are restricted not to sell shares in the company for a period of 360 days after the listing.

The long-term incentive program (LTIP) requests Management to re-invest the cash pay-out in Elopak shares at a 20% discounted market price with a 3-year lock-up period. The scheme shall apply for a period of three years from the date on which the Restricted Shares were awarded (the "lock-up period"). After the expiry of the lock-up period, the Participant shall be free to dispose of the Restricted Shares and the call options of the Company under certain terms.

In 2021, there were no significant transactions between the company and related parties. Members of the Board of Directors and Management are required to disclose all entities that would be considered "related parties" under applicable IFRS regulation. Transactions with such entities are subject to specific disclosure and approval requirements.

Regarding composition of the Board of Directors

Two of the Board members, Jo Lunder and Trond Solberg, are defined as non-independent of the company's main shareholders. The majority of the Board of Directors (three members) are independent of the main shareholder.

Regarding the work of the Board of Directors

The Board has established written instructions for its work. The Board has also established an Annual Cycle which sets out all planned meeting dates, regular Board agenda items, and procedures for Board document preparations. The Board Procedure and Annual Cycle are both evaluated by the Board annually. The CEO reports regularly to the Board on operational and financial developments, results, and other material company and industry developments, such as sustainability and compliance topics. Pursuant to Elopak's Rules of Procedure for the Board and Elopak's Code of Conduct, all Board members and management are committed to making the company aware of any material interest they may have in items to be considered by the Board. Neither a Board member nor the company CEO may participate in Board discussions or decisions of such particular significance that the member must be deemed to have a special or prominent personal or financial interest in the matter.

Ethics & Compliance

Ethics & Compliance is a key license to operate and a part of sustainability. The Board has delegated supervision of the compliance function and sustainability reporting to the Board Audit and Sustainability Committee. Group Legal and Compliance is headed by the Chief Legal and Compliance Officer, responsible for Elopak's compliance program. The Chief Legal and Compliance Officer reports administratively to the Chief Financial Officer, regularly and when needed to BASC, and annually to the Board.

Elopak has developed a compliance program to promote a culture of ethical and responsible business conduct. It is designed to prevent, detect, and respond to breaches of laws, regulations, or internal policies, i.e., non-compliances and misconduct. The compliance program is proportionate and risk based. An annual compliance risk assessment is conducted, where identified risks are evaluated and mitigated where appropriate. Corruption, business partners, sanctions, competitive information, and human rights are among the risks considered.

The Elopak Code of Conduct reflects the commitmentsand requirements for doing business in Elopak. The Code of Conduct applies to all employees, the Board, and those who act on behalf of or represent Elopak. We expect our suppliers to uphold similar standards and act consistently with the requirements set out in our Global Supplier Code of Conduct, and that they require the same from their suppliers. Several policies and procedures help us implement the code in our daily work, and employees receive annual, mandatory training in the Code of Conduct.

Employees and external stakeholders are expected to report suspected violations of Elopak's Code of Conduct. Employees are encouraged to maintain an open dialogue with their line manager regarding Ethics & Compliance topics. Through the ethics helpline available on our website, both employees and external stakeholders can report their concerns anonymously. Reports can be made via phone, e-mail, or online.

More details on our Code of Conduct and ethical behavioral standards can be found in our sustainability report.

Risk management

Executing our sustainability-driven strategy depends on managing overall risk exposure and stand-alone risk factors to which the Group is exposed. Elopak's Board of Directors and management are committed to proactive risk management to ensure effective strategy execution with an adequate level of risk exposure. Together with the management, the Board has evaluated the key risks of operations and strategic projects. The Board Audit and Sustainability Committee (BASC) assist the Board in discharging oversight responsibilities, including ensuring the effectiveness of our internal control and risk management system. The management is responsible for operationalizing the risk management responses, including ensuring the Group's primary strategic initiatives, as well as identifying, assessing, managing, and mitigating the top risks we face in our operations. The respective business areas, with their expertise and knowledge of their fields of operations, are the risk owners and will support Management's overall risk responsibilities by understanding, mitigating, and managing risks as part of their operations as well as assessing, analyzing, and addressing how the risks influence the Group's performance.

As an integrated part of Elopak's business planning process, the Group, as well as the respective business areas and key functions, are mapping, evaluating, and classifying risks based on likelihood, mitigating actions, and estimated impact. The framework of the process includes clear procedures to execute risk management throughout the organization, from identification to managing and mitigating risks. Each risk factor identified is evaluated based on the potential materiality of the risk, financially or otherwise affecting the Group, and the probability of the risk materializing. The cost of control and benefits of adjusting the risk levels are considered to ensure the prioritization of beneficial risk management.

The same risk assessment routines are used in strategically important or financially significant projects. The risk management tool is also used to direct the compliance work and is the starting point for developing new processes and procedures in the Elopak Management System. This ensures that responses and controls are aligned to the risk level. A key part of the risk assessment is also to evaluate which risks are at an acceptable level – our risk appetite. For certain risk categories like safety, the risk appetite is very low, but for some commercial risks, there will be a risk/reward evaluation. As an integrated part of our business performance review process, risks are monitored, managed, and mitigated throughout the year to manage the appropriate level of risk exposure and monitor the progress of risk response actions.

BOARD OF DIRECTORS

Jo Olav Lunder | Chairperson | Year of appointment: 2018

Jo Olav Lunder has been a board member since 2018. Lunder has more than 25 years of board, directorial, and executive experience from multiple private and public companies within telecommunications, IT services, business solutions, and e-commerce. Lunder has held positions such as COO of Telenor Mobile AS, CEO of Ementor ASA, President of Ferd Capital, CEO of Vimpelcom Ltd, and CEO of John Fredriksen Group. Lunder has a Master of Business Administration (MBA) from Henley Business School and a Bachelor's degree from Oslo Business School. Current directorships and senior management positions: Deep Ocean BV (chairman), Element Logic AS (chairman), BUS AS (chairman), Cigalep AS (chairman), Canica AS (board member), Stenshagen Invest AS (board member), Komplett AS (board member) and IT Verket AS (board member).

Shares owned at year-end 2021: 107 142

Sid Johari | Board member | Year of appointment: 2017

Sid Johari has been a board member of Elopak since 2017. Johari has three decades of executive management and board membership experience within the fields of R&D, product industrialization, and sales in large global companies. From running small teams of highly specialized technology development in theoretical fluid dynamic at ABB to developing unique liquid packaging solutions for emerging markets at Tetra Pak and finally leading sales operations in ASIA and America and establishing a global industrial operation for Sidel, he has gathered vast knowledge and expertise within the field of R&D and product industrialization. Johari is currently engaged in supporting young technology companies with disruptive technologies to enter the market by acting as a board member or advisory board member when needed. Johari holds a Master of Science in Mechanical Engineering from Lund University. Current directorships and senior management positions: Tech2M (founder), Saveggt AB (chairman) and Airgo Design (advisory board member). Previous directorships and senior management positions last five years: Datalase (advisory board member)

Shares owned at year-end 2021: 17 857

Trond Solberg | Board member | Year of appointment: 2008

Trond Solberg has been a board member since 2008. Solberg has 20 years of experience from public and private investments at Ferd AS, including his current position as Co-Head of Ferd Capital, which he has held since 2012. In addition, Solberg has extensive board experience as chair and board member for multiple companies, including Brav and Fürst. Prior to joining Ferd AS, Solberg was employed within consulting at Accenture. Solberg holds a Master's degree in Economics (Norwegian: Siviløkonom) from BI Norwegian Business School. Current directorships and senior management positions: Ferd AS (co-head, Ferd Capital), Brav AS (chairman), Brav Norway AS (chairman), Blafre AS (chairman), Skolo AS (chairman), Seco Invest AS (board member), BVN 22 AS (chairman), FC-invest AS (chairman), Ferd lab invest AS (chairman), FC Well Invest AS (chairman), FC Holding VI AS (chairman), FC Holding VII AS (chairman), FC Holding VIII AS (chairman), FC Holding IX AS (chairman), FC Holding X AS (chairman) and FC Holding XI AS (chairman). Previous directorships and senior management positions last five years: Fürst Holding AS (board member), AS Med-Lab (board member, Dr. Fürst Medisinsk Labratorium AS (board member), and ØPD AS (chairman).

Shares owned at year-end 2021: 0

Anna Belfrage | Board member | Year of appointment: 2021

Anna Belfrage joined the Company as a board member and the chairman of the Audit Committee on 15 April 2021. Belfrage has over 30 years of experience within finance, first as an auditor with PricewaterhouseCoopers, then as CFO in various industrial companies in Sweden. She has also been acting CEO of the listed company Beijer Electronics Group AB. Most recently, Belfrage was the CFO and Senior VP IT and Purchasing in the forestry group Södra Skogsägarna Ekonomisk Förening. Belfrage is currently working as a professional board member. Belfrage holds a Master's degree in Economics (Norwegian: Siviløkonom) and additional courses in Business Administration and Corporate Law from Lund University. Current directorships and senior management positions: Mycronic AB (publ.) (board member, chairman of the audit committee), Isofol Medical AB (publ.)(board member, chairman of the audit committee), Note AB (publ.)(board member, chairman of the audit committee), CINT AB (publ.)(board member, chairman of the audit committee), and Ellevio AB (board member, chairman of the audit committee). Previous directorships and senior management positions last five years: Södra Skogsägarna Ekonomisk Förening (CFO and Senior VP IT and Purchasing).

Shares owned at year-end 2021: 0

Sanna Suvanto-Harsaae | Board member | Year of appointment: 2021

Sanna Suvanto-Harsaae joined the Company as a board member on 15 April 2021. Suvanto-Harsaae has extensive experience as a board member and director from several international companies. Suvanto-Harsaae is currently the chairman of the Posti Group Corporation, Altia Oyj, BoConcept AS, and Orthex Oyj. She has also previously served as a board member of SAS AS and as the chairman of Isadora AS, and Paulig Oy. Suvanto-Harsaae holds a Bachelor's degree in Economics from Lund University. Current directorships and senior management positions: Posti Oyj (chairman of the board, chairman of the remuneration committee, member of the audit committee), BoConcept AS (chairman, member of the audit committee), TCM AS (chairman of the board, chairman of the remuneration committee, member of the audit committee), Orthex Oyj (chairman), Babysam AS (chairman), Altia Oyj (chairman of the board, chairman of the remuneration committee, member of the audit committee), Nordic Pet Care Group AS (chairman), Harvia Oyj (vice-chairman of the board, chairman of the audit committee), CEPOS (Center for Political Studies)(board member) and Broman Group Oy (board member). Previous directorships and senior management positions last five years: SAS AS (board member), Isadora AS (chairman), and Paulig Oy (chairman).

Shares owned at year-end 2021: 14 285

Anette Bauer Ellingsen | Employee-elected board member | Year of appointment: 2021

Anette Bauer Ellingsen has served as an employee-elected board member on the Board of Elopak since 6 May 2021. Dr. Ellingsen has been employed in the Company since May 2014 and currently holds the position of Senior Food Microbiologist. Prior to her current position, Dr. Ellingsen held the position as marketing responsible for veterinary medicines in Interfarm AS (2011-2014). Anette Bauer Ellingsen holds a PhD in Food Microbiology from the Norwegian School of Veterinary Science and a BSc. Biotech (Hons) degree from Griffith University (Australia). She has no other current or previous (last five years) directorships or senior management positions.

Shares owned at year-end 2021: 1 071

Erlend Sveva | Employee-elected board member | Year of appointment: 2015

Erlend Sveva has served as an employee-elected board member since 27 August 2015. Sveva has been employed in Elopak since 2006 and currently holds the position of Specialist Manager on Fresh System Performance in Elopak. Sveva holds an MA in Science and Technology from NTNU, Trondheim, and an MA in Business Studies from Leeds Beckett University, Leeds, UK. He has no other current or previous (last five years) directorships or senior management positions.

Shares owned at year-end 2021: 1 071

Committees

The Company has appointed a Board Audit and Sustainability Committee ("BASC"), a Board Compensation Committee, and a Nomination Committee.

The Board Audit and Sustainability Committee

The Board nominates the BASC members and the chairman of the BASC. The BASC consists of at least two members, all of whom are members of the Board and independent non-executive directors of the company. Members are appointed for a period of two years. The secretary of the BASC is the company secretary or other person as nominated by the Board.

The appointed members of the Audit committee are Anna Belfrage (chairperson) and Trond Solberg (committee member).

The BASC oversees the reporting process to ensure the balance, transparency, and integrity of external financial and sustainability reporting.

The BASC shall also consider the following:

- The effectiveness of the company's internal control and risk management system
- The independent audit process, including recommending the appointment and assessing the performance of the external auditor
- The company's process for monitoring compliance with laws, regulations, internal standards, policies, and expectations of key stakeholders, including customers, employees, and society as a whole

The Board Compensation Committee

The Board nominates the chairperson and the other members of the Compensation Committee. The Committee consists of at least two members, all of whom are members of the Board and independent non-executive directors of the company.

Members are appointed for a period of two years. The Board of Directors can at any time and without notice change the composition of the Committee, and any member of the Committee who resigns from the Board must also resign from the Committee. The secretary of the Committee will be the Chief Human Resources Officer (CHRO) or such other person as nominated by the Board.

The appointed members of the Compensation committee are Trond Solberg (chairperson), Jo Lunder (committee member), and Sanna Suvanto-Harsaa (committee member).

The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities in:

1. Discharging the Board's responsibilities relating to the compensation of the Chief Executive Officer ("CEO") and the other members of the Group Leadership Team (GLT)
2. Overseeing the administration of Elopak's compensation and benefits plans, and
3. Preparing and recommending proposals for the Board's statement on executive remuneration under the Norwegian Act on Public Limited Liability Companies section 6-16a and 6-16b.

The Nomination Committee

The Nomination Committee's responsibilities are to make recommendations to the general meeting regarding the election of shareholder-elected board members, the board members' fees, the election of members to the Nomination Committee , and the members of the Nomination Committee's fees. The current members of the Nomination Committee are Tom Erik Myrland (chair) and Terje Valebjørg (member).

The company shall have a Nomination Committee consisting of between two and four members. The members of the Nomination Committee shall be shareholders or representatives of shareholders. The members of the Nomination Committee , including its chairman, are elected by the general meeting. The term of office for the members of the Nomination Committee shall be two years unless the general meeting decides otherwise.

The general meeting shall determine remuneration for the members of the Nomination Committee. The Nomination Committee shall have the following tasks:

1. To submit a recommendation to the general meeting on the election of shareholder-elected board members
2. To submit a recommendation to the general meeting on fees for the board members
3. To submit a recommendation to the general meeting on the election of members of the Nomination Committee
4. To submit a recommendation to the general meeting on fees for the members of the Nomination Committee

The general meeting may lay down further guidelines for the Nomination Committee's work.

Elopak management

Thomas Körmendi | Chief Executive Officer | Year of appointment: 2018

Thomas Körmendi is the Group's CEO and President. He joined the Group in 2018. Körmendi has more than 30 years of extensive management and business development experience from several international companies. Prior to joining the Group, Körmendi held the position as the CEO of Kezzler AS. Körmendi has also served as a member of the board of directors of One Nordic AB. In addition, he has held the position as CEO of the Relacom Group, Interim CEO of Cardo Flow Solutions, Managing Director of Tetra Pak Bulgaria, Turkey, Caucasus, and Hungary, and as the Vice President of Tetra Pak with responsibility for the North Europe region. Körmendi holds a Master of Science in Economics from Copenhagen Business School. Previous directorships and senior management positions last five years: One Nordic (board member), Kezzler A/S (CEO), and Körmendi & Co (Senior Business Advisor).

Shares owned at year-end 2021: 344 077

Patrick Verhelst | Chief Marketing Officer | Year of appointment: 2019

Patrick Verhelst is the Group's Chief Marketing Officer. He has been with the Group since 2019. Verhelst has more than 30 years of experience within marketing, sales, and leadership from holding managing positions in several international companies. Prior to joining the Group, Verhelst held the position of Director Sales, Marketing, and Innovation for the Wipak Group. He has also been the Vice President of Sales for Coveris Group, the Business Group Strategy Director, Program Director of Sales & Marketing Transformation, and Marketing Director Europe for SCA Packaging. In addition, Verhelst has held several managing positions for General Electric Plastic, including Global Business Manager, Product Manager Europe, and Sales & Marketing Manager Europe. Verhelst is a Civil Engineer in Chemistry and Agricultural Sciences and holds a Master's in Business Management from the Vrije Universiteit in Brussel. In addition, Verhelst has a degree in Business-to-Business Marketing from the Economic School of Management in Brussel. Previous directorships and senior management positions last five years: Wipak Group (Director Sales, Marketing & Innovation)

Shares owned at year-end 2021: 55 240

Bent K. Axelsen | Chief Financial Officer | Year of appointment: 2019

Bent K. Axelsen is the Group's CFO. He joined the Group in 2019. Axelsen is an experienced executive with broad international experience across a range of professions ranging from finance to business development, marketing, product management, and business operations. In addition to Norway, Axelsen has particular business experience from Asia, after living two years in Singapore and 4 years in Thailand. Prior to joining the Group, Axelsen spent more than 15 years in Yara International ASA, where he held several managing positions, including the position as CFO & SVP Global Business Excellence, SVP Marketing & Business Development, CFO Crop Nutrition, and Vice President and Country Manager Thailand. In addition, Axelsen has held several positions in Norsk Hydro ASA. Axelsen holds a Master's degree in Economics from BI Norwegian Business School.

