Tetra Pak Processing Systems A/S

Søren Nymarks Vej 13, DK-8270 Højbjerg

CVR no. 41 85 21 19

Annual report 2023

Approved at the Company's annual general meeting on

Chair of the meeting:

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Monica Pedersen

Penneo dokumentnøgle: JN7A1-5ZJPO-V4ENV-YSO3B-KIAUX-DNE3A

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Tetra Pak Processing Systems A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Højbjerg, 14 March 2024
Executive Board:

Lars Peter Lindstrøm

Board of Directors:

Monica Pedersen Chair	Lars Peter Lindstrøm	Rolf Brandhøj Overgaard
Uffe Prebensen	Nils Stefan Daniel Mårtensson	Kenneth Tilsted Christensen elected by the employees
Niels Glahn Sabroe elected by the employees	Carsten Vigen Hansen elected by the employees	Ole Hemme Hansen elected by the employees

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Independent auditor's report

To the shareholders of Tetra Pak Processing Systems A/S

Opinion

We have audited the financial statements of Tetra Pak Processing Systems A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 14 March 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim R. Mortensen
State Authorised Public Accountant
mne18513

Jonas Busk
State Authorised Public Accountant
mne42771

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Management's review

Company details

Name	Tetra Pak Processing Systems A/S
Address, Postal code, City	Søren Nymarks Vej 13, DK-8270 Højbjerg
CVR no.	41 85 21 19
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Monica Pedersen, Chair Lars Peter Lindstrøm Rolf Brandhøj Overgaard Uffe Prebensen Nils Stefan Daniel Mårtensson Kenneth Tilsted Christensen, elected by the employees Niels Glahn Sabroe, elected by the employees Carsten Vigen Hansen, elected by the employees Ole Hemme Hansen, elected by the employees
Executive Board	Lars Peter Lindstrøm
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	SEB Bank

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Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	1,423,500	1,384,459	1,125,847	1,231,636	1,212,646
Operating profit/loss	49,124	86,404	55,189	78,166	50,264
Net financials	-17,707	-4,689	-3,531	-4,538	-6,073
Profit for the year	**23,921**	**64,669**	**54,280**	**58,230**	**34,295**
Non-current assets	66,789	58,898	63,107	67,810	69,852
Current assets	737,920	645,637	525,900	468,713	526,776
Total assets	**804,709**	**704,535**	**589,007**	**536,523**	**596,628**
Investments in property, plant and equipment	-12,606	-11,785	-10,001	-12,027	-8,074
Equity	**129,653**	**170,401**	**160,012**	**163,962**	**105,732**
Cash flows from operating activities	42,013	-18,739	-27,641	180,115	40,611
Total cash flows	**-1,481**	**4,753**	**-3,060**	**-1,072**	**550**
Financial ratios					
Operating margin	3.4%	6.2%	5.1%	6.4 %	4.1 %
Gross margin	15.1%	19.1%	19.9%	19.3%	20.5%
Return on assets	6.5%	13.4%	9.8%	13.8%	10.0%
Return on equity	15.9%	39.1%	33.5%	43.2%	44.4%
Average number of full-time employees	**400**	**402**	**406**	**427**	**421**

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

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

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

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

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

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

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Management's review

Business review

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

Financial review

The income statement for 2023 shows a profit of DKK 23,921 thousand against a profit of DKK 64,669 last year, and the balance sheet at 31 December 2023 shows equity of DKK 129,653 thousand. The financial performance is under our expectations stated in the annual report for 2022, but is considered on a satisfied level. The revenue for 2023 increased with 3% and the profit for the year has declined with 63%.

Knowledge resources

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

Impact on the external environment

As mentioned above, the Company's business activities are production, design and sales. The impact on the external environment is fairly limited. The Company is environmentally certified to ISO 14001.

Statutory CSR report

Statutory reporting on social responsibility statement, cf. FSA §99a
The Company's business activities are production, design and sale of production lines, machinery, equipment and spare parts for the ice cream industry, high shear mixers, high-tech filtrations systems and membranes for Food and Beverage industry.