Shares owned at year-end 2021: 175 113.

Nete Bechmann | Chief Human Resources Officer | Year of appointment: 2020

Nete Bechmann is the Group's Chief Human Resources Officer. She joined the Group in 2020. Bechmann has more than 30 years' experience within human resources, leadership, and finance. Prior to joining the Group, Bechmann held the position of executive HR business partner in Vestas Wind Systems AS and has also held several HR positions within Arla Foods. Nete Bechmann has a Graduate Diploma in Accounting. Current directorships and senior management positions: Aarhus Katedral Gymnasium (board member). Previous directorships and senior management positions last five years: Business Aarhus/International Community (member of the executive committee), Vestas Wind Systems A/S (executive HR business partner).

Shares owned at year-end 2021: 18 108

Ivar Jevne | EVP Material and Product Supply | Year of appointment: 2013

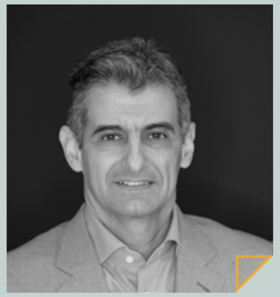
Ivar Jevne is the Group's Executive Vice President MPS (Material and Product Supply) & Procurement. He first joined the Group in 2005 and was promoted to his current position in 2013. As such, Jevne has more than 15 years of experience from within the Elopak system, starting out as the Group Purchasing Director/Chief Purchasing Officer. Prior to joining the Group, Jevne held the position of Principal at A.T. Kearney. Jevne holds a Master of Science from the Norwegian University of Science and Technology.

Shares owned at year-end 2021: 213 300

Wolfgang Buchkremer | Chief Technology Officer | Year of appointment: 2018

Wolfgang Buchkremer is the Group's Chief Technology Officer. He first joined the Group in 2011 and was promoted to his current position as CTO in 2018. As such, Buchkremer has 10 years of experience from within the Elopak system, starting out as a Senior Manager within Research & Engineering. Prior to joining the Group, Buchkremer held the position of Manager for Advanced Development for KHS. In addition, Buchkremer has been the Deputy Head of Technology Pool Machine for SIG Combibloc. Buchkremer holds an Engineer degree in Automation Technology from Fachhochschule Aachen University of Applied Sciences. Current directorships and senior management positions: Elopak GmbH (general manager), Elopak Inc. (board member).

Shares owned at year-end 2021: 60 368



Lionel Ettedgui | EVP North America | Year of appointment: 2019

Lionel Ettedgui is the Group's Executive Vice President for the North America region. Ettedgui has been appointed EVP Region America since September 2019. He has more than 20 years of experience in the operations of international large-scale corporations. Prior to joining the Group, Ettedgui was the President and CEO of Colabor Group. In addition, Ettedgui served more than 6 years as President and Chief operating officer of the Saputo Bakery division until it was sold to Grupo Bimbo in 2015. In 2005, he founded Kooll Desserts, a state-of-the-art dairy plant with products listed at all retailers in Canada. The Company was sold to Liberté (Yoplait Group) in 2008. In addition, Ettedgui has held various executive positions in Europe and Africa within trade, operations management, and business development. Ettedgui has also served on the board of directors of several companies, including 7 years at Montreal Sacré-Coeur Hospital Foundation and 7 years at CTAQ (Quebec Food processing council). Ettedgui holds a degree in Business from the Institut Supérieur de Gestion. Current directorships and senior management positions: Elopak Canada (board member), Elopak Inc. (board member), Envases (board member), and IY (board member). Previous directorships and senior management positions last five years: Mito Sushi (member of the advisory board), 123KLAN (member of the advisory board), Fondation Hopital Sacre Coeur (board member), and Groupe Colabor (president and CEO).

Shares owned at year-end 2021: 66 615

Stephen D. Naumann | EVP Region Europe North & CIS | Year of appointment: 2007

Stephen Naumann is the Group's Executive Vice President for Region Europe North and CIS. He has been a member of the Elopak Group Leadership Team since 2007. Naumann has nearly 30 years of experience within Elopak, starting as Sales and Marketing Manager in 1992. He took several steps during the following years, with the first milestone as General Manager of Elopak GmbH Germany in 1997. He followed by taking the additional responsibility for the NL and UK markets. In 2005, he became VP Northern Europe and Global Accounts. In 2007, Naumann joined the GLT as an EVP Europe North and West. In 2015, he became Executive VP Region Europe & Mediterranean & Roll-fed and has since 2019 been the EVP for Europe North and CIS. Naumann holds a degree as Wirtschaftsassistent Industrie, comparable to a Bachelor's degree in Economics. Current directorships and senior management positions: FKN e.V. (board member delegated by Elopak GmbH).

Shares owned at year-end 2021: 235 262

Finn M. Tørjesen | EVP Region Europe South & New Markets | Year of appointment: 2019

Finn M. Tørjesen is the Group's Executive Vice President for Region Europe South and New Markets. Tørjesen has held the position as EVP since May 2019 and has been with the Group since 2000. Tørjesen has been an international marketing and sales executive for more than 25 years. Tørjesen holds a Master of Business from the University of Strathclyde and a Bachelor (Hons) from Oslo Business School. Current directorships and senior management positions: Elopak Spa Italy (chairman), Elopak Nampak JV (board member), and The Norwegian Spanish Chamber of Commerce in Madrid (board member). Previous directorships and senior management positions last five years: Elopak Obeikan JV (board member).

Shares owned at year-end 2021: 61 892

Elopak group consolidated financial statements 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	Note	Year to date ended 31 Dec 2021	2020
Revenues	5	940,246	908,773
Other operating income		7	5,221
Total income	6	**940,253**	**913,994**
Cost of materials		-607,913	-576,637
Payroll expenses	7	-171,664	-168,573
Depreciation, amortisation and impairment	12,13,14,15	-56,450	-52,209
Other operating expenses	8,9	-50,149	-45,918
Total operating expenses		**-886,177**	**-843,338**
Operating profit	6	**54,076**	**70,656**
Financial income and expenses			
Share of net income from joint ventures	16	3,575	3,155
Financial income	10	2,626	2,455
Financial expenses	10	-10,633	-16,118
Foreign exchange gain/loss		338	61
Profit before tax		**49,982**	**60,209**
Income tax	11	-16,173	-12,381
Profit		**33,809**	**47,828**
Profit for the year attributable to:			
Elopak shareholders		33,809	47,828
Basic and diluted earnings per share (in EUR)	20	0.13	0.19

OTHER COMPREHENSIVE INCOME

(EUR 1,000) OTHER COMPREHENSIVE INCOME	Note	Year to date ended 31 Dec 2021	2020
Items that will not be reclassified subsequently to profit or loss			
Net value gains / losses (-) on actuarial benefit plans, net of tax		-309	-71
Items reclassified subsequently to net income upon derecognition			
Exchange differences on translation foreign operations		8,048	-10,998
Net value gains / losses (-) on cash flow hedges, net of tax		4,218	2,136
Other comprehensive income, net of tax		**11,957**	**-8,934**
Total comprehensive income		**45,766**	**38,894**
Total comprehensive income attributable to:			
Elopak shareholders		45,766	38,894

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)

ASSETS	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Development cost and other intangible assets	12	56,862	61,211
Deferred tax assets	11	21,640	23,544
Goodwill	13	51,866	52,291
Property, plant and equipment	14	186,426	188,429
Right-of-use assets	15	62,952	69,270
Investment in joint ventures	16,27	27,527	26,956
Other non-current assets	17	13,501	14,517
Total non-current assets		**420,775**	**436,217**
Current assets			
Inventory	18	145,115	135,523
Trade receivables [1]	19	91,533	77,958
Other current assets [1]	11,19	101,595	92,981
Cash and cash equivalents		24,262	6,443
Total current assets		**362,505**	**312,906**
Total assets	6	**783,279**	**749,123**

[1] Contract assets of EUR 35,092 thousand are reclassified from trade receivables to other current assets as of December 31, 2020. Contract assets from similar transactions of EUR 36,276 thousand are classified as other current assets as of December 31, 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)

EQUITY AND LIABILITIES	Note	31 Dec 2021	31 Dec 2020
EQUITY			
Share capital	20	50,155	47,482
Other paid-in capital		70,236	15,332
Currency translation reserve		-33,883	-41,930
Cash flow hedge reserve		4,215	-3
Retained earnings		178,330	164,564
Attributable to Elopak shareholders		269,054	185,444
Total equity		**269,054**	**185,444**
LIABILITIES			
Non-current liabilities			
Pension liabilities	21	2,563	2,554
Deferred taxes	11	11,488	11,994
Non-current liabilities to financial institutions	23	169,433	213,135
Non-current lease liabilities	15	62,342	69,090
Other non-current liabilities		2,900	5,982
Total non-current liabilities		**248,726**	**302,755**
Current liabilities			
Current liabilities to financial institutions	23	14,420	15,552
Trade payables		119,574	114,273
Taxes payable	11	4,335	8,978
Public duties payable		24,077	20,125
Current lease liabilities	15	18,261	19,085
Other current liabilities	24	84,832	82,911
Total current liabilities		**265,499**	**260,923**
Total liabilities		**514,226**	**563,678**
Total equity and liabilities		**783,279**	**749,123**

Oslo, March 31, 2022
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	Note	Year to date ended 31 Dec 2021	2020
Profit before tax		49,982	60,209
Interest to financial institutions	10	1,553	5,897
Lease liability interest	10	4,773	5,184
Profit before tax and interest paid		**56,308**	**71,289**
Depreciation, amortisation and impairment	12,13,14,15	56,450	52,209
Write-down of financial assets		500	332
Net unrealised currency gain(-)/loss		- 2,123	- 3,951
Income from joint ventures	16	- 3,575	- 3,155
Net gain(-)/loss on sale of non-current assets		6	- 5,220
Taxes paid		- 19,122	- 11,508
Change in trade receivables		- 10,054	- 4,340
Change in other current assets		- 6,937	4,289
Change in inventories		- 5,582	- 7,674
Change in trade payables		2,998	- 184
Change in other current liabilities		4,296	12,094
Change in net pension liabilities		33	- 340
NET CASH FLOW FROM OPERATIONS		**73,200**	**103,842**
Purchase of non-current assets	17	- 37,381	- 50,152
Proceeds from sales of non-current assets		15	6,194
Proceeds from sales of business		-	1,500
Dividend from joint ventures	16	4,965	-
Change in other non-current assets		6,179	6,812
NET CASH FLOW FROM INVESTING ACTIVITIES		**-26,222**	**-35,647**
Proceeds of loans from financial institutions	23	728,843	960,649
Repayment of loans from financial institutions	23	- 775,640	- 1,002,188
Interest to financial institutions	10	- 1,553	- 5,897
Dividend paid		- 9,988	- 9,480
Capital increase	20	47,523	2,388
Lease payments		- 19,969	- 20,800
NET CASH FLOW FROM FINANCING ACTIVITIES		**- 30,784**	**- 75,329**
Foreign currency translation on cash		1,625	- 1,929
Net increase/decrease in cash		17,819	- 9,063
Cash at beginning of year		6,443	15,507
Cash at end of period		24,262	6,443

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)

Year to date 31 Dec 2021	Note	Share capital	Other paid-in capital	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
Total equity 01.01		**47,482**	**15,332**	**- 41,930**	**- 3**	**164,564**	**185,444**
Profit for the period		-	-	-	-	33,809	33,809
Other comprehensive income for the period net of tax		-	-	8,048	4,218	- 309	11,957
Total comprehensive income for the period		**-**	**-**	**8,048**	**4,218**	**33,500**	**45,766**
Dividend paid		-	-	-	-	- 9,988	- 9,988
Transactions of treasury shares		58	1,112	-	-	-	1,170
Settlement of share-based bonus 2020		5	- 2,380	-	-	-	- 2,375
Provision for share-based bonus 2021		-	330	-	-	-	330
Bonus issue and reclassification within equity		120	9,626	-	-	- 9,746	-
Issue of new shares in IPO		2,490	47,307	-	-	-	49,797
Share issue expenses		-	- 1,091	-	-	-	- 1,091
Total capital transactions in the period	**20**	**2,673**	**54,904**	**-**	**-**	**- 19,734**	**37,843**
Total equity 31.12		**50,155**	**70,236**	**- 33,883**	**4,215**	**178,330**	**269,054**

Year to date 31 Dec 2020	Note	Share capital	Other paid-in capital	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
Total equity 01.01		**47,482**	**13,188**	**- 30,932**	**- 2,139**	**126,290**	**153,889**
Profit for the period		-	-	-	-	47,828	47,828
Other comprehensive income for the period net of tax		-	-	- 10,998	2,136	-71	-8,934
Total comprehensive income for the period		**-**	**-**	**- 10,998**	**2,136**	**47,756**	**38,894**
Provision for share based bonus		-	2,388	-	-	-	2,388
Dividend paid		-	-	-	-	-9,480	-9,480
Group contribution from owner		-	865	-	-	-	865
Group contribution to owner		-	- 1,109	-	-	-	-1,109
Total capital transactions in the period		**-**	**2,144**	**-**	**-**	**- 9,480**	**- 7,337**
Total equity 31.12		**47,482**	**15,332**	**- 41,930**	**- 3**	**164,564**	**185,444**

NOTES

Note 1 — General information

Elopak ASA is a public limited company incorporated in Norway. Elopak is a global supplier of liquid carton packaging and filling equipment, catering to both the fresh and aseptic segments. The principal activities of the company and its subsidiaries are described in Note 5. The address of the registered office and principal place of business is Industriveien 30, 3430 Spikkestad, Norway. Elopak ASA is listed on the Oslo Stock Exchange (Oslo Bors). The Board of Directors and the CEO authorized these consolidated financial statements of Elopak ASA and its subsidiaries for the year ended December 31, 2021, for issue on March 31, 2022.

Elopak's material accounting policies are included in the explanatory notes to the consolidated financial statements.

Note 2 — Basis of preparation

The consolidated financial statements of Elopak ASA and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies adopted have been applied consistently to all of the years presented. Elopak also provides disclosures in accordance with requirements in the Norwegian Accounting Act (Regnskapsloven). New and amended standards adopted by Elopak do not have a material impact on the consolidated financial statements. The Elopak Group consists of Elopak ASA and its subsidiaries as set out in Note 27.

The consolidated financial statements incorporate the financial statements of the companies controlled by Elopak ASA. The functional currency of Elopak ASA is the Euro (EUR). All numbers are presented in Euro 1,000 unless otherwise is clearly stated.

Note 3 — Material accounting policies

Material accounting policies and information about management judgments, estimates, and assumptions are provided in the respective notes throughout the consolidated financial statements. Accounting policies that relate to the financial statements as a whole or are relevant for several notes are included in this “Material accounting policies” section.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by Elopak in exchange for control of the acquiree. The acquirer’s identifiable assets, liabilities, and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over Elopak's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognized.

Foreign currencies
The individual financial statements of each group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Euro, which is the functional currency of the parent company and the presentation currency for the consolidated financial statements.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of Elopak’s foreign operations are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the relevant periods.

Impairment of non-financial assets excluding goodwill
At each reporting date, Elopak reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, Elopak estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

<u>Financial instruments at amortized cost</u>

Subsequent to initial recognition, non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where appropriate, a shorter period.

<u>Financial instruments at fair value</u>

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

<u>Trade and other payables</u>

Trade and other payables that contain significant financing components are measured at amortized cost, otherwise, they are measured at nominal value.

Adoption of new and revised International Financial Reporting Standards

A number of new standards are effective for annual periods beginning after January 1, 2021, and earlier application is permitted. Elopak has early adopted amendments to Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments at present, to IAS 8) standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a material impact on Elopak's consolidated financial statement:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant, and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

Note 4 — Critical accounting judgments and key sources of estimation uncertainty

In the application of Elopak's accounting policies, which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Deferred tax assets

Management has exercised judgment in assessing the recognition of tax loss carryforward for Elopak's various entities and the resulting deferred tax asset. The judgment is based upon the entities' assessed ability to generate future cash flows that will enable the entities to do so. The assessments imply a degree of uncertainty relating to such future events. Tax expenses and deferred tax assets are presented in Note 11.

Tax disputes

In tax disputes, Elopak accounts for tax costs according to decisions made by local tax authorities or according to subsequent tax rulings in the actual case or similar cases. Where transfer pricing adjustments have been made, mutual agreement procedures (MAP) between the affected countries are normally available. A successful MAP procedure, as intended in the double tax treaties between countries, would result in a corresponding tax adjustment in a Group company, thus removing the tax cost for Elopak. Where a MAP process is available, Elopak recognizes tax costs according to the probability of the outcome of the MAP process. If tax authorities within the EU do not agree, taxpayers have the right to demand arbitration. Details regarding ongoing tax disputes are described in Note 11.

Development costs

Elopak capitalizes development costs in accordance with the recognition criteria in IAS 38. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project and the expected benefits. The development costs, include development of new filling and production machine technology, and the success of this technology is dependent on future demand from the customers. Development costs are presented in Note 12.

Leasing

Management estimates the useful life and residual value of filling machines when considering whether a lease arrangement is a finance lease or an operational lease when Elopak is the lessor. Finance and operational leases are presented in Note 15.

Climate Risk

A full climate risk assessment of material adverse physical impacts to the business from climate change such as extreme weather, floods or droughts, and sea level rise will be completed in 2022 in accordance with TCFD (Task Force on Climate-related Financial Disclosures), a framework organization to publicly disclose climate-related risks & opportunities. Based on our current knowledge at year end there were no identified factors that cause a reassessment in the useful life of the assets.