Human Rights and Anti-Corruption

The Tetra Pak Group is a signatory to the UN Global Compact, which entails that Tetra Pak Processing Systems A/S naturally is committed to implement and promote the principles in our business practice, e.g. by respecting the human rights and having a zero tolerance in relation to corruption and bribery. The most material risk to the company is connected to our suppliers, with whom we actively engage to ensure the compliance with both our Code of Business Conduct as well as national legislation and internationally recognized conventions. During 2023, we have continued follow-up activities with suppliers as well as promoted the ethical standards of our Code of Conduct among both suppliers and employees. No breaches to the Code of Conduct have been reported in 2023.
We will continue to have this as our focus for the coming years.

Environment and Climate

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

Part of the Tetra Pak Group’s 2030 Strategy is based on a commitment to a low-carbon circular economy. This is of course also the objective of Tetra Pak Processing System A/S and we strive for a sustainable future by adhering completely to the Group’s environmental strategy. The main environmental and climate focus for Tetra Pak Processing Systems A/S during 2023 has been to provide Processing Solutions to our customer’s, enabling their operations towards minimal water and energy consumption and minimum waste. For 2023 we have launched number of improvements on our Processing Solutions equipment, within the areas of minimizing waste, water and energy consumption. This year we have optimized production sites water and energy consumption, which in 2023 has dropped with 3.5%. We will continue to have this as our focus and we have both short and long term targets, which is reviewed minimum at a yearly basis. We aim to follow Tetra Paks overall ambitions.

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Management's review

Social and Employee matters

The biggest asset of Tetra Pak Processing Systems A/S is our people, and our purpose is to be a modern and attractive employer that takes care of our employees and nourishes talent. To that end, we are driving actions to ensure a diverse workforce and an inclusive culture, where all employees can thrive. The main risk to our employees is potential accidents when dealing with chemicals and heavy machinery. To mitigate this risk, we actively work on safeguarding our employees by promoting Occupational Health & Safety (OHS) and wellbeing, as well as rolling out initiatives aimed at ensuring fewer accidents. All employees are continuously reminded and debriefed regarding our OHS policy and all new employees must undertake basic OHS trainings.
We will continue to have this as our focus for the coming years.

Account of the gender composition of Management

Currently, the Board of Directors consists of 5 members, with the underrepresented gender accounting 20%. The target is to reach a balance in the board of 40% / 60% end of 2027. (Excl. members elected by the employees). In the current financial year, there were no relevant candidates of the underrepresented gender for the Board.

The other managerial positions (consist of people with employee responsibility); females represent 11% and males 89%; based on total Full Time Employees end of year 2023. The target is that females represent 23% by the end of 2027. Target for 2023 for “Other Managerial Positions” was not fulfilled because there were no relevant candidates from the underrepresented gender for management positions in 2023

As a part of our ongoing commitment to diversity and inclusivity, we are actively enhancing our policy to delineate clearer strategies and objectives aimed at promoting and ensuring equitable gender representation across our management levels.

We have put in place a detailed baseline that will allow us to monitor our progress as we implement our action plan aiming to achieve our target figures for the Board of Directors as well as other managerial positions.

		2022	2023
Top Managerial Position (Board of Directors)	Total number of members	5	5
	Underrep gender in pct	20	20
	Target figure in pct	40	40
	Year for fullfillment of target		2027
Other Managerial Positions	Total number of members	42	44
	Underrep gender in pct	14	11
	Target figure in pct		23
	Year for fullfillment of target		2027

Data ethics

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

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

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Management's review

Events after the balance sheet date

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

Outlook

The activities of Tetra Pak Processing Systems A/S for 2024 are expected to be above 2023, however as a consequences of the increased geopolitical uncertainty and rising commodity prices, etc. there is increased uncertainty about setting expectations for 2024.

Sales Volume is expected to increase in the range 2-5%. We expect an impact of the operations to be from minus 10 to plus 10 million.