Sustainability Framework

Elopak manages the risks related to sustainability and the rapidly changing regulatory environment. We focus our efforts on monitoring EU-wide developments concerning sustainability and/or packaging, such as the EU Taxonomy framework, the Corporate Sustainability due diligence directive, and the upcoming review of the EU Packaging & Packaging Waste Directive.

The EU Directive 2019/904, also known as Single Use Plastic Directive requires that all single use plastic closures that encompass the carton closures must remain attached during its use, which will come into effect as of July 3, 2024. In preparation for the changing legislation Elopak has signed a contract for Tethered Cap lines and is expecting to offer tethered cap solutions to customer in 2022. Additionally, Elopak has assessed that the existing lease contracts for separable cap lines should be fully depreciated before the tethering requirement will be in place and has therefore reassessed the respective leases, see Note 15 for further information.

At present, Elopak will be subject to Plastic Product Tax in the UK and Spain starting in 2022 and in Italy starting in 2023. We will assess developments of Plastic Product Tax in other countries as relevant. As EU Member States have competence on tax, they may change scope, define payer, or decide if the levy will be paid from national budget, meaning no imposition of plastic tax. It has been assessed that the Plastic Product Tax will have no impact on the outcome of impairment testing.

How Covid-19 has impacted the business

Raw material supply and demand was impacted by a number of factors. Firstly, there was a demand surge and restocking in a number of industries in 2020 and 2021 after low demand periods due to Covid-19 lock-downs. Secondly, transport and supply chains were not working efficiently as demand was high and supply chains were impacted by Covid-19 restrictions, transportation shortages in trucking and shipping, and incidents temporarily impacting capacity, including the blocking of the Suez Canal and the closure of Chinese ports. Thirdly, producers suffered higher input costs and scarcities for energy and labor, which increased raw material prices. Fourthly, force majeures in industries supplying Elopak due to flooding and storms impacted purchase prices. Raw materials are largely global markets and inefficient trade flows result in more captive volumes with resulting higher prices. These factors are considered temporary, with no material long-term impact due to Covid-19.

Note 5 — Revenues

Accounting Policy

The Group is a global supplier of paper-based packaging system solutions for liquid products. Revenue from contracts with customers is derived from sale of filling equipment, Pure-Pak® carton and Roll Fed packaging material (hereby denominated as cartons), closures and related services. Revenue is recognised when control of the goods or services are transferred to the customer and is presented net of returns, trade discounts, volume rebates and other customer incentives. The Group also presents lease income from lease of filling equipment.

Generally, the Group recognises revenue on a point in time basis when the customer takes title to the goods and rewards for the goods. For goods without alternative use where the Group has a legally enforceable right to payment for the goods, the Group recognises revenue over time, which generally is, as the goods are produced.

Sale of cartons and closures

Cartons are printed based on customer specifications and are therefore without alternative use. Cancellation provisions in the customer contracts, combined with background law in the legal jurisdictions give the company an enforceable right to payment for work performed to date as described in IFRS 15. Most of the customer contracts include cancellation clauses that gives the company sufficient protection to conclude that there is an enforceable right to payment.

Closures are not customised and therefore with alternative use and recognised at point in time.

Sale of filling equipment

Revenue from sale of filling equipment is recognised at the point in time when control of the asset is transferred to the customer, generally when the machine is tested and accepted by the customer. Filling equipment could result in no alternative use if it would incur significant costs to rework the design and function of the machine to adapt it to another customer. However, in most cases filling equipment is standard equipment and considered to have alternative use, hence they are recognised at point in time.

Sale of service

The Group offers research and development support, after sales services and technical training and maintenance support. Revenue from support, service and training is recognised over time, as the customer simultaneously receives and consumes the benefit provided to them. The Group uses an input method in measuring progress of the services because there is a direct relationship between the Group's effort/labor hours occurred and the transfer of service to the customer.

Trade discounts, volume rebates and other incentives

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Cartons are often sold with retrospective volume discounts based on aggregate sales over several months. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognised for the expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No significant element of financing is deemed present, and the Group had no right of return in the reporting period.

Contract liabilities

Payments for filling equipment are generally made in installments and a contract liability is recognised when a payment is received or due from a customer before the Group transfers the filling equipment. Contract liabilities are recognised as revenue when control of the filling equipment is transferred to the customer.

Contract assets

Contract assets consist of prepaid support (rebate) to customers which will be offset against contracted future purchases of carton and features. The prepaid support is allocated to the different performance obligations, hereunder filling equipment and cartons/closures. Contract assets include over time revenue for cartons before the right to payment becomes unconditional. See Note 19 for disclosure of contract assets.

Remaining Performance Obligations

Delivery obligations for cartons are completed within one year or less, so we have therefore elected to use exception IFRS 15.121.

The Group's revenues consist of revenue from contracts with customers (99%) and rental income from lease of filling equipment (1%). Revenues are primarily derived from the sale of cartons and closures, sales and rental income related to filling equipment and service.

Revenues specified by geographical area

(EUR 1,000)	2021	2020
Germany	146,790	151,917
USA	141,246	135,489
Russia	72,717	75,617
Netherlands	51,530	50,371
Norway	24,769	25,875
Other	503,194	469,504
Total revenues	**940,246**	**908,773**

The revenues are specified by location (country) of the customer.

Revenues by product and operating segment

(EUR 1,000)

2021	EMEA	Americas	Other and eliminations	Total
Cartons and closures [1]	651,838	185,246	– 3,307	833,776
Equipment	41,127	5,015	-4	46,138
Service	43,595	–	– 495	43,100
Other	23,280	1,905	– 7,954	17,231
Total revenues	**759,841**	**192,166**	**– 11,760**	**940,246**

2020	EMEA	Americas	Other and eliminations	Total
Cartons and closures [2]	643,557	191,316	– 12,372	822,501
Equipment	36,215	1,287	– 7,326	30,176
Service	41,834	801	– 27	42,609
Other [2]	19,796	559	– 6,869	13,487
Total revenues	**741,403**	**193,964**	**– 26,594**	**908,773**

[1] Decrease in cartons and closures in Americas is mainly due to the loss of a Roll Fed customer and the impact of currency translation.
[2] Revenue of EUR 2,052 thousand is reclassified from Other to Cartons and closures as of December 31, 2020 related to over time revenue recognition.

Note 6 – Operating segments

Information reported to the Group's chief operating decision makers, the Group Leadership Team, for the purpose of resource allocation and assessment of segment performance is focused on two key geographical regions – EMEA (including Commonwealth of Independent States) and Americas. Key figures representing the financial performance of these segments are presented in the following note. Refer to Note 14 for disclosure of fixed assets specified by geographical area.

Operating segments

(EUR 1,000)

2021	EMEA	Americas	Other and eliminations	Total
Total revenue and other operating income	759,847	192,166	-11,760	940,253
Operating expenses [1]	-655,538	-160,598	-13,590	-829,726
Depreciation and amortisation	-45,944	-6,644	-2,645	-55,233
Impairment	-1,218	–	–	-1,218
Operating profit	**57,148**	**24,924**	**-27,996**	**54,076**
EBITDA [2]	104,309	31,568	-25,351	110,526
Adjusted EBITDA [2]	104,172	35,279	-18,531	120,921
Total assets	604,126	134,656	44,497	783,279
Purchase of non-current assets during the year	25,445	8,815	3,121	37,382

2020	EMEA	Americas	Other and eliminations	Total
Total revenue and other operating income	746,624	193,964	-26,594	913,994
Operating expenses [1]	-630,168	-165,311	4,351	-791,128
Depreciation and amortisation	-43,632	-5,191	-3,083	-51,905
Impairment	-249	-6	-50	-304
Operating profit	**72,575**	**23,456**	**-25,375**	**70,656**
EBITDA [2]	116,456	28,652	-22,242	122,866
Adjusted EBITDA [2]	111,253	33,279	-22,242	122,290
Total assets	600,454	115,672	32,997	749,123
Purchase of non-current assets during the year	39,480	2,738	7,934	50,152

[1] Operating expenses include cost of materials, payroll expenses, and other operating expenses.
[2] See the APM disclosure for the reconciliation of EBITDA and adjusted EBITDA.

Note 7 – Payroll expenses, numbers of employees, benefits etc.

(EUR 1,000)	2021	2020
Salary	136,179	135,176
Social security	21,742	21,997
Pension benefit plans (Note 21)	36	-196
Pension contribution plans (Note 21)	9,851	9,405
Other benefits	3,856	2,192
Total	**171 664**	**168 573**
Man-year Elopak employees (excl. equity investees)	2 058	2 095

Executive management compensation for the year ended December 31, 2021 is disclosed in the Remuneration Report which is presented on the Elopak website.

Note 8 – Other operating expenses

(EUR 1,000)	2021	2020
Sales and administration expenses	6,115	5,673
Occupancy and maintenance expenses	4,483	5,449
Travel expenses	5,088	5,363
Losses and changes in allowance for bad debt	435	586
Consultants, auditors, lawyers, etc	16,005	10,579
IT expenses	11,225	13,296
Other expenses	6,797	4,972
Total	**50,149**	**45,918**

Other operating expenses include explenses related to the IPO of EUR 2,580 thousand in 2021.

Note 9 – Fees to external auditors

PWC was elected as the principal auditor for 2019, while some group companies are audited by other audit firms.

Expensed fees

(EUR 1,000)

2021	Audit fee	Other assurance services	Tax services	Other non-audit services	Total
PWC	716	396	13	59	1,185
Others	172	13	104	3	292
Total	**888**	**409**	**117**	**62**	**1,477**
2020					
PWC	582	35	50	50	717
Others	63	14	116	13	207
Total	**645**	**49**	**166**	**63**	**924**

Note 10 – Specification of financial income and expenses

Financial income

(EUR 1,000)	2021	2020
Interest income from bank deposits	576	331
Other interest income	233	945
Finance lease interest income	831	637
Other financial income	986	542
Total	**2,626**	**2,455**

Financial expenses

(EUR 1,000)	2021	2020
Interest expenses to financial institutions	1,553	5,897
Other interest expenses	224	238
Lease liability interest	4,773	5,184
Other financial expenses	4,083	4,800
Total	**10,633**	**16,118**

Note 11 – Income tax

Income tax expense

(EUR 1,000)	2021	2020
Current income tax		
Current income tax charge	14,097	12,988
Adjustments in respect of current income tax of previous year	-237	-196
Withholding tax	1,625	443
Total current income tax	**15,485**	**13,234**
Deferred tax		
Relating to origination and reversal of temporary differences	1,379	-2 097
Adjustments in respect of changes to tax rate and deferred tax of previous year	-691	1,244
Total deferred tax	**688**	**-853**
Income tax expense reported in the statement of profit or loss	**16,173**	**12,381**

Payable tax

(EUR 1,000)	2021	2020
Payable tax opening balance	482	-865
Current income tax	15,485	13,234
Translation	538	-378
Net tax paid	-19,122	-11,508
Payable tax closing balance	**-2,616**	**482**

Note 11 – Income tax continued

Reconciliation of tax expense

(EUR 1,000)	2021	2020
Accounting profit before income tax	49,982	60,209
Expected tax at statutory tax rate [1]	11,996	13,848
Adjustments in respect of different local tax rates	1,957	396
Non-taxable income/expenses	–	–
Share of results of joint ventures	– 858	– 726
Adjustments in respect of current income tax of previous years	– 223	126
Withholding tax, non-refundable	1,625	443
Adjustments in respect of changes to tax rates and regulations	– 706	281
Currency translation effects	1,691	– 1,666
Other differences	691	– 322
Income tax expense at effective income tax rate	**16,173**	**12,381**
Effective income tax rate	**32.4 %**	**20.6 %**

[1] The expected tax at statutory tax rate of 24% (23% in 2020) is based on an estimate of where the Group taxes its profits and the corresponding applicable tax rates

Change in deferred tax on items in Other Comprehensive Income/Equity

(EUR 1,000)	2021	2020
Remeasurement gain/loss on actuarial gains and losses	38	259
Cash flow hedging	1,192	605
Group contribution	–	259
Equity transactions	– 522	– 368
Change in deferred tax on items in Other Comprehensive Income/Equity	**709**	**755**

Note 11 – Income tax continued

Income tax expense

(EUR 1,000)	2021	2020
Revaluation of inventories	11,431	9,892
Payables/receivables	18,341	9,416
Non-current assets	– 8,258	– 8,153
Fixed assets depreciations	– 7,649	– 8,213
Liquid assets	– 13,090	– 1,473
Losses available for offsetting against future taxable income	5,468	3,365
Other differences	3,910	6,716
Total deferred tax	**10,153**	**11,550**
Deferred tax assets	21,640	23,544
Deferred tax liabilities	11,488	11,994
Net deferred assets/liabilities	**10,153**	**11,550**

Deferred tax assets are evaluated at each balance sheet date, and recognized to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability shall be settled or the asset to be realized, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Specification of tax losses carried forward – country and year of expiry

(EUR 1,000)	2022	2023	After 2023	Indefinite	Total
United States	–	–	3,112	2,131	5,243
United Kingdom	–	–	–	7,152	7,152
Spain	–	–	–	919	919
Norway	–	–	–	10,409	10,409
Other	–	–	–	231	231
Total	**–**	**–**	**3,112**	**20,842**	**23,955**

Note 11 – Income tax continued

Tax losses carried forward of EUR 23,438 thousand are not recognized as a basis for calculating unused tax losses carried forward in net deferred assets/liabilities. The amount not recognized is mainly related to the United Kingdom.

In tax disputes, the Group accounts for tax costs according to decisions made by local tax authorities, or according to subsequent tax rulings in the actual case, or similar cases. A dividend distribution from Elopak Systems AG to Elopak ASA, formerly Elopak AS, in 2011 and 2014 was deemed to be taxable income for Elopak ASA in a decision by Norwegian tax office in 2017. The full tax cost of NOK 69,600 thousand was recognised and paid in accordance with the ruling at that time. A subsequent appeal to the tax tribunal resulted in a ruling on June 16, 2021 supporting the 2017 conclusion from the tax office. The company does not agree with the ruling and has initiated an appeal through the courts in Norway.

Where transfer pricing adjustments have been made, mutual agreement procedure (MAP) between the affected countries are normally available. A successful MAP procedure as intended in the double tax treaties between countries, would result in a corresponding tax adjustment in a Group company, thus removing the tax cost for the Group. Where a MAP process is available, the Group recognizes tax costs according to the probability of the outcome of the MAP process. If tax authorities within the EU do not agree, tax payers have the right to demand arbitration. The estimated effect of a MAP procedure related to the tax audit in Denmark as of 31 December 2021 is EUR 1,600 thousand.

Note 12 – Development cost and other intangible assets

Accounting Policy

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development is recognised in the statement of financial position if the recognition criteria in IAS 38 are met. After initial recognition the assets are carried at cost less any accumulated amortization and impairment losses. See Note 3 for impairment of non-financial assets accounting policy.

Development cost and other intangible assets

(EUR 1,000)

2021	Development costs	IT-software	Total
Cost at 1.1	40,890	83,088	123,978
Additions	3,293	3,258	6,551
Disposals	-	- 10,717	- 10,717
Reclassification	-	807	807
Currency translation	-	144	144
Cost at 31.12	**44,183**	**76,579**	**120,762**
Acc. amortization and impairment losses at 1.1	18,062	44,705	62,767
Current year amortization charge	3,678	8,095	11,773
Amortization disposals	-	- 10,765	- 10,765
Impairment disposals	-	-	-
Reclassification	-	-	-
Currency translation amortization	-	124	124
Accumulated amortization at 31.12	**21,740**	**41,876**	**63,616**
Net accumulated impairment at 31.12	**-**	**284**	**284**
Carrying amount 31.12	**22,443**	**34,419**	**56,862**
Economic life	5-10 years	3-7 years	
Amortization method	Linear	Linear	

Note 12 – Development cost and other intangible assets continued

2020	Development costs	IT-software	Total
Cost at 1.1	38,677	79,285	117,962
Additions	2,213	7,903	10,116
Disposals	–	- 4,005	- 4,005
Reclassification	–	67	67
Currency translation	–	- 163	- 163
Cost at 31.12	**40,890**	**83,088**	**123,978**
Acc. amortization and impairment losses at 1.1	14,606	42,255	56,861
Current year amortization charge	3,457	6,659	10,116
Amortization disposals	–	- 4,061	- 4,061
Impairment disposals	–	–	–
Reclassification	–	–	–
Currency translation amortization	–	-148	-148
Accumulated amortization at 31.12	**18,062**	**44,421**	**62,484**
Net accumulated impairment at 31.12	**–**	**284**	**284**
Carrying amount 31.12	**22,828**	**38,383**	**61,211**

The additions under development costs relate to the development of new filling and production machine technology.

Most of the IT-software entails additions related to investments in IT systems for management of materials flow and finances. The system roll-out started in 2017 and continued throughout 2021.

Research and development

The costs of research and development not eligible for capitalization which have been expensed in 2021 amount to EUR 15,708 thousand. The equivalent figure in 2020 was EUR 13,902 thousand.

Note 13 – Goodwill

Accounting Policy

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The table below shows the cost value, additions, disposals, impairment charges and carrying value for the various goodwill items in the Group.