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Income statement

Note	DKK'000	2023	2022
2	**Revenue**	1,423,500	1,384,459
12	Production costs	-1,209,012	-1,120,637
	Gross profit	214,488	263,822
12	Distribution costs	-102,672	-112,287
12	Administrative expenses	-62,691	-65,131
	Operating profit	49,125	86,404
	Other operating expenses	-67	0
	Profit before net financials	49,058	86,404
3	Financial income	212	97
4	Financial expenses	-17,919	-4,786
	Profit before tax	31,351	81,715
5	Tax for the year	-7,430	-17,046
	Profit for the year	23,921	64,669

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Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Non-current assets		
6	**Property, plant and equipment**		
	Land and buildings	14,639	15,776
	Rights-of-use-assets buildings	16,991	10,666
	Rights-of-use-assets other fixtures	1,814	3,019
	Plant and machinery	11,226	12,809
	Other fixtures and fittings, tools and equipment	18,503	16,443
	Leasehold improvements	144	148
	Property, plant and equipment in progress	3,472	37
		66,789	58,898
	Total non-current assets	66,789	58,898
	Current assets		
	Inventories		
	Raw materials and consumables	192,401	175,600
	Work in progress	127,365	113,060
	Finished goods and goods for resale	54,871	43,239
	Prepayments for goods	1,496	14,428
		376,133	346,327
	Receivables		
	Trade receivables	15,850	34,116
7	Work in progress for third parties	21,474	14,327
	Receivables from group entities	268,913	188,914
	Income taxes receivable	8,209	1,515
	Other receivables	43,079	54,695
		357,525	293,567
	Cash	4,262	5,743
	Total current assets	737,920	645,637
	TOTAL ASSETS	804,709	704,535

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Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	12,000	12,000
	Retained earnings	117,653	93,732
	Dividend proposed for the year	0	64,669
	Total equity	129,653	170,401
	Liabilities		
9	**Non-current liabilities**		
10	Deferred tax	9,287	7,263
	Lease liabilities	11,105	7,494
	Total non-current liabilities	20,392	14,757
	Current liabilities		
	Lease liabilities	7,429	5,642
	Prepayments received from customers	1,123	879
7	Prepayments on work in progress	15,334	13,416
	Trade payables	128,237	139,922
	Payables to group entities	367,641	246,056
	Other payables	103,553	82,025
	Other provisions	31,347	31,437
	Total current liabilities	654,664	519,377
	Total liabilities	675,056	534,134
	TOTAL EQUITY AND LIABILITIES	804,709	704,535

1 Accounting policies
13 Contractual obligations and contingencies, etc.
14 Related parties
15 Fee to the auditors appointed by the Company in general meeting
16 Appropriation of profit

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Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2022	12,000	93,732	54,280	160,012
16	Transfer, see "Appropriation of profit"	0	0	64,669	64,669
	Dividend distributed	0	0	-54,280	-54,280
	Equity at 1 January 2023	12,000	93,732	64,669	170,401
16	Transfer, see "Appropriation of profit"	0	23,921	0	23,921
	Dividend distributed	0	0	-64,669	-64,669
	Equity at 31 December 2023	12,000	117,653	0	129,653

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Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2023	2022
	Profit for the year	23,921	64,669
17	Adjustments	42,900	41,870
	Cash generated from operations (operating activities)	66,821	106,539
18	Changes in working capital	4,934	-99,241
	Cash generated from operations (operating activities)	71,755	7,298
	Interest received, etc.	212	97
	Interest paid, etc.	-17,919	-4,786
	Income taxes paid	-12,035	-21,348
	Cash flows from operating activities	42,013	-18,739
	Additions of property, plant and equipment	-12,606	-11,785
	Disposals of property, plant and equipment	586	1,522
	Cash flows to investing activities	-12,020	-10,263
	Dividends distributed	-64,669	-54,280
	Repayments, borrowings from group entities	0	80,000
	Lease	-8,391	-8,226
	Change in cash pool, group entities	41,586	16,261
	Cash flows from financing activities	-31,474	33,755
	Net cash flow	-1,481	4,753
	Cash and cash equivalents at 1 January	5,743	990
19	**Cash and cash equivalents at 31 December**	4,262	5,743

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Tetra Pak Processing Systems A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Reporting currency

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

Foreign currency translation

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

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

Derivative financial instruments

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

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

Income statement

Revenue

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

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

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

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

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Notes to the financial statements

1 Accounting policies (continued)

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

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

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

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

Production costs

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

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

Distribution costs

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

Administrative expenses

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

Other operating expenses

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

Staff costs

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

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Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

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

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

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

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

Financial income and expenses

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

Tax

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

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

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

Balance sheet

Property, plant and equipment

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

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

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

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

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

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

The depreciation periods are as follows:

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

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

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

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

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

Inventories

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

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

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

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

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

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

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

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

Work in progress for third parties

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

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

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

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

Prepayments

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

Cash

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

Equity

Proposed dividends

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

Provisions

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

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

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

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

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

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

Liabilities

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

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

Lease liabilities

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

Prepayments received from customers

Prepayments from customers are recognised in liabilities.

Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash and bank deposits.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Segment information

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

	DKK'000	2023	2022
2	**Segment information**		
	Breakdown of revenue by business segment:		
	Sales of goods/machinery	718,028	667,092
	Sales of customized machines	174,093	197,428
	Aftersales, services & consumables	531,379	519,939
		1,423,500	1,384,459
3	**Financial income**		
	Interest receivable, group entities	0	51
	Other financial income	212	46
		212	97
4	**Financial expenses**		
	Interest expenses, group entities	12,918	2,802
	Interests leasing	359	79
	Exchange losses	603	310
	Other financial expenses	4,039	1,595
		17,919	4,786
5	**Tax for the year**		
	Income tax for the year	5,186	15,915
	Deferred tax adjustments in the year	2,023	2,197
	Tax adjustments, prior years	221	-1,066
		7,430	17,046

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Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Land and buildings	Rights-of-use-assets buildings	Rights-of-use-assets other fixtures	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2023	74,539	32,000	5,085	21,026	34,795	835	37	168,317
Additions in the year	0	13,646	144	1,425	7,746	0	3,435	26,396
Disposals in the year	-2,515	-2,198	-1,665	-1,961	-3,447	0	0	-11,786
Cost at 31 December 2023	72,024	43,448	3,564	20,490	39,094	835	3,472	182,927
Impairment losses and depreciation at 1 January 2023	58,763	21,334	2,066	8,217	18,352	687	0	109,419
Depreciation in the year	1,137	7,322	1,349	2,422	5,619	4	0	17,853
Amortisation/depreciation and impairment of disposals in the year	-2,515	-2,199	-1,665	-1,375	-3,380	0	0	-11,134
Impairment losses and depreciation at 31 December 2023	57,385	26,457	1,750	9,264	20,591	691	0	116,138
Carrying amount at 31 December 2023	14,639	16,991	1,814	11,226	18,503	144	3,472	66,789
Depreciated over	25 years	1-6 years	1-3 years	5-20 years	3-5 years	5 years		

DKK'000	2023	2022
7 Work in progress for third parties		
Selling price of work performed	170,835	151,018
Net value of work in progress for third parties	-164,695	-150,107
	6,140	911
recognised as follows:		
Work in progress for third parties (assets)	21,474	14,327
Work in progress for third parties (liabilities)	-15,334	-13,416
	6,140	911

8 Share capital

Analysis of the share capital:

	2023	2022
12,000 A shares of DKK 1,000.00 nominal value each	12,000	12,000
	12,000	12,000

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

DKK'000	2023	2022	2021	2020	2019
Opening balance	12,000	12,000	12,000	12,000	11,000
Capital increase	0	0	0	0	1,000
	12,000	12,000	12,000	12,000	12,000

9 Non-current liabilities

DKK'000	Total debt at 31/12 2023	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	9,287	0	9,287	0
Lease liabilities	11,105	0	11,105	0
Deferred income	31,347	31,347	0	0
	51,739	31,347	20,392	0

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Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2023	2022
10	**Deferred tax**		
	Deferred tax at 1 January	7,263	5,067
	Deferred tax adjustment for the year	2,024	2,196
	Deferred tax at 31 December	9,287	7,263

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

11 **Other provisions**

Other provisions comprise provision for warranty commitments applicable to sale of goods totalling DKK 31,347 thousand (2022: 31,437 thousand). The obligation is expected to be settled over the warranty period; 31,347 thousand (2022: 31,437 thousand) in the next year and 0 thousand (2022: 0 thousand) in years 1-4.