Goodwill

(EUR 1,000)	2021	2020
Cost at 1.1	58,511	57,564
Currency translation	- 422	947
Cost at 31.12	**58,089**	**58,511**
Accumulated impairment	6,220	6,203
Currency translation	3	17
Net accumulated impairment at 31.12	**6,223**	**6,220**
Carrying amount 31.12	**51,866**	**52,291**

Note 13 – Goodwill continued

Impairment test for goodwill:
Goodwill is allocated to the Group's cash generating units, and is tested for impairment annually or more frequently if there are indications of impairment. Testing for impairment involves the determination of the recoverable amount of the cash generating unit. The recoverable amount is determined by discounting future expected cash flows, based on the business plans for the cash generating units. The discount rate applied to the future cash flow is based on the Group's weighted average cost of capital (WACC), adapted to the market's apprehension of the risk factors for each cash generating unit. Growth rates are used to project cash flows beyond the periods covered by the business plans.

Cash generating units
The goodwill items specified above are related to the Elopak Group. Goodwill related to acquisition of Elopak Denmark A/S, Elopak AB, Elofin OY and Variopak are all allocated to the cash generating unit Europe, which consist of Elopak's European markets, including the internal production and supply organization. In accordance with the tables above, these goodwill items have a carrying value of EUR 51,866 thousand as of December 31, 2021 (EUR 52,291 thousand as of December 31, 2020).

The basis for considering Europe as one cash generating unit is the inherent structure of the market. Customers are merging across borders and are increasingly treating Europe as one market. The historical requirement from customers to source from specific plants is no longer present. Elopak is adapting to this trend by allocating production flexibly to the European plants in order to optimize logistics and production cost.t, the margins along Elopak's value chain will be subject to change from one year to another, and therefore the appropriate way to assess indicators for impairment for the European business is as one unit.

Impairment test and assumptions
The recoverable amount for the cash generating unit, Europe, is calculated based on value in use. The cash flows that are basis for the impairment test are based on assumptions about future sales volume, selling prices and direct costs. These are uncertain factors. These assumptions are based on historical experience from the European market, adopted budgets and the Group's expectations of market changes. Upon completion of the impairment tests

Note 13 – Goodwill continued

in 2021 and 2020 the Group does not expect significant changes in current trade. This implies that expected future cash flows are mainly a continuation of observed trends. Determined cash flow is discounted with the discount rates presented in the table below.

Calculated recoverable amounts in the impairment tests are higher than carrying amounts, and based on the tests, it is concluded that there is no impairment in 2021 or 2020.

Detailed description of the assumptions used:

	Discount rate after tax		Discount rate before tax		Growth rate 2-5 years		Long-term growth rate	
	2021	2020	2021	2020	2021	2020	2021	2020
Elopak Europe	3.6 %	5.1 %	5.2 %	6.5 %	0.0 %	0.0 %	0.0 %	0.0 %

The discount rate reflects the current market assessment of the risk specific to the cash generating unit. The rate is estimated based on the weighted average cost of capital for similar assets in the market. This rate has been further adjusted to reflect the specific risk factors related to the cash generating unit, which have not been reflected in the cash flow.

Average growth rate for the future 2 to 5 year period is based on Elopak Group's expectations for the market development that the business operates in. When estimating future cash flows, committed operating efficiency improvement measures are taken into account. Changes in the outcomes for these initiatives may influence future estimated cash flows.

Investment costs necessary to meet expected future growth are taken into account. Based on management's assessment, the estimated investment costs do not include investments that improve the asset's performance. The related cash flows are treated correspondingly.

Management believes that there is no reasonably possible change in any of the key assumptions that would cause the carrying value of the unit to materially exceed its recoverable amount. Sensitivity analysis has been performed based on a 0.5% increase and decrease of the discount rate and perpetual growth. The value in the low end of the range is higher than the carrying amount, hence the sensitivity analysis shows no indication of impairment.

Note 14 – Property, plant and equipment

Accounting Policy

Capitalized property, plant and equipment are reflected at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment, other than land and properties under construction, are depreciated over their estimated useful lives, using the straight-line method and taking into consideration any residual values. See Note 3 for impairment of non-financial assets accounting policy.

Property, plant and equipment

(EUR 1,000)

2021	Land and buildings	Machinery and plant	Office and transport	Total
Cost at 1.1	41,307	520,596	19,501	581,404
Additions	–	30,638	136	30,774
Disposals	- 583	- 13,479	- 1,386	- 15,448
Transfer to/from inventory / reclassification	657	- 10,679	2,207	- 7,815
Currency translation	143	5,539	266	5,948
Cost at 31.12	**41,524**	**532,615**	**20,724**	**594,863**
Acc. depreciation and impairment losses at 1.1	27,270	349,455	16,250	392,975
Current year depreciation charge	1,230	26,380	1,512	29,122
Current year impairment charge	–	1,216	1	1,218
Depreciation disposals	- 581	- 13,058	- 1,376	- 15,014
Impairment disposals	–	- 411	- 1	- 412
Depreciation transferred to inventory / reclassification	- 692	- 1,614	- 199	- 2,505
Impairment transferred to inventory / reclassification	- 15	-410	15	- 410
Currency translation	102	3,157	207	3,466
Accumulated depreciation at 31.12	27,330	360,056	16,357	403,744
Net accumulated impairment at 31.12	- 16	4,659	53	4,695
Acc. depreciation and impairment losses at 31.12	**27,314**	**364,715**	**16,410**	**408,439**
Carrying amount 31.12	**14,211**	**167,900**	**4,314**	**186,426**
Useful life	0-40 years	3-15 years	3-12 years	
Depreciation method	Linear	Linear	Linear	

Note 14 – Property, plant and equipment continued

2020	Land and buildings	Machinery and plant	Office and transport	Total
Cost at 1.1	47,233	512,956	20,397	580,586
Additions	302	39,360	375	40,037
Disposals	- 10,205	- 13,335	- 2,157	- 25,697
Transfer to inventory / reclassification	4,098	- 10,303	1,383	- 4,822
Currency translation	- 121	- 8,082	- 498	- 8,701
Cost at 31.12	**41,307**	**520,596**	**19,501**	**581,404**
Acc. depreciation and impairment losses at 1.1	34,297	344,036	17,123	395,456
Current year depreciation charge	1,326	24,383	1 329	27,038
Current year impairment charge	78	210	17	304
Depreciation disposals	- 9,158	- 13,065	- 1,874	- 24,097
Impairment disposals	172	- 432	- 18	- 278
Depreciation transferred to inventory / reclassification	629	- 1,288	13	- 646
Currency translation	- 72	- 4,389	- 339	- 4,800
Accumulated depreciation at 31.12	27,270	345,247	16,214	388,731
Net accumulated impairment at 31.12	–	4,208	36	4,244
Acc. depreciation and impairment losses at 31.12	**27,270**	**349,455**	**16,250**	**392,975**
Carrying amount 31.12	**14,037**	**171,141**	**3,250**	**188,429**

The lease revenues and commitments for Carton filling machines rented to customers as well as the lease expenses and commitments for equipment leased and used in our production are disclosed in Note 15.

The company has not pledged property, plant and equipment as security for liabilities.

Note 14 – Property, plant and equipment continued

Property, plant and equipment specified by geographical area [1]

(EUR 1,000)	2021	2020
Canada	26,738	21,301
Denmark	27,947	31,870
Germany	68,550	74,167
Netherlands	42,765	40,271
Norway	4,131	5,166
Russia	7,290	6,157
Ukraine	8,566	9,290
United Kingdom	237	1
Other	203	207
Total	**186,426**	**188,429**

[1] The split by geographical area is based on the jurisdiction of legal owner.

Other off-balance sheet commitments and contingencies

(EUR 1,000)	2021	2020
Commitments for the acquisition of property, plant and equipment	2,145	4,485

Note 15 – Leases

Accounting Policy

The Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For short-term leases and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient to all classes of right-of-use assets, except for rent of buildings.

The Group as a lessor

The group enters into lease agreements as a lessor with respect to filling machines placed with customers. These leases are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

See Note 3 for impairment of non-financial assets accounting policy.

Note 15 – Leases continued

1. The Group as lessor – operating leases

The Group leases out filling machines under operating leases. Rental income was EUR 9,168 thousand in 2021, compared to EUR 8,516 thousand in 2020. Lease terms are between 1 year to 10 years. Options to extend the lease term or purchase the leased asset reflects market conditions at the time of exercising the option.

At the reporting date the Group has future minimum lease receivables as follows (undiscounted)

(EUR 1,000)	2021	2020
Due within year 1	7,679	8,156
Due within year 2	6,700	6,081
Due within year 3	5,150	2,521
Due within year 4	4,106	1,325
Due within year 5	2,971	867
Due after year 5	6,505	49
Total	**33,113**	**19,000**

2. The Group as lessor – finance lease receivables

The group leases out filling machines under finance leases. Generally, lease terms are between 5 years to 10 years. Options to extend or purchase the leased asset will normally reflect market pricing.

Amounts receivable under finance leases (undiscounted)

(EUR 1,000)	2021	2020
Due within year 1	4,843	5,535
Due within year 2	2,178	4,252
Due within year 3	1,378	1,611
Due within year 4	833	688
Due within year 5	754	385
Due after year 5	1,770	413
Total receivables under finance leases, undiscounted	**11,756**	**12,883**
Unearned finance income	1,536	1,057
Total receivables under finance leases, discounted	**10,220**	**11,826**

Note 15 – Leases continued

There is no impairment loss allowance related to the finance lease receivables in 2021 and 2020. Credit risk related to the filling machine lease agreements is considered very low. Credit risk is considered insignificant due to right to require return of the machine in case of default. The average effective interest rate contracted is approximately 3.99% per annum.

The Group as lessee

The Group leases several assets including buildings, plants, cars and filling machines.

Right-of-use assets

(EUR 1,000)

2021	Property and buildings	Machinery	Office and transport	Total
Cost at 1.1	52,636	27,141	18,231	98,007
Net additions (disposals)	1,225	2,846	3,949	8,020
Cost at 31.12	**53,861**	**29,987**	**22,179**	**106,027**
Accumulated depreciation at 1.1	– 10,133	– 11,496	– 7,108	– 28,737
Current year depreciation charge	– 5,075	– 5,505	– 3,758	– 14,338
Accumulated depreciation at 31.12	**– 15,208**	**– 17,001**	**– 10,866**	**– 43,075**
Carrying amount at 31.12	**38,652**	**12,986**	**11,314**	**62,952**

2020	Property and buildings	Machinery	Office and transport	Total
Cost at 1.1	56,375	24,708	13,353	94,436
Net additions (disposals)	– 3,739	2,433	4,878	3,571
Cost at 31.12	**52,636**	**27,141**	**18,231**	**98,007**
Accumulated depreciation at 1.1	– 5,018	– 5,583	– 3,386	– 13,986
Current year depreciation charge	– 5,116	– 5,913	– 3,722	– 14,751
Accumulated depreciation at 31.12	**– 10,133**	**– 11,496**	**– 7,108**	**– 28,737**
Carrying amount at 31.12	**42 502**	**15,645**	**11,123**	**69,270**

Note 15 – Leases continued

The Group has no significant purchase options. Terminations in 2021 and 2020 are less than 1% of the right of use assets. The gross additions to right-of-use assets, excluding adjustments to existing contracts, were EUR 4,460 thousand in 2021 and EUR 9,111 thousand in 2020. The expired and terminated contracts in 2021 were replaced by new leases for similar underlying assets. Expenses related to short-term leases are EUR 105 thousand in 2021 and EUR 20 thousand in 2020. Expenses related to low value assets are EUR 772 thousand in 2021 and EUR 768 thousand in 2020.

The Group has signed a lease agreement for a High Bay warehouse adjacent to its existing warehouse in Terneuzen, Netherlands. The lease is for 20 years with a nominal value of EUR 46,720 thousand, with the commencement date in 2022. Additionally, the Group has signed a contract for Tethered Cap lines with a lease term of 5 years and a nominal value of EUR 17,941 thousand for the signed contract. The commencement dates are expected to be before the end of 2022. Due to the Single Use Plastic Directive the existing Caps lease contracts have been reassessed with a reduced useful life.

Lease liabilities

(EUR 1,000)		2021	2020
Current Lease liabilities	Note 26	18,261	19,085
Non-current lease liabilities	Note 26	62,342	69,090
Total		**80,604**	**88,175**

At the reporting date the Group has lease liabilities as follows (undiscounted)

(EUR 1,000)	2021	2020
Due within year 1	18,905	19,562
Due within year 2	14,515	16,453
Due within year 3	15,206	13,156
Due within year 4	8,700	14,407
Due within year 5	7,889	7,211
Due after year 5	41,989	47,503
Total	**107,203**	**118,293**

Note 16 – Investment in joint ventures

Accounting Policy

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture company are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the equity investee. The statement of comprehensive income reflects the share of the results of operations of the associate (net after tax). Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After application of the equity method the Group determines whether it is necessary to recognise an additional impairment on the individual investments. The Group determines if there are indications of impairment, and if this is the case, the Group calculates the impairment loss as the difference between the recoverable amount of the joint venture and its carrying value.

The investment in the joint ventures specified below have been accounted for in accordance with the equity method of accounting. Lala Elopak S.A. de C.V. is a carton production plant in Mexico selling cartons to Americas. Impresora Del Yaque is a carton production facility in the Dominican Republic also selling cartons to Americas. Elopak Nampak Africa Limited is a sales centre in Kenya, established in 2020, selling cartons to Africa. The investments are joint ventures because the investment partners have the same rights and control in the companies. The Al-Obeikan Elopak factory for Packaging Co is a carton production facility in Saudi-Arabia selling cartons to customers in Middle East and North Africa and was a joint venture until the sale in 2020.

Note 16 – Investment in joint ventures continued

Investment in joint ventures

(EUR 1,000)

2021	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Ownership - and voting share	49%	51%	50%	
Carrying amount 1.1	18,822	8,135	–	26,956
Additions during the year	–	–	4	4
Income from joint venture companies	2,588	1,123	-137	3,575
Dividend received	-3,176	-1,790	–	-4,965
Recognized to equity	27	–	–	27
Currency translation	1,129	801	–	1,930
Carrying amount 31.12	**19,390**	**8,270**	**-133**	**27,527**

2020	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Ownership - and voting share	49%	49%	51%	50%	
Carrying amount 1.1	1,500	18,687	7,524	–	27,710
Income from joint venture companies [1]	-1,472	2,595	2,032	–	3,155
Dividend received	–	–	–	–	–
Recognized to equity	-25	-25	–	–	-50
Currency translation	51	-2,435	-1,420	–	-3,804
Sale of company	-54	–	–	–	-54
Carrying amount 31.12	**–**	**18,822**	**8,135**	**–**	**26,956**

[1] The net investment in Al-Obeikan Elopak factory for Packaging Co was sold in 2020. An impairment loss of EUR 173 thousand is recognized in 2020 as part of the result from the joint venture. Upon disposal, EUR -1,446 thousand in currency translation differences that has previously been recognized in equity, has been reclassified to profit and loss.

Note 16 – Investment in joint ventures continued

Group's share of profit after tax (loss)

(EUR 1,000)

2021	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Revenue	58,996	16,128	–	75,123
Operating profit	6,834	2,602	-274	9,161
Profit after tax (loss)	5,282	2,203	-274	7,211
Other comprehensive income that may be reclassified to net income	2,359	1,571	–	3,929
Total comprehensive income	7,641	3,773	-274	11,140
Group's share of profit after tax (loss)	**2,588**	**1,123**	**-137**	**3,575**
Current assets	33,055	14,624	106	47,785
Non-current assets	12,907	3,617	1	16,524
Current liabilities	9,750	2,025	112	11,888
Non-current liabilities	2,109	–	260	2,369
Equity	34,102	16,216	-265	50,053

2020	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Revenue	8,524	52,575	17,036	–	78,135
Operating profit	513	7,925	3,646	–	12,084
Profit after tax (loss)	299	5,296	3,985	–	9,580
Other comprehensive income that may be reclassified to net income	105	-5,021	-2,785	–	-7,701
Total comprehensive income	404	275	1,200	–	1,879
Group's share of profit	**147**	**2,595**	**2,032**	**–**	**4,774**
Current assets	–	28,217	14,578	–	42,796
Non-current assets	–	12,862	3,677	–	16,539
Current liabilities	–	5,776	2,304	–	8,080
Non-current liabilities	–	2,074	–	–	2,074
Equity	–	33,230	15,951	–	49,181

Note 16 – Investment in joint ventures continued

Voting share

(Ownership/voting share)	2021	2020
Al-Obeikan Elopak factory for Packaging Co	0%	0%
Lala Elopak S.A. de C.V.	49%	49%
Impresora Del Yaque	51%	51%
Elopak Nampak Africa Limited	50%	50%

Note 17 – Other non-current assets

Other non-current assets

(EUR 1,000)	2021	2020
Contract assets (Note 19)	5,167	6,028
Non-current finance lease receivables (Note 15)	5,656	6,479
Other non-current assets	2,678	2,010
Carrying amount 31.12	**13,501**	**14,517**

Note 18 – Inventory

Accounting Policy

Cost is calculated using the FIFO cost formula for cartons, filling machines and spare parts.

Inventory

(EUR 1,000)

2021	Raw materials	Work in progress	Finished goods	Total
Cost 31.12	20,292	62,800	66,857	149,949
Write down 01.01	3,028	519	3,423	6,970
Realised	-3 028	-519	-219	-3,766
Write down	-307	-	1,938	1,631
Write down per 31.12.	**-307**	**-**	**5,142**	**4,835**
Carrying amount 31.12	**20,599**	**62,800**	**61,715**	**145,115**

2020	Raw materials	Work in progress	Finished goods	Total
Cost 31.12	25,484	49,458	67,551	142,493
Write down 01.01	3,220	26	4,632	7,879
Realised	-3,220	493	-1,423	-4,151
Write down	3,028	-	214	3,242
Write down per 31.12.	**3,028**	**519**	**3,423**	**6,970**
Carrying amount 31.12	**22,456**	**48,939**	**64,129**	**135,523**

Note 19 – Trade receivables and other current assets

Accounting Policy

Trade and other receivables that are held to collect contractual cash flows only and the contractual cash flows are solely principal and interest are measured at amortised cost using the effective interest method, less any impairment. Short-term receivables are measured at nominal values reduced by appropriate allowances for expected credit losses.

Accounts receivables which are subject to non-recourse factoring are classified as instruments held to collect contractual cash flows and for sale and are measured at fair value through other comprehensive income until they are derecognised.

See Note 3 for non-derivative financial instruments accounting policy.

Impairment of financial assets

The loss allowance for expected credit losses is mostly related to individual assessments and is recognised for financial asset measured at amortised cost or fair value through OCI, contract assets under IFRS 15, lease receivables under IFRS 16 and certain written loan commitments and financial guarantee contracts. Loss allowance is assessed at each reporting day. Loss allowances for trade receivables, contract assets and lease receivables that do not contain a significant financing component are measured at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables, contract assets and lease receivables that do contain a significant financing component are measured at an amount equal to the lifetime expected credit losses including interest revenues. When there is no objective evidence of impairment, interest revenues are calculated based on gross carrying amount, otherwise interests are calculated based on the net carrying amount. The amount of the loss is recognised in profit or loss. In case of changes to expected credit losses in a subsequent period, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Note 19 – Trade receivables and other current assets continued

Trade receivables

(EUR 1,000)	2021	2020
Accounts receivable, gross	95,764	81,792
Allowances	-4,231	-3,834
Carrying amount 31.12	**91,533**	**77,958**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Trade receivables

(EUR 1,000)

2021	Gross carrying amount	Loss rate	Expected credit loss
Current	77,293	1.4 %	1,084
Up to 30 days	10,513	0.7 %	75
30-60 days	1,907	8.9 %	170
60-90 days	1,198	5.2 %	62
Over 90 days	4,853	58.5 %	2,840
Total	**95,764**	**4.42%**	**4,231**

2020	Gross carrying amount	Loss rate	Expected credit loss
Current	63,579	0.1 %	88
Up to 30 days	9,527	0.7 %	63
30-60 days	1,589	13.8 %	220
60-90 days	776	4.8 %	37
Over 90 days	6,322	54.2 %	3,426
Total	**81,792**	**4.69%**	**3,834**

Note 19 – Trade receivables and other current assets continued

Movement in the allowance for expected credit losses of trade receivables

(EUR 1,000)	2021	2020
As at 1.1	3,834	3,974
Change in provision for expected credit losses	491	-425
Change in write-off	-18	-70
Foreign exchange movement	-78	353
As at 31.12	**4,231**	**3,834**

Other current assets

(EUR 1,000)	2021	2020
Project income earned, not invoiced	36,276	35,092
Prepaid support	2,520	2,408
Contract assets [1]	**38,796**	**37,500**
Prepayments	4,970	6,053
VAT receivables	19,330	19,609
Tax receivables	6,951	8,495
Financial instruments	5,696	2,053
Current finance lease receivables (Note 15)	4,564	5,347
Other current receivables	21,287	13,925
Carrying amount 31.12	**101,595**	**92,981**

[1] Contract assets of EUR 35,092 thousand are reclassified from trade receivables to other current assets as of December 31, 2020. Contract assets from similar transactions of EUR 36,276 thousand are classified as other current assets as of December 31, 2021. In addition, contract assets consist of prepaid rebates to customers which will be offset against contracted future sales of carton and closures. Total of prepaid support was EUR 7,687 thousand in 2021 and EUR 8,435 thousand in 2020. Based on customer knowledge and experience of very few losses, the credit risk related to prepaid support is considered insignificant.

Note 20 – Equity and shareholder information

As of December 31, 2021, the share capital is NOK 376,906,620 (EUR 50,155,321) and the total number of shares outstanding for Elopak ASA is 269,219,014, each with a face value of NOK 1.4 (EUR 0.19). All shares have equal voting rights and all authorised shares are issued and fully paid.

Share-based bonus:
The provision for share based bonus per December 31, 2020 was settled in the second quarter of 2021 through the issuance of 8,959 new shares to members of the Management. The provision of EUR 2,388 thousand in other paid-in capital was reversed, whereas the issuance of shares increased share capital by EUR 63 thousand and the other paid-in capital by EUR 1,120 thousand.

The Group acquired 422,772 shares from Ferd AS in the second quarter of 2021 for EUR 1,170 thousand. All shares purchased from Ferd AS were re-issued during the second quarter as part of settling share-based bonuses to members of the Management.

Stock split and reclassification within equity:
Prior to the IPO, the Group issued 246,061,634 new shares in a stock split and transferred EUR 120 thousand from retained earnings to share capital. Additionally, the Group made a reclassification from retained earnings to other paid-in capital.

Issue of shares in IPO:
The Group issued 18,135,714 new shares for the IPO for NOK 28 (EUR 2.75) per share, resulting in gross proceeds from the IPO of EUR 49,798 thousand. The shares were issued with a face value of NOK 1.4 (EUR 0.14), which increased the share capital by EUR 2,490 thousand and the other paid-in capital (net of tax) by EUR 47,308 thousand. Transaction costs (net of tax) of EUR 1,091 thousand were directly attributable to the issue of new shares and have been recognised as a reduction of other paid-in capital. Net proceeds from the IPO amounted to EUR 48,707 thousand.

Dividend:
The Board approved a dividend of NOK 20 per share for the financial year 2020 on May 6, 2021. The dividend payment was EUR 9,988 thousand based on 5,021,666 outstanding shares, of which EUR 9,960 thousand was paid to Ferd AS. The Board of Directors will propose to the Annual General Meeting a dividend of NOK 0.75 per share for 2021.

Note 20 – Equity and shareholder information continued

Share capital

Number of shares

2021	Ordinary shares issued	Treasury shares	Ordinary shares outstanding
Shares at 1.1	5,012,707	–	5,012,707
Shares issued for share-based bonus	8,959	–	8,959
Shares issued in stock split	246,061,634	–	246,061,634
Shares issued in IPO	18,135,714	–	18,135,714
Treasury shares purchased	–	-422,772	-422,772
Treasury shares re-issued	–	422,772	422,772
Shares at 31.12	**269,219,014**	**–**	**269,219,014**

2020	Ordinary shares issued	Treasury shares	Ordinary shares outstanding
Shares at 1.1	5,012,707	–	5,012,707
Shares at 31.12	**5,012,707**	**–**	**5,012,707**

Basic and diluted earnings per share

	Year to date ended 31 Dec	
(EUR 1,000, except number of shares)	**2021**	**2020**
Profit attributable to Elopak shareholders	33,809	47,828
Issued ordinary shares at beginning of period, adjusted for share split in the period	250,635,350	250,635,350
Effect of shares issued	10,150,955	–
Weighted-average number of ordinary shares in the period	**260,786,305**	**250,635,350**
Basic and diluted earnings per share (in EUR)	**0.13**	**0.19**

Note 20 – Equity and shareholder information continued

The Group's top 20 shareholders

Shareholder's name	Total shareholding
Ferd As	58.38%
Nippon Paper Industries Co., Ltd.	5.00%
Folketrygdfondet	3.34%
Neuberger Berman Investment Advisers LLC	2.16%
Handelsbanken Fonder AB	2.09%
Artemis Investment Management LLP	1.80%
Pareto Asset Management AS	1.71%
Alfred Berg Kapitalforvaltning AS	1.46%
Zadig Asset Management SA	1.45%
FIL Investment Advisors (UK) Ltd.	0.79%
Skagen AS (Investment Management)	0.78%
Blackwell Partners LLC - Series E	0.70%
UBS Asset Management Switzerland AG	0.69%
Boldhaven Management LLP	0.68%
Arctic Fund Management AS	0.67%
Fondsfinans Kapitalforvaltning AS	0.65%
Pension Benefit Guaranty Corporation	0.65%
DNB Asset Management AS	0.63%
Forsvarets Personellservice	0.54%
AEGON Investment Management BV	0.53%

The Executive team own directly, or indirectly the following number of shares in the Group

Executive team	Total number of shares
Thomas Körmendi, CEO	344,077
Bent Axelsen, CFO	175,113
Patrick Verhelst, CMO	55,240
Wolfgang Buckhremer, CTO	60,368
Ivar Jevne, EVP MPS & Purchasing	213,300
Stephen Naumann, EVP Region Europe North & CIS	235,262
Finn Tørjesen, EVP Region Europe South & new markets	61,892
Lionel Ettedgui, Market Area Director - North Africa	66,615
Nete Bechmann, Chief Human Resource Officer	18,108
Total	**1,229,975**

Note 21 – Employee retirement benefit plans

Defined contribution plans

The Group operates defined contribution pension plans where the plans are held separately from those of the Group in funds under control of trustees. The only obligation of the Group is to make the specified contributions. The plans cover 1,407 persons.

Defined benefit plans

The Group also runs pension plans that grant the employees a right to defined future benefits. These defined benefit plans include in total 8 persons, which is one person less than for 2020. The benefits are mainly dependent on years of service, the level of salary at age of retirement and size of contributions from the national insurance. The obligations are partly covered through insurance companies. Elopak has unfunded retiree medical insurance plans for certain of its employees located in the United States.

Pension liability

(EUR 1,000)	2021	2020
Defined benefit obligations	-2,580	-2,583
Fair value of plan assets	16	28
Net pension liability	**-2,563**	**-2,554**

Pension expense

(EUR 1,000)	2021	2020
Defined benefit plans net	36	-196
Defined contribution plans	9,851	9,404
Total pension expenses	**9,887**	**9,208**

Defined benefit plans are subject to actuarial calculations. The estimated pension cost for pension benefit plans in 2021 is EUR 36 thousand and in 2020 is EUR 99 thousand.

Note 22 – Capital Management

Elopak’s level of capital and how this is managed relates closely to the company’s risk profile and the company’s ability to withstand turbulent times. The main objectives when Elopak assess their capital management is to minimize financing costs, while maintaining adequate liquidity and flexibility for short-term liquidity needs and M&A activities. The policy is to maintain unutilized and available liquidity of 40% of utilized debt. Elopak’s financial guiding is to pay out dividends equal to 50% - 60% of adjusted net profits.

All financing activities are managed by the central Treasury at the parent company level. The capital needs of Elopak subsidiaries are mainly covered by granting internal loans or by equity injection where applicable. The short-term liquidity needs of Elopak group companies are managed at group level through the Elopak internal bank and cash-pooling. The financial guiding also targets constantly that the company reduces its gearing ratio and to be ~2.0x EBITDA on a mid-term basis.

The financial covenants under Elopak’s Revolving Credit Facility are limited to a maximum gearing ratio (Net Interest Bearing Debit/EBITDA) of 4.15x and to hold a minimum equity of EUR 100 million at all times. Furthermore, there is also a “Change of control” ownership clause in place that commits Ferd to hold at least 1/3 of the total shares outstanding.

Note 23 – Interest-bearing loans and borrowings

Accounting Policy
See Note 3 for non-derivative financial instruments accounting policy.

Interest-bearing loans and borrowings

(EUR 1,000)	2021 Available	2021 Utilised	2020 Available	2020 Utilised
Current liabilities to financial institutions	56,674	14,420	56,354	15,552
Non-current liabilities to financial institutions	400,000	169,433	400,000	213,135
Total		**183,854**		**228,687**

Repayment profile

(EUR 1,000)	2021	2020
2021	–	15,552
2022	14,420	–
2023	170,000	214,102
Total	**184 420**	**229 654**

Weighted average interest rates on long term loans

(EUR 1,000)	2021 Rate	2021 in Ccy	2021 in EUR	2020 in Ccy	2020 in EUR
EUR	0.77%	170,000	170,000	195,000	195,000
NOK	0.00%	–	–	200,000	19,102
Total			**170,000**		**214,102**

Note 23 – Interest-bearing loans and borrowings continued

The values above are gross amounts excluding amortised borrowing costs.

The long term loans are drawn under a EUR 400,000 multi currency revolving credit facility. The facility is available until May 2023. Amounts are shown net of prepaid transaction costs. Changes to the Groups debt profile reflect changes in the functional currency of entities within the Group.

Elopak has several bank covenants related to the syndicate loan facility. The main covenants are: **i)** Net Interest Bearing Debt divided by 12 month rolling EBITDA, and **ii)** Nominal Equity. Elopak is in compliance with all covenants as of December 31, 2021, and expects to be compliant with all bank covenants under the syndicate loan agreement for the foreseeable future.

Accounts receivables factoring facilities

(EUR 1,000)	2021 Available	2021 Utilised	2020 Available	2020 Utilised
Non-recourse	130,167	40,034	130,167	37,613
Total		**40,034**		**37,613**

Elopak factors its receivables in the ordinary course of business. The relevant receivables are derecognised, and the utilised part of the facility is not presented as debt.

Note 24 – Other current liabilities

Other current liabilities

(EUR 1,000)	2021	2020
Provisions [1]	1,452	663
Accrued expenses	62,731	62,251
Derivatives (Note 25)	2,189	1,212
Prepaid from customers	18,459	18,784
Total	**84,832**	**82,911**

[1] Provisions include provisions for customer claims of EUR 73 thousand in 2020. New provisions for customer claims of EUR 953 thousand have been included in the total of provisions EUR 1,026 thousand at the end of 2021.

Note 25 – Financial risk management

Accounting Policy

The Group enters into derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and raw material risk arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship. The Group designates certain derivatives as either hedge of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedge of highly probable forecast transactions or hedge of foreign currency risk of firm commitments (cash flow hedges).

At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Financial risk policy

The Group is exposed to market risk, credit risk and liquidity risk. Risk management activities are governed by appropriate policies and procedures. Risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. There have been no significant changes in the management of risks related to financials during the period.

Interest Rate Benchmark Reform

The loans and interest rate swaps utilise the EURIBOR as the reference rate. The transition date is not yet defined, therefore we will monitor the developments.

Note 25 – Financial risk management continued

CATEGORIES OF FINANCIAL RISK TO OPERATIONAL BUSINESS

1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, commodity price risk and interest rate risk. Elopak buys derivatives in order to manage market risks, and seeks to apply hedge accounting in order to manage volatility in profit or loss. Hedge accounting is applied to currency and commodity derivatives, while interest rate derivatives and the derivative for the purchase price of NaturePak are not subject to hedge accounting.

Derivatives

	31 Dec 2021			31 Dec 2020		
(EUR 1,000)	Assets	Liabilities	Total	Assets	Liabilities	Total
Currency derivatives	836	2,079	- 1,244	1,871	1,692	179
Commodity derivatives	5,303	–	5,303	267	232	35
Interest derivatives	248	2,058	- 1,811	–	4,286	- 4,286
Total	**6,386**	**4,138**	**2,249**	**2,138**	**6,210**	**- 4,072**

The full fair value of a derivative is classified as "Other non-current assets or "Other non-current liabilities" if the remaining maturity of the derivative is more than 12 months and, as a "Other current assets" or "Other current liabilities", if the maturity of the derivative is less than 12 months. The fair value estimation of derivative financial instruments has been arrived at by applying a level 2 valuation methodology which uses inputs other than unadjusted quoted prices for identical assets and liabilities, with changes in fair value therefore recognized in the income statement. No other material financial assets or liabilities are measured at fair value through profit or loss. Where eligible, derivatives used for hedging are designated in cash flow hedge accounting relationships.

Note 25 – Financial risk management continued

Currency risk

Elopak's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, financing of foreign operations and the Group's net investments in foreign subsidiaries.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Currency	2021 Assets	2020 Assets	2021 Liabilities	2020 Liabilities
BGN	76	25	89	28
CAD	9,145	40,799	89,004	66,919
CHF	3,440	3,173	3,420	3,187
CZK	49,460	43,275	50,082	42,581
DKK	2,080,113	1,657,099	2,017,377	1,660,107
DZD	–	–	2,969	3,542
EUR	11,270	11,823	13,611	14,714
GBP	20,198	14,343	20,763	15,230
HUF	481,147	593,633	471,430	293,100
NIS	861	1,542	–	1,538
JPY	3,364,767	3,752,711	1,868,580	3,765,324
MXN	62,284	65,548	65,329	63,248
NOK	1,702,841	1,327,056	1,689,129	1,280,621
PLN	33,010	30,752	33,795	32,763
RUR	1,932,644	2,274,239	2,759,817	2,304,275
SEK	111,564	47,370	112,517	53,251
TND	–	–	34	52
UAH	82,796	98,951	14,468	17
USD	65,150	72,817	38,433	72,550

Foreign exchange risk from operating activities such as salaries and personnel tax are managed by hedging transactions that are highly probable to occur within periods out 18 months by entering into foreign currency contracts. The Group employs a layering policy in which the nearest calendar quarter is hedged up to 90% with coverage decreasing in steps to 15% at 18 months out.

Note 25 – Financial risk management continued

Currency exposures related to purchase of filling machines are hedged at a one-to-one basis (100% coverage at the specified date of payment).