	DKK'000	2023	2022
12	**Staff costs**		
	Wages/salaries	265,760	261,335
	Pensions	22,940	21,649
	Other social security costs	10,835	11,804
		299,535	294,788
	Average number of full-time employees	400	402

Total remuneration to Management: 2.739 TDKK in 2023

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

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

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Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties

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

Parties exercising control

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

Information about consolidated financial statements

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

Related party transactions

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

DKK'000	2023	2022
Sale of goods and services to affiliated companies	1,264,977	1,224,934
Acquisition of goods and services from affiliated companies	13,328	27,564
Sale of services (administrative fee and allocated costs) to affiliated companies	77,031	97,374
Acquisition of services (administrative fee and allocated costs) from affiliated companies	9,972	10,919
Royalty income from affiliated companies	7,208	3,989
Interest income from affiliated companies	0	51
Interest expenses to affiliated companies	12,918	4,899
Receivables from affiliated companies	268,913	188,914
Payables to affiliated companies	367,641	246,056
Paid dividends to parent	64,669	54,280

Ownership

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

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

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Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2023	2022
15	**Fee to the auditors appointed by the Company in general meeting**		
	Total fees to EY	757	776
	Statutory audit	355	299
	Assurance engagements	0	18
	Tax assistance	166	154
	Other assistance	236	305
		757	776
16	**Appropriation of profit**		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	0	64,669
	Retained earnings	23,921	0
		23,921	64,669
17	**Adjustments**		
	Amortisation/depreciation and impairment losses	17,853	16,469
	Provisions	-90	3,666
	Financial income	-212	-97
	Financial expenses	17,919	4,786
	Tax for the year	7,430	17,046
		42,900	41,870
18	**Changes in working capital**		
	Change in inventories	-29,806	-62,994
	Change in receivables	29,882	-80,495
	Change in trade and other payables	10,087	12,342
	Change in work in progress	-5,229	31,906
		4,934	-99,241
19	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	4,262	5,743
		4,262	5,743

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Lars Peter Lindstrøm
Executive Board
On behalf of: Tetra Pak Processing Systems A/S
Serial number: 537954d9-8532-462d-8577-f32ed1f7f5e7
IP: 165.225.xxx.xxx
2024-03-15 11:59:35 UTC

Monica Pedersen
Chairman of the Board
On behalf of: Tetra Pak Processing Systems A/S
Serial number: f17c83c0-b9fc-40b9-9093-8f1e0a3a1d20
IP: 147.161.xxx.xxx
2024-03-15 12:02:26 UTC

Rolf Brandhøj Overgaard
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: 431a3082-c204-4a70-ad1d-30bac56122ed
IP: 147.161.xxx.xxx
2024-03-15 13:19:17 UTC

Ole Hemme Hansen
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: d6b1e68c-3c2c-40f6-ad12-a04320f558f2
IP: 165.225.xxx.xxx
2024-03-15 14:21:37 UTC

DANIEL MÅRTENSSON
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: 19800605xxxx
IP: 147.161.xxx.xxx
2024-03-15 14:46:08 UTC

Kenneth Tilsted Christensen
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: 3f0f587b-72ce-4a18-bfa5-3734ab35edc9
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Uffe Prebensen
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
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IP: 147.161.xxx.xxx
2024-03-15 16:45:10 UTC

Lars Peter Lindstrøm
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: 537954d9-8532-462d-8577-f32ed1f7f5e7
IP: 136.226.xxx.xxx
2024-03-17 11:44:58 UTC

Niels Glahn Sabroe
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: 59ebdf95-861c-4347-8fbb-9ad89b0d9bbd
IP: 165.225.xxx.xxx
2024-03-18 06:16:03 UTC

Carsten Vigen Hansen
Board of Directors
On behalf of: Tetra Pak Processing Systems A/S
Serial number: c366443d-30be-4cda-8ee2-45cf5fc2da8f
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2024-03-18 06:22:57 UTC

Kim Rosholm Mortensen
EY Godkendt Revisionspartnerselskab CVR: 30700228
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
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2024-03-18 13:16:57 UTC

Jonas Busk Tangsgaard
EY Godkendt Revisionspartnerselskab CVR: 30700228
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
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Monica Pedersen
Chairman
On behalf of: Tetra Pak Processing Systems A/S
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