Elopak has entered into a deal contingent hedging arrangement for the purchase price of Naturepak Beverage Packaging, enterprise value of USD 96 million. The hedging arrangement will be effective upon completion of the transaction. In the event that the transaction does not close successfully, the hedging arrangement will become null and void.

Hedge accounting is applied to all currency derivatives, except for the deal contingent and cross-currency interest rate swaps which are recognised as financial income or financial expense in profit or loss. Hedge accounting is dedesignated at the date of recognition of the hedged item, however the derivatives are due at the date of expected payment. At dedesignation, the fair value of the hedging derivatives is recycled from Hedge reserve in equity to the hedged item (i.e. filling machine recognised in inventory) and to profit or loss to the same accounting line and at the same time as the hedged item is recognised to profit or loss.

Outstanding derivatives

Nominal amount

(EUR 1,000)	31 Dec 2021		31 Dec 2020	
Currency	**Ccy**	**EUR**	**Ccy**	**EUR**
CAD	-	-	6,159	3,940
EUR	- 140,148	- 140,148	- 58,483	- 58,483
JPY	3,927,814	30,126	4,595,387	36,330
NOK	256,305	25,659	256,425	24,491
USD	95,000	83,878	- 8,329	- 6,788
Total nominal value		**- 485**		**- 510**
Total fair value		**- 1,244**		**179**

Positive numbers represent purchases

Note 25 – Financial risk management continued

Interest risk

Elopak's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. To manage this risk, the Group maintains a portion of its borrowings at fixed rates of interest by entering into interest rate swaps. These swaps are designated to hedge underlying debt obligations, but they are not subject to hedge accounting.

Outstanding derivatives

		31 Dec 2021		31 Dec 2020	
Notional amounts and fair values	**Currency**	**Notional EUR**	**Fair value**	**Notional EUR**	**Fair value**
Interest	EUR	140,000	- 1,811	150,000	- 4,286
Total			**- 1,811**		**- 4,286**

Positive numbers represent purchases

Commodity price risk

Elopak's operating activities require a continuous supply of aluminium and polyethylene. Based on a 12-month forecast of requirements, the Group manages the commodity price risk by hedging the purchase price of the commodity with the use of commodity price swaps. Hedge accounting is applied for all commodity derivatives. As of December 31, 2021 the hedged amount of polyethylene derivatives is 17% of expected purchase for the next 12 months.

Outstanding derivatives

(EUR 1,000)	31 Dec 2021		31 Dec 2020	
Notional amounts and fair values	**Metric Tonnes**	**Fair value**	**Metric Tonnes**	**Fair value**
Polyethylene	7,800	5,084	30,000	81
Aluminum	2,700	219	1,800	- 46
Total		**5,303**		**35**

Positive numbers represent purchases

Note 25 – Financial risk management continued

Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates (for foreign exchange contracts), commodity prices (for commodity swaps) and interest rates (for interest rate swaps) with all other variables being held constant. The impact on the Group's equity is due to changes in the fair value of derivatives designated as cash flow hedges.

Numbers are before tax

		31 Dec 2021		31 Dec 2020	
(EUR 1,000)	Movement	Effect on profit	Effect on equity	Effect on profit	Effect on equity
Foreign exchange derivatives	+5%	- 4,119	- 8,010	-	- 3,760
	-5%	4,289	7,933	-	- 1,009
Commodity swaps	+5%	-	815	-	2,998
	-5%	-	- 815	-	- 2,124
Interest rate swaps	+1%	3,597	3,597	5,093	5,093
	-1%	- 3,773	- 3,773	- 5,385	- 5,385

2. Liquidity risk

Elopak's objective is to maintain a balance between continuity of funding, and flexibility through the use of bank loans and overdraft facilities. The long term loans under the revolving credit facility become due in May 2023, and the Group is therefore in the process of refinancing.

The maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments is summarised below. The tables only show balance sheet items classified as financial instruments and do not include other balance sheet items affecting liquidity, such as inventories. Also, off-balance sheet items such as unused credit facilities are not included. The derivative instruments may be settled gross or net with the relevant protocol being reflected in the tables.

Note 25 – Financial risk management continued

Contractual maturities of financial liabilities, including estimated interest payments

2021

(EUR 1,000)

Non-derivaties financial liabilities	Carrying value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Loans and borrowings (Note 23)	183,854	14,859	169,433	-	-	184,292
Accounts payable	119,574	119,574	-	-	-	119,574
Other liabilities	167,345	78,222	29,562	16,024	43,538	167,345
Total	**470,772**	**212,654**	**198,995**	**16,024**	**43,538**	**471,211**

Deivatives financial instruments	Fair value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Foreign exchange	2,079	2,077	2	-	-	2,079
Interest rate swaps	2,058	112	1,928	18	-	2,058
Commodities	-	-	-	-	-	-
Total	**4,138**	**2,189**	**1,931**	**18**		**4,138**

2020

Non-derivaties financial liabilities	Carrying value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Loans and borrowings (Note 23)	228,687	16,235	213,135	-	-	229,370
Accounts payable	114,273	114,273	-	-	-	114,273
Other liabilities	147,923	78,802	24,953	17,180	26,989	147,923
Total	**490,883**	**209,309**	**238,088**	**17,180**	**26,989**	**491,566**

Deivatives financial instruments	Fair value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Foreign exchange	1,692	964	727	-	-	1,692
Interest rate swaps	4,286	16	1,788	2,455	27	4,286
Commodities	232	232	-	-	-	232
Total	**6,210**	**1,213**	**2,515**	**2,455**	**27**	**6,210**

Note 25 – Financial risk management continued

The fair value of all financial assets and liabilities approximates to their carrying value. The fair value estimation of derivative financial instruments has been arrived at by applying a level 2 valuation methodology which uses inputs other than unadjusted quoted prices for identical assets and liabilities.

3. Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Elopak has adopted a policy of only being exposed to credit-worthy counterparties, based upon independent credit analysis for all counterparties, where available. In the cases where this is not available, Elopak uses other publicly available financial information and its own trading records to assess creditworthiness. Outstanding receivables are monitored regularly.

4. Hedge accounting

Cash flow hedge accounting is applied to hedges of foreign currency risk and commodity price risk. The interest rate hedges were subject to cash flow hedge accounting until hedge accounting was stopped at 1 July 2017. Hedge reserves from the interest rate hedges are recycled to profit or loss over the lifetime of the hedged risks. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair values of cash flow hedging instruments related to hedged transactions that have not yet occurred. Movements in the cash flow hedge reserve are detailed in the table below.

Contracts

	2021			2020		
(EUR 1,000)	Opening position	Movement	Closing position	Opening position	Movement	Closing position
Commodity price hedges	35	5,268	–	- 2,941	2,976	35
Currency hedges	9	142	151	289	- 280	9
Interest rate hedges	–	–	–	- 45	45	–
Currency translation	–	–	–	1	- 1	–
Tax effect	- 48	- 1,192	- 1,239	557	- 605	- 48
Total	**- 3**	**4,218**	**- 1,088**	**- 2,139**	**2,136**	**- 3**

Note 25 – Financial risk management continued

The movement in the hedge reserve includes gains/(losses) transferred from the cash flow hedge reserve into the income statement during the period. Foreign exchange forwards and commodities hedge maturities are disclosed in Note 25.2 Liquidity Risk, which is representative of when the hedge reserve in equity will be recycled to the statement of comprehensive income. These are included in the following line items in the income statement.

Movement in hedge reserve

(EUR 1,000)	2021	2020
Sales	–	-
Cost of goods sold	8,035	3,285
Other operating expenses	- 1,146	1,127
Net financial items	–	45
Total	**6,888**	**4,457**
Movement in hedge reserve due to changes in fair values	- 2,670	- 2,321
Total	**4,218**	**2,136**

Due to Elopak hedging policy, hedges are entered into based on highly probable future transactions, either per transaction or by applying base layers. All hedges have a hedge ratio 1:1 and hedge in-effectiveness related to differences in timing of settlement in 2021 was EUR 103 thousand recognized directly to profit and loss. In 2020 the total hedge in-effectiveness was insignificant and was not recognised directly to profit and loss.

Note 26 – Change in obligations from financial activities

2021

(EUR 1,000)	Interest-bearing loans and borrowings (Note 23)	Lease liabilities (Note 15)	Total
1.1	228,687	88,175	316,861
Cash Flows			
Proceeds of loans from financial institutions	728,843	–	728,843
Repayment of loans from financial institutions	– 775,640	–	– 775,640
Interest expenses to financial institutions	– 1,553	–	–1,553
Lease payments	–	– 19,969	– 19,969
Non-cash effects			
Interest expensed	1,953	4,773	6,726
Net additions lease liabilities	–	7,625	7,625
Other non-cash items	1,564	–	1,564
31.12	**183,853**	**80,604**	**264,457**
Non-current	169,433	62,342	
Current	14,420	18,261	

2020

	Interest-bearing loans and borrowings (Note 23)	Lease liabilities (Note 15)	Total
1.1	273,388	98,010	371,399
Cash Flows			
Proceeds of loans from financial institutions	960,649	–	960,649
Repayment of loans from financial institutions	– 1,002,188	–	– 1,002,188
Interest expenses to financial institutions	– 5,897	–	– 5,897
Lease payments	–	– 20,799	– 20,799
Non-cash effects			
Interest expensed	6,297	5,183	11,479
Net additions lease liabilities	–	5,781	5,781
Other non-cash items	– 3,562	–	– 3,562
31.12	**228,687**	**88,175**	**316,861**
Non-current	213,135	69,090	
Current	15,552	19,085	

Note 27 – Shares in subsidiaries and joint ventures

The following companies are consolidated as subsidiaries in Elopak Group

Company	Percentage owned	Year of acquisition	Country	Principal activity
Elopak AB	100%	1961	Sweden	Trading
Elopak B.V.	100%	1968	Netherlands	Manufacturing
Elopak GmbH	100%	1968	Germany	Trading and manufacturing
Elopak SpA	100%	1981	Italy	Trading
Elopak Oy	100%	1982	Finland	Trading
Elopak Systems AG	100%	1984	Switzerland	Trading
Elopak Inc.	100%	1987	USA	Trading
Elopak Denmark A/S	100%	1988	Denmark	Trading and manufacturing
Elopak GesmbH	100%	1989	Austria	Trading
PrJSC Elopak Fastiv	99%	1994	Ukraine	Trading and manufacturing
Elopak S.A.	100%	1994	Poland	Trading and service
Elopak Israel AS	100%	1998	Norway	Holding
AO Elopak Russia	100%	1999	Russia	Trading and manufacturing
Elopak Canada Inc.	100%	2000	Canada	Trading and manufacturing
Elofill GmbH	100%	2000	Germany	Holding
Elopak s.r.o.	100%	2001	Czech Republic	Trading
Elopak UK Ltd	100%	2004	United Kingdom	Trading
Elopak BS d.o.o	100%	2017	Serbia	Service
Elopak Kft.	100%	2006	Hungary	Trading
Elopak EOOD	100%	2009	Bulgaria	Trading
Elopak Tunisie SARL	100%	2017	Tunisia	Trading
Elopak Egypt LLC	100%	2017	Egypt	Trading
Elopak Algerie SARL	49%	2018	Algeria	Trading

The following joint ventures are accounted for in accordance with the equity method

Company	Percentage owned	Year of acquisition	Country	Principal activity
Lala Elopak S.A. de C.V.	49%	1998	Mexico	Trading and manufacturing
Impresora Del Yaque	51%	2007	Dominican Republic	Trading and manufacturing
Elopak Nampak Africa Ltd	50%	2020	Kenya	Trading

Note 28 – Related Parties

Transactions with key management

Transactions with Tech2M, a company owned by Sid Johari, have been carried out as part of normal operations at market terms. Sid Johari is a member of the Board of Directors of Elopak ASA. Purchase of services from Tech2M of EUR 4 thousand in 2021 and EUR 9 thousand in 2020 were for participation in a steering group. The consultancy agreement with Tech2M has been terminated.

Related party transactions and balances

	Transaction values for the year ended		Balance outstanding as of	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Joint Ventures				
Sales of goods and services	3,014	476	643	226
Purchase of goods and services	23,872	17,420	2,260	924
Dividends received	4,965	-	-	-
Associates				
Sales of goods and services	227	-	6	-
Purchase of goods and services	4,465	4,023	819	24
Loan and related interest	-	-	834	815

Note 28 – Related Parties continued

Board of Directors: annual compensation and number of shares owned

	Compensation earned		Number of shares	
(EUR 1,000, except number of shares)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Jo Olav Lunder, Chairperson	59	47	107,142	-
Sanna Suvanto-Harsaae	32	-	14,285	-
Sid Johari	40	39	17,857	-
Anna Belfrage	36	-	-	-
Anette Bauer Ellingsen	11	-	1,071	-
Erlend Sveva	15	14	1,071	-
Marius Wiklund	9	14	1,786	-
Per Thau	9	39	-	-
Michael Francis Cronin	9	39	-	-

Other related party transactions

Loans to employees were EUR 20 thousand in 2021 and EUR 28 thousand in 2020. No guarantees have been provided.

None of the Board Members or the CEO have executive loans or guarantees in the company.

Note 29 – Subsequent events

Elopak has signed a Share Purchase Agreement to acquire 100% of Naturepak Beverage from Gulf Industrial Group Company Plc and Evergreen Packaging International LLC, a wholly-owned subsidiary of Pactiv Evergreen Inc. Elopak acquires Naturepak Beverage for a cash-free debt-free purchase price of USD 96 million (EUR 83 million) and the transaction is funded through a combination of available cash balances and credit facilities.

The transaction has been approved by relevant competition authorities and was completed on 29 March, 2022. Naturepak Beverage will be consolidated into Elopak's financial statements from the date of completion. Due to short timing from completion of the transaction to issuing this annual report, disclosing the information required by IFRS 3.B64 is impractical for the annual report and will instead be provided in the Q1-2022 report.

Naturepak Beverage is the leading provider of fresh liquid carton and packaging systems in the MENA region with local production facilities in Morocco and Saudi Arabia, which will be integrated into Elopak's global production network. Present in 16 countries, Naturepak Beverage has an annual production capacity of 2.7 billion cartons across various product sizes, and its customers are global blue-chip FMCG players and strong regional champions. Elopak has entered into a deal contingent hedging arrangement for the purchase price of Naturepak Beverage Packaging, enterprise value of USD 96 million. The hedging arrangement will be effective upon completion of the transaction.

Ukraine/Russia crisis

Elopak is deeply concerned by the escalating conflict in Ukraine and we fully stand behind the international community's reactions. Due to the evolving conflict, Elopak's Board of Directors therefore decided on 4 March 2022 to temporarily suspend all business activities in Russia with immediate effect. This includes import, export, production and sales in Russia.

Elopak's crisis response team is constantly monitoring the development in both Ukraine and Russia and assessing the impact on Elopak's business, people and assets. The long-term impact to Elopak will be evaluated over the coming weeks.

Note 29 – Subsequent events continued

Update on Elopak's business operations in Russia and Ukraine

Our plant in St Petersburg primarily delivers to the Russian market. The book value of fixed assets in our Russian operations was EUR 7 million as of year-end 2021. Elopak has 185 employees in Russia, placed in our plant in St Petersburg and offices location in Moscow. The annual sales revenue for our Russian business in 2021 was EUR 73 million to Russian customers and EUR 3 million to other smaller countries in the region.

Our plant in Fastiv, Ukraine, is presently not operating, but is currently intact. The book value of fixed assets in our Ukrainian operations was EUR 8 million as of year-end 2021. The plant primarily produces for delivery to the Russian market, and therefore the operation of the plant is closely related to the situation in Russia. The 2021 sales revenue is EUR 11 million from Ukrainian customers and EUR 3 million from other customers in the region.

The business operations in Russia and Ukraine combined delivered around 10% EBITDA margin in 2021 (on a revenue of around EUR 90 million).

End of consolidated financial statements

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for the period January 1 to December 31, 2021 have been prepared in accordance with IFRS adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act, and gives a true and fair view of the Elopak Group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the Board of Directors' Report includes a fair review of significant events that have occurred during the financial year and their impact on the financial statements, any significant related parties transactions and a description of the principal risks and uncertainties for the financial year.

Elopak Group
Consolidated Financial Statements

Skøyen, March 31, 2022
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

Elopak ASA financial statements 2021

STATEMENT OF PROFIT AND LOSS

(EUR 1,000)	Note	2021	2020
Total revenues	3	**532,327**	**559,817**
Cost of materials		-458,521	-457,719
Payroll expenses		-38,370	-36,590
Depreciation, amortization and impairment	**4.11**	-11,120	-9,095
Other operating expenses	**5.6**	-42,457	-41,643
Total operating expenses		**-550,469**	**-545,047**
Operating profit		**-18,142**	**14,770**
Financial income and expenses			
Share of net income from subsidiaries and joint ventures	**2.7**	17,357	16,785
Reversal / write-down of financial fixed assets	**7**	0	0
Financial income	**17**	7,624	10,661
Financial expenses	**17**	-5,391	-9,030
Net financial items		**19,590**	**18,416**
Profit before taxes		**1,448**	**33,185**
Income tax	**14**	-16	-2,338
Net profit or loss		**1,432**	**30,847**
Allocation of net profit			
Transfer from / to other equity		-18,782	21,272
Proposed dividend		20,214	9,575
Total allocation	10	**1,432**	**30,847**

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER

(EUR 1,000)

ASSETS	**Note**	**2021**	**2020**
Non-current assets			
Intangible assets	**5**	46,356	49,393
Deferred tax assets	**14**	10,355	10,179
Total intangible assets		56,711	59,572
Land, buildings and other property	**6**	583	620
Plant and machinery	**6**	3,479	4,515
Equipment, tools, office machines etc	**6**	69	32
Total fixed assets		4,131	5,167
Investments in subsidiaries	**7**	214,571	214,571
Loans to group companies	**13**	59,893	128,611
Investment in joint ventures	**7**	24,251	24,247
Other non-current assets		699	85
Total financial fixed assets		299,414	367,515
Total non-current assets		**360,256**	**432,255**
Current assets			
Inventory	**8**	75,502	65,446
Trade receivables	**13**	14,240	7,828
Other current assets	**13**	89,971	76,481
Total receivables		104,211	84,309
Cash and cash equivalents		18,000	1,115
Total current assets		**197,713**	**150,871**
TOTAL ASSETS		**557,969**	**583,125**

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER

(EUR 1,000)

EQUITY AND LIABILITIES	Note	2021	2020
EQUITY			
Share capital (269 219 014 shares at NOK 1,40)	9,10	50,156	47,483
Share Premium Reserve	10	69,906	22,570
Other paid-in capital	10	199	10,402
Total paid-in equity		120,261	80,455
Retained earnings	10	48,651	54,652
TOTAL EQUITY		**168,912**	**135,107**
LIABILITIES			
Non-current liabilities			
Pension liabilities	11	2,320	2,249
Total provisions		2,320	2,249
Liabilities to financial institutions	12	169,433	213,135
Liabilities to group companies	12	10,087	7,256
Other non-current liabilities		1,948	4,997
Total other non-current liabilities		181,469	225,388
Total non-current liabilities		**183,789**	**227,637**
Current liabilities			
Liabilities to financial institutions		13,676	15,552
Trade payables	13	83,680	87,000
Public duties payable		12,759	13,020
Taxes payable	14	0	3,157
Provision dividend	10	20,214	9,575
Other current liabilities	13	74,940	92,077
Total current liabilities		**205,269**	**220,380**
TOTAL LIABILITIES		**389,057**	**448,018**
TOTAL EQUITY AND LIABILITIES		**557,969**	**583,125**

Oslo, March 31, 2022
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

STATEMENT OF CASH FLOWS

(EUR 1,000)	Note	2021	2020
Profit before taxes		1,448	33,185
Depreciation, amortization and impairment fixed assets	5,6	11,120	9,095
Depreciation, amortization and impairment financial assets	7	0	0
Net gain / loss on sale of non-current assets		0	- 139
Net unrealized currency gain / loss to equity		4,370	2,060
Dividend received	7	- 17,357	- 16,785
Cash flow from profit before tax		**- 420**	**27,416**
Taxes paid	14	- 4,575	- 928
Change in account receivables		- 6,412	3,678
Change in other receivables		- 13,490	- 18,229
Change in inventories		- 10,056	- 5,783
Change in account payables		- 3,320	1,147
Change in other liabilities		- 17,948	- 1,303
Change in net pension liabilities		- 46	- 250
Net cash flow from operations		**- 56,266**	**5,750**
Purchase of non-current assets	5,6	- 6,482	- 12,065
Dividend received	7	17,357	16,785
Capital changes subsidiaries	7	0	1,764
Change in other non-current investments		- 617	1,663
Net cash flow from investing activities		**10,258**	**8,146**
Capital deposits	10	49,888	0
Dividend paid	10	- 9,919	- 9,477
Change in current liabilities to credit institutions		- 1,875	- 8,789
Change in long-term loans and liabilities		24,799	474
Net cash flow from financing activities		**62,893**	**- 17,791**
NET CASH FLOW		**16,884**	**- 3,895**
Liquidity as of 1.1		1,115	5,010
Liquidity as of 31.12		18,000	1,115

Note 1 – Significant accounting policies

General information

This financial statement has been prepared in accordance with the Norwegian Accounting Act, in accordance with Norwegian accounting standards and generally accepted accounting principles in Norway. All numbers are presented in EUR 1,000 unless otherwise stated.

Elopak ASA, including subsidiaries and shares in joint ventures as listed in note 7, are consolidated in the group financial statement for Elopak ASA. The accounting and presentation currency is EUR, as the majority of underlying transactions are in euros.

Significant accounting policies

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost but are written down to their recoverable amount if this is lower than the carrying amount, and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other non-current liabilities, as well as current liabilities, are valued at nominal value.

Foreign currency

All monetary balance sheet items denominated in foreign currencies are translated into EUR at the exchange rate prevailing at the balance sheet date. Currency derivatives are valued in the balance sheet at fair value on the balance sheet date.

Note 1 – Significant accounting policies continued

Revenue

Sale of goods:

Revenue is recognized when it is earned, i.e., when both the risk and control have been mainly transferred to the customer. This will normally be the case when the goods are delivered to the customer. The revenue is recognized with the value of the remuneration at the time of transaction.

Sale of services:

Revenue is recognized when it is earned, i.e., when the claim to remuneration arises. This occurs when the service is performed, as the work is being done. The revenue is recognized with the value of the remuneration at the time of transaction.

Cost of sales and other expenses

In principle, cost of sales and other expenses are recognized in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

Inventories

Inventory is stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs. Finished goods and work in progress also include a proportion of manufacturing overheads based on normal operating capacity that has been incurred in bringing the inventory to its present location and condition. Cost is calculated using the FIFO cost formula for cartons, filling machines, and spare parts. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling, and distribution.

Receivables

Trade receivables and other receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Note 1 – Significant accounting policies continued

Intangible fixed assets

Expenses relating to the development of intangible assets, including research and development expenses, are capitalized when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the assets can be reliably measured.

Intangible assets with a limited economic life are amortized on a systematic basis. Intangible assets are written down to the recoverable amount if the expected economic benefits are not assets are written down to the recoverable amount if the expected economic benefits are not covering the carrying amount and any remaining development costs.

Shares in subsidiaries and joint ventures

Subsidiaries and joint ventures are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Received dividends are recognized as financial income.

Pensions

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to public retirement benefit schemes are accounted for as payments to defined contribution plans where Elopak's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit plans, the cost of providing benefits is determined using actuarial valuations at each reporting date. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The plan asset or pension liability recognized in the statement of financial position consist of the net present value of the defined benefit obligation, unrecognized past service cost, and fair value of plan assets.

Note 1 – Significant accounting policies continued

Income taxes

Tax expenses are matched with operating income before tax. Tax-related to equity transactions, e.g., group contribution, is recognized directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other monetary instruments with a maturity of less than three months at the date of purchase.

The statement of cash flow

The statement of cash flow has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term, liquid investments.

Note 2 – Transactions with related parties

In 2021, dividends of EUR 17.4 million were recognized from subsidiaries and associated companies. In 2020 the same number was EUR 16.8 million.

See also notes 3, 4, 7, 10, 12, 13, 17, and 18 for more information regarding transactions and items with related parties.

Note 3 – Operating revenues

	2021	2020
Sales revenue	515,295	542,004
Management and group services	17,032	17,813
Total	**532,327**	**559,817**

In 2021, intra-group sales transactions amounts to EUR 509 million.

Geographical distribution of operating revenues is as follows:

	2021	2020
Europe	505,666	524,402
Asia, Middle East	226	10,426
Africa	19,392	4,458
North-America	7,043	20,530
Total	**532,327**	**559,817**

Operating revenues are specified according to the customer's location.

Note 4 – Payroll expenses, number of employees, remuneration, loans to employees etc.

Geographical distribution of operating revenues is as follows:

Payroll expenses	2021	2020
Salary	18,603	17,800
Social security costs	3,175	2,478
Hired personnel from group companies	14,838	15,078
Pension cost (see note 11)	1,259	1,030
Other benefits	495	204
Total	**38,370**	**36,590**
Average number of FTE employees	167	157

Operating revenues are specified according to the customer's location.

Salaries and remunerations to the Group management

Payroll expenses	CEO	BoD
Salary (incl bonus)	1,472	-
Other benefits	47	224

The CEO is included in an annual bonus scheme. Performance targets are related to the overall return on value adjusted equity of the Elopak Group as well as individual targets. Targets are reviewed annually. Maximum achievement within a financial year is equal to 50% of an annual base salary. In addition to the annual bonus scheme, the CEO is also included in a long-term incentive scheme based on the value adjusted equity of Elopak Group.

Guidelines for remuneration of the Group Leadership Team and Board Members are disclosed in the Remuneration Report which is published onElopak's website.

Fees to external auditors

	2021	2020
Audit fee	377	269
Other assurance services	386	46
Tax advisory services	5	45
Other non-audit services	42	0

Note 5 – Intangible assets

	Patents and sales rights	IT software	Total Intangible assets
Acquisition cost 01.01.2021	18,474	74,227	92,701
Additions	2,213	4,385	6,598
Disposals	-	11,082	11,082
Acquisition cost 31.12.2021	**20,687**	**67,531**	**88,217**
Accumulated amortization 31.12.2021	8,283	33,146	41,429
Accumulated impairment 31.12.2021	-	431	431
Carrying amount 31.12.2021	**12,404**	**33,954**	**46,356**
Current year amortization charge	1,866	7,769	9,635
Current year write-downs charge	-	-	-
Current year depreciation/write-down charge	**1,866**	**7,769**	**9,635**
Economic life	3-10 years	3-7 years	
Amortization %	10-33%	14-33%	
Amortization method	Linear	Linear	

The additions under patents relate to the development of a new filling machine platform. IT software additions are mainly related to an ongoing project for the implementation of an ERP system.

Expected profit from capitalized research and development costs exceed book values. The company has also expensed EUR 14 million as research and development costs in 2021.

Note 6 – Fixed assets

	Land and buildings	Machinery and plant	Furniture, tools, office machines etc.	Total fixed assets
Acquisition cost 1.1.2021	5,363	14,319	2,690	22,372
Additions*	80	- 250	53	- 116
Disposals	212	481	1,201	1,893
Acquisition cost 31.12.2021	**5,231**	**13,589**	**1,542**	**20,363**
Accumulated depreciation 31.12.2021	4,648	10,110	1,472	16,230
Accumulated write-downs 31.12.2021	-	-	-	-
Carrying amount 31.12.2021	**583**	**3,479**	**69**	**4,131**
Current year depreciation charge**	117	787	16	920
Current year write-downs charge	-	-	-	-
Current year depreciation/write-down charge	**117**	**787**	**16**	**920**
Useful life	7-10 years	3-10 years	3-7 years	
Depreciation %	10-14 %	10-33 %	14-33 %	
Depreciation method	Linear	Linear	Linear	
Operational leases:				
Duration	2-6 years		1-2 years	
Annual rental amount off-balance sheet	2,581		168	
Total future lease obligation	9,100		231	

* Negative additions to Machinery and Plant is related to reclassification of a filling machine from fixed assets to inventory.
** EUR 0.6 million classified as depreciation in the statement of profit and loss relates to recharged depreciation from subsidiaries.

Note 7 – Shares and participations in other companies, etc.

The Group's top 20 shareholders

Company	Percentage owned	Acquisition cost	Book value 2021	Equity 2021	Results 2021
Elopak Oy, Finland	100%	1,862	230	546	148
Elopak Denmark A/S, Denmark	100%	91,296	66,000	20,983	1,356
Elopak BV, Netherlands	100%	9,856	9,856	18,959	3,954
Elopak Fastiv, Ukraine	100%	2,278	2,278	16,304	1,109
Elopak SPA, Italy	100%	4,233	880	2,422	35
Elopak Systems AG, Switzerland	100%	13,560	13,560	15,271	- 85
Elopak Inc, USA	100%	47,405	47,405	28,763	4,471
Elopak Israel AS, Norway	100%	1,316	1,316	268	- 5
Elopak Canada Inc, Canada	100%	6,942	6,942	49,936	14,495
Elopak GsmbH, Austria	100%	6,226	6,227	2,868	130
ZAO Elopak Russia, Russia	100%	4,458	4,458	12,043	3,548
Elopak S.R.O, Czechia	100%	197	197	1,048	1
Elopak UK Ltd, UK	100%	47,191	0	5,542	3,510
Elopak BS D.O.O Serbia	100%	160	160	373	83
Elopak AB, Sverige	100%	10,593	6,820	11,129	189
Elopak KFT, Hungary	100%	13	13	557	6
Elopak EOOD, Bulgaria	100%	3	3	118	2
Elopak Poland SA, Poland	100%	20,388	6,000	4,934	21
Elofill Gmbh, Germany	100%	42,215	42,215	48,918	15,861
Elopak Tunisie SARL, Tunisia*	100%	3	3	37	1
Elopak Egypt LLC, Egypt*	100%	0	6	43	- 9
Elopak Algerie SARL, Algeria	49%	0	0	20	3
Total shares, subsidiaries		**310,197**	**214,571**		
Envases Elopak S.A. de C.V., Mexico	49%	24,247	24,247	16,281	2,595
Elopak Nampak Africa Ltd	50%	4	4	- 133	- 137
Total shares, joint ventures		**24,251**	**24,251**		
Total shares			**238,822**		

* Owned 50% directly, and 50% through wholly owned subsidiaries

Dividends from subsidiaries and joint ventures of EUR 17.4 million in 2021 (EUR 16.8 million in 2020) have been recognized as financial income.

Impairment tests have been performed on those investments where the book value exceeds the equity in the company. No impairment has been deemed necessary in 2021.

Note 8 – Inventory

Fees to external auditors

	2021	2020
Raw materials	15,555	11,740
Semi-finished products	18,940	23,371
Filling Machines	17,932	9,184
Finished goods	23,076	21,151
Total	**75,502**	**65,446**

Note 9 – Share capital and shareholder information

The share capital is NOK 376,906,619.60, equivalent to EUR 50,155,321, consisting of 269,219,014 shares at face value NOK 1.40 per share.

Elopak ASA is listed on Oslo Stock Exchange - Euronext. Elopak ASA did not own treasury shares as of 31.12.2021.

Shareholders holding 1% or more of the total 269,219,014 shares issued as of 31 December 2021 are according to information from Euronext:

Company	Number of shares	Holding (%)
Ferd As	157,183,013	58.38%
Nippon Paper Industries Co., Ltd.	13,460,950	5.00%
Folketrygdfondet	9,000,000	3.34%
Neuberger Berman Investment Advisers LLC	5,823,955	2.16%
Handelsbanken Fonder AB	5,628,647	2.09%
Artemis Investment Management LLP	4,847,661	1.80%
Pareto Asset Management AS	4,611,541	1.71%
Alfred Berg Kapitalforvaltning AS	3,943,744	1.46%
Zadig Asset Management SA	3,900,000	1.45%

Note 10 – Equity

Company	Share capital	Share premium	Other paid-in capital	Other equity	Total equity
Equity 01.01.2021	47,483	22,570	10,402	54,652	135,107
This year's change in equity:					
Profit for the year	-	-	-	1,432	1,432
Dividend provision to shareholders	-	-	-	- 20,214	- 20,214
Currency effect dividend previous year	-	-	-	- 344	- 344
Settlement of share-based bonus	63	1,120	- 1,409	-	- 226
Bonus issue and reclass. within equity	120	-	- 8,994	8,873	0
Issue of new shares in IPO	2,490	46,216	-	-	48,706
Provision for share-based bonus	-	-	199	-	199
Change in actuarial gains and losses for pensions	-	-	-	- 118	- 118
Change in cash flow hedge reserve	-	-	-	4,370	4,370
Equity 31.12.2021	**50,156**	**69,906**	**199**	**48,651**	**168,912**

Note 11 – Pension costs, pension assets and pension liabilities

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meets the requirements of this legislation.

All employees are part of a defined contribution plan. In addition, the company has agreed on a defined benefit plan, individually, with some former employees. The defined contribution plan for 2021 includes 170 employees at a cost of EUR 1.22 million, compared to EUR 1.0 million in 2020.

Pension cost relates to the defined benefit plan includes change of the present value of pension obligations and pension assets. Net pension liabilities are recorded as long-term debt.

Pension obligations in balance sheet

	2021 Funded and unfunded obligations	2020 Funded and unfunded obligations
Present value pension obligations (incl. payroll tax)	– 2,337	– 2,277
Fair value of plan assets	16	28
Net pension obligations	**– 2,320**	**– 2,249**

	2,021	2,020
Changes in estimates recognized directly in equity	– 118	54

Financial preconditions:

	2021	2020
Discount rate	1.60%	1.00%
Expected salary increase	2.75%	2.00%
Social security escalation rate	2.50%	1.75%
Expected pension increase	1.75%	1.00%
Expected return on plan assets	3.10%	2.40%

The actuarial assumptions for demographic factors and departure are based on the commonly used assumptions in insurance.

Note 11 – Pension costs, pension assets and pension liabilities continued

Pension costs recognized in profit and loss

	2021	2020
Interest cost on projected benefit obligations	20	26
Return on plan assets	0	0
Accrued social security tax	3	4
Total pension costs recognized in profit and loss	**23**	**30**

Note 12 – Other non-current liabilities and non-current liabilities to group companies

The external long-term loans are drawn under a EUR 400 million multi-currency revolving credit facility. The facility is available until 31.05.2023.

Non-current liabilities to financial institutions

	2021
170 million EUR	170,000
Total	**170,000**

Amounts are shown net of prepaid transaction costs, which explains the difference against liabilities in the balance sheet.

As of 31.12.21, Elopak ASA has met all covenants related to the syndicate loan facility.

Non-current liabilities to group companies

	2021	2020
ZAO Elopak Russia	10,087	7,256
Total	**10,087**	**7,256**

Note 13 – Balances with companies in the same group, etc.

Non-current liabilities to group companies

	2021	2020
Elopak Denmark AS	0	10,751
Elopak GmbH	55,000	105,000
Elopak Canada Inc	0	4,075
ZAO Elopak Russia	4,651	8,401
Elopak Israel AS, Israeli branch	242	385
Total	**59,893**	**128,611**

	Trade receivable		Other current assets	
	2021	2020	2021	2020
Intra-group positions	8,943	5,201	71,621	66,835
External positions	5,297	2,627	18,350	9,646
Total	**14,240**	**7,828**	**89,971**	**76,481**

	Trade payables		Other current liabilities	
	2021	2020	2021	2020
Intra-group positions	738	1,923	61,643	83,118
External positions	82,942	85,077	13,297	8,959
Total	**83,680**	**87,000**	**74,940**	**92,077**

Note 14 – Income tax

Income tax expenses:

	2021	2020
Tax cost payable outside Norway	1,457	412
Tax payable in Norway ***	– 38	2,892
Change in deferred tax	– 1,402	– 966
Total tax cost	**16**	**2,338**

Calculation of this year's tax base:

	2021	2020
Profit before tax expenses	1,448	33,185
Permanent differences*	11,032	– 5,716
Change in temporary differences	– 9,997	5,714
Non-taxable dividend income	– 16,940	– 17,645
Differences recognized directly in equity **	4,048	2,601
This year's tax base	**– 10,409**	**18,139**

* Includes mainly translation differences due to the fact that tax is calculated in NOK and non-deductible expenses.
** Related to change in actuarial effects on pensions, change in cash flow hedges in equity, and share issuance cost taken net to equity. A tax effect of EUR 891 thousand has been accounted for in equity in 2021.
*** Tax payable in 2021 is related to an adjustment of taxes payable for 2020.

Note 14 – Income tax continued

Overview of temporary differences:

	2021	2020
Receivables	0	0
Inventory	2,498	2,805
Goodwill	6,764	8,257
Fixed Assets	16,250	15,632
Provisions	5,089	5,601
Pensions	2,320	2,249
Fair value of hedging instruments	– 2,247	4,257
Temporary differences	30,675	38,801
Tax receivable on taxes paid outside of Norway *	5,986	7,469
Tax losses carried forward	10,409	0
Total	**47,070**	**46,270**
Deferred tax asset	10,355	10,179
Basis for tax payable	0	18,139
Calculated tax payable	0	3,991
Use of tax receivable on taxes paid outside of Norway *	0	– 834
Net tax payable in the balance sheet	**0**	**3,157**
Temporary differences for the calculation of tax payable	30,675	38,801
Tax receivable on taxes paid outside of Norway	5,986	7,469
Tax losses carried forward	10,409	0
Total	**47,070**	**46,270**
Deferred tax asset *	**10,355**	**10,179**

* Tax receivables on taxes paid outside of Norway carried forward are included in the deferred tax asset. The use of this tax receivable is presented as a reduction in taxes payable in the balance sheet.

Note 14 – Income tax continued

Explanation of why this year's tax expense does not amount to 22% of profit before tax:

	2021	2020
Profit before taxes	1,448	33,185
22% tax on profit before tax	318	7,301
Tax effect of:		
Permanent differences (22%) *	2,427	– 1,258
Correction previous years	0	– 35
Taxes paid outside Norway	1,130	412
Change in tax receivable on taxes paid outside of Norway	326	– 785
Non-taxable dividend	– 3,727	– 3,882
Currency effect on deferred tax asset	– 459	586
Estimated tax expense (– income)	**16**	**2,338**
Effective tax rate **	1.1 %	7.0 %

* Includes non-deductible expenses, taxable income from NOKUS, as well as translation differences.
** Tax expense as a percentage of profit before tax.

Note 15 – Guarantee obligations

	2021
Guarantees issued for subsidiaries and associated companies	33,219
Other guarantees	2,456
Total	**35,675**

Note 16 – Commitments and contingencies

	2021	2020
Commitments for acquisition of goods	22,866	23,703
Total commitments	**22,866**	**23,703**

See also description of lease obligation in note 6

Note 17 – Net other financial items

	2021	2020
Interest income from companies in the same group	6,602	9,570
Other interest income	517	314
Interest costs for companies in the same group	– 852	– 771
Other interest expenses **	– 1,407	– 6,646
Total interest income/expense	**4,860**	**2,467**
Net currency gain/loss *	**442**	**567**
Other financial income from enterprises in the same group	60	49
Other financial income	2	161
Other financial expenses from companies in the same group	0	0
Other financial cost	– 3,132	– 1,613
Total other financial income/expense	**– 3,069**	**– 1,403**
Total other financial income	**7,624**	**10,661**
Total other financial expenses (incl. profit/loss on exchange)	**– 5,391**	**– 9,030**

* Profit/loss on currency are presented net in the statement for profit and loss as part of other financial income.
** Gains on interest rate swaps are included as a reduction of interest expense.

Note 18 – Financial risk management

Currency risks

Elopak ASA's currency exposure is limited because purchases and sales are made mainly in the same currency (EUR).

According to the hedging strategy, Elopak ASA has rolling hedges over 18 months, which secure 90% of the exposure in the 1st quarter and thereafter decline linearly each quarter to 15% in the 6th quarter. The hedges are based on expected future cash flows for purchases.

Elopak ASA is registered as a borrower for the group's long-term loan facility of Euro 400 million (see note 12). As parts of the loan were raised in NOK, the loan involved a currency risk. Exposure in NOK has been secured through a cross currency swap. NOK loan was repaid in 2021, and Elopak ASA does not have cross currency swaps at year-end.

Larger purchases of machinery and equipment are also secured in full from the time of ordering. Elopak mainly uses forward contracts by hedging. This kind of instrument is best suited for Elopak based on an assessment of cost and administration.

	2021		2020	
Currency	**Forward position in currency**	**Forward position in EUR**	**Forward position in currency**	**Forward position in EUR**
NOK	256	26	456	44
JPY	3,928	30	4,595	36
USD	–	–	– 2	– 2
	Net purchases	56	Net purchases	80
	Net sales	0	Net sales	– 2
		56		**78**

Note 18 – Financial risk management continued

Elopak ASA has also entered into forward contracts on behalf of subsidiaries, where an external position is reflected towards subsidiaries. This gives no net exposure, and these contracts are therefore not reflected in the matrix above.

At the end of 2021, the fair value of Elopak ASA's currency derivatives amounts to a liability of EUR 0.6 million (a liability of EUR 0.0 in 2020).

Interest rate risk

As mentioned under currency risk, Elopak ASA is registered as a borrower for the group's long-term loan facility of EUR 400 million (see note 12). The loan has a floating interest rate. The company's interest rate risk is mainly related to movements in the interest rate on the external loan. To manage this risk, Elopak ASA has entered into interest rate swap agreements.

Outstanding derivatives

	Currency	Nominal value	2021 Real value EUR	Nominal value	2020 Real value EUR
	EUR	140,000	- 1,811	150,000	- 4,286
Total			**- 1,811**		**- 4,286**

Positive values represent an asset

Credit risk

Elopak actively uses available credit risk assessment services. Through its business model, Elopak ASA has limited external credit exposure. There is no history of losses on accounts receivable. There is no significant risk associated with guarantees issued.

Commodity price risk

Elopak ASA's business requires ongoing supplies of aluminum and polyethylene. Based on 12 months' expected consumption, Elopak ASA includes commodity price contracts to manage this risk.

Note 18 – Financial risk management continued

Outstanding derivatives

	2021 Tons	2021 Real value EUR	2020 Tons	2020 Real value EUR
Aluminium	2,700	219	4,800	- 46
Polyetylen	7,800	5,084	30,000	81
Total		**5,303**		**35**

Positive values represent an asset

Note 19 – Subsequent events

Elopak is deeply concerned by the escalating conflict in Ukraine and we fully stand behind the international community's reactions. Due to the evolving conflict, Elopak's Board of Directors therefore decided on 4 March 2022 to temporarily suspend all business activities in Russia with immediate effect. This includes import, export, production and sales in Russia. Elopak's crisis response team is constantly monitoring the development in both Ukraine and Russia and assessing the impact on Elopak's business, people and assets. The long-term impact to Elopak will be evaluated over the coming weeks.

To the General Meeting of Elopak ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elopak ASA, which comprise:

- The financial statements of the parent company Elopak ASA (the Company), which comprise the statement of financial position pr 31 December 2021, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Elopak ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Board Audit and Sustainability Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 10 April 2019 for the accounting year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
The majority of the Group's revenues and profits are derived from customer contracts for sale of cartons.	We understood, evaluated and tested internal control activities related to whether the transfer of control is satisfied over time, or at a point in time.
The Group recognises revenue when the transfer of control, of a performance obligation, has taken place. Revenue is recognised over time in situations where the customer simultaneously receives and consumes the services provided, or where goods are produced without alternative use and the Group has an enforceable right to payment for work performed.	We tested management's assessment of whether the cartons had alternative use and whether there was an enforceable right to payment by way of sampling new and amended customer contracts. This included testing whether customers' specifications for printing and labelling are defined in the customer contract. If yes, this resulted in the view that no alternative use of such cartons was deemed possible. It also included testing whether the contracts contained cancellation provisions and whether legal regulations in the relevant countries allow for cancellation. If yes, this resulted in the view that an enforceable right to payment existed.
Whether the transfer of control is satisfied over time or at a point in time rely on complex assessments of accounting, contractual terms and legal regulations in each country the Group operates. Due to this complexity, we assessed this to be a key audit matter.	Revenue for cartons with no alternative use and enforceable right to payment should be recognised over time. We investigated this by sampling whether finished goods were included in inventory.
We refer to Note 5 Revenues, in the consolidated financial statements, where management explain their accounting policies for revenue recognition.	We found no material errors through our testing. Finally, we considered the adequacy of disclosures in note 5 and found them appropriate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We also provide the Board Audit and Sustainability Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the

key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name *529900BIDQN2AOKV6N08-2021-12-31-en.zip* have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 31 March 2022

PricewaterhouseCoopers AS

Vidar Lorentzen

State Authorised Public Accountant

Alternative Performance Measures (APMs)

Elopak prepares and reports its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the IASB and as endorsed by the EU (IFRS). In addition, Elopak presents several Alternative Performance Measures (APMs).

In accordance with European Securities and Market Authority (ESMA) guidelines dated May 10, 2015, an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). It should be noted that these measures do not have any standardized meaning prescribed by IFRS and therefore are not necessarily comparable to the calculation of similar measures used by other companies. The APMs are regularly reviewed by Elopak's management. The APMs are reported in addition to but are not substitutes for Elopak's consolidated financial statements, prepared in accordance with IFRS.

The APMs provide supplementary information to measure Elopak's performance and to enhance comparability between financial periods. The APMs also provide measures commonly reported and widely used by investors, lenders, and other stakeholders as an indicator of Elopak's performance. These APMs are used in planning for and forecasting future periods, including assessing our ability to incur and service debt, including covenant compliance. APMs are defined consistently over time and are based on Elopak's consolidated financial statements (IFRS).

EBITDA

EBITDA is a measure of earnings before interest, taxes, depreciation, amortization, and impairments. Elopak presents this APM because management considers it to provide useful supplemental information for understanding the overall picture of profit generation in Elopak's operating activities and for comparing its operating performance with that of other companies.

Adjusted EBITDA

Adjusted EBITDA is a measure of EBITDA adjusted for certain items affecting comparability (the Adjustment items) and further including Elopak's share of net income from joint ventures (continued operations) presented as part of financial income and expenses. Elopak presents this APM because management considers it to be an important supplemental measure for understanding the underlying profit generation in Elopak's operating activities and comparing its operating performance with that of other companies.

Adjusted profit attributable to Elopak shareholders

Adjusted profit attributable to Elopak shareholders represents Elopak's profit attributable to Elopak shareholders adjusted for certain items affecting comparability, taking into account the Adjustment items, related estimated calculatory tax effects based on a 24% statutory tax rate and excluding historical share of net income from joint ventures that have been discontinued. Elopak presents this APM because management considers it to provide useful supplemental information for understanding Elopak's profit attributable to Elopak shareholders and for comparability purposes with other companies.

Adjusted basic and diluted earnings per share (Adjusted EPS)

Adjusted EPS represents adjusted profit attributable to Elopak shareholders divided by weighted average number of ordinary shares – basic and diluted. Elopak presents adjusted basic and diluted earnings per share because management considers it to be an important supplemental measure for understanding Elopak's underlying profit for the year (period) on a per-share basis and comparing its profit for the year (period) on a per-share basis with that of other companies in the industry.

Net debt

Net debt is a measure of borrowings (including liabilities to financial institutions before amortization costs and including lease liabilities) less cash and cash equivalents for the period. Elopak presents this APM because management considers it as a useful indicator of Elopak's debt level, financial flexibility, and capital structure because it indicates the level of borrowings after taking into account cash and cash equivalents within Elopak's business that could be utilized to pay down outstanding borrowings. Net debt is also used for monitoring Elopak's financial covenants compliance by management.

Net debt/adjusted EBITDA (Leverage ratio)

Leverage ratio is a measure of net debt divided by adjusted EBITDA. Elopak presents this APM because management considers it as a useful indicator of Elopak's ability to meet its financial obligations. Net debt/adjusted EBITDA is also used for monitoring Elopak's financial covenants compliance by management.

Adjusted EBITDA

Items excluded from adjusted EBITDA

(EUR 1,000)	2021	2020
Gain on sale of property Speyer	–	– 5,203
Transaction costs	6,820	-
Total adjusted items	**6,820**	**– 5,203**
Calculatory tax effect [1]	– 1,637	1,197
Total adjusted items net of tax	**5,183**	**– 4,006**

Reconciliation of EBITDA and adjusted EBITDA

(EUR 1,000)	2021	2020
Operating profit	54,076	70,656
Depreciation, amortisation and impairment	56,450	52,209
EBITDA	**110,526**	**122,866**
Total adjusted items	6,820	-5,203
Share of net income from joint ventures (continued operations) [2] [3]	3,575	4,627
Impairments on joint ventures investment (continued operations) [2] [3]	–	–
Adjusted EBITDA	**120,921**	**122,290**

[1] Calculatory tax effect on adjusted items at 24% for 2021 and 23% for 2020
[2] Share of net income and impairment on investment from joint ventures included in adjusted figures
[3] See reconciliation of net income from joint ventures

Adjusted profit attributable to Elopak shareholders

(EUR 1,000)	2021	2020
Profit	33,809	47,828
Total adjusted items net of tax	5,183	– 4,006
Excluding share of net income from joint ventures (discontinued operations) [1]	–	1,472
Adjusted profit	**38,992**	**45,293**

[1] See reconciliation of net income from joint ventures

Net debt and leverage ratio

(EUR 1,000)	2021	2020
Bank debt [1]	170,000	214,102
Overdraft facilities	14,420	15,552
Cash and equivalents	– 24,262	– 6,443
Lease liabilities	80,604	88,175
Net debt	**240,762**	**311,385**

[1] Bank debt is excluding amortised borrowing costs of EUR 567 thousand for the quarter ended December 31, 2021 and EUR 967 thousand for the year ended December 31, 2020

Leverage ratio [2]	**2.0**	**2.5**

[2] Leverage ratio per December 31, 2021 is calculated based on last twelve months adjusted EBITDA of EUR 120,921 thousand

Adjusted EPS

(EUR 1,000 except number of shares)	2021	2020
Weighted-average number of ordinary shares	260,786,305	250,635,350
Profit	33,809	47,828
Adjusted profit	38,992	45,293
Basic and diluted earning per share (in EUR)	0.13	0.19
Adjusted basic and diluted earning per share (in EUR)	**0.15**	**0.18**

Reconciliation of net income from joint ventures

(EUR 1,000)	2021	2020
Al-Obeikan Elopak factory for Packaging Co	–	– 1,472
Lala Elopak S.A. de C.V.	2,589	2,595
Impresora Del Yaque	1,124	2,032
Elopak Nampak Africa Ltd	– 20	-
Total share of net income joint ventures	**3,575**	**3,155**
Share of net income joint ventures discontiued operations	–	– 1,472
Share of net income joint ventures continued operations	3,575	4,627
Share of net income continued operations	**3,575**	**4,627**

Additional Information

CONTACT INFORMATION

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FINANCIAL CALENDAR

May 5, 2022 Quarterly Report – Q1
May 12, 2022 Annual General Meeting
August 18, 2022 Quarterly Report - Q2
October 26, 2022 Quarterly Report – Q3

Elopak reserves the right to alter dates

Cautionary note

The annual report contains certain forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "plans," "targets," "aims," "believes," "expects," "anticipates," "intends," "estimates," "will," "may," "continues," "should" and similar expressions. Any statement, estimate, or projections included in the Information (or upon which any of the conclusions contained herein are based) with respect to anticipated future performance (including, without limitation, any statement, estimate, or projection with respect to the condition (financial or otherwise), prospects, business strategy, plans or objectives of Elopak and/or any of its affiliates) reflect, at the time made, the Company's beliefs, intentions, and current targets/aims and may prove not to be correct. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies, and other important factors which are difficult or impossible to predict and are beyond its control. No representation or warranty is given as to the completeness or accuracy of any forward-looking statement contained in the Information or the accuracy of any of the underlying assumptions.

ELOPAK