

**adapa flexibles Denmark Slagelse A/S**  
**Strudsbergsvej 3**  
**DK-4200 Slagelse**

*Central Business Registration*  
*No 61 72 53 18*

**Annual report 2023**

The Annual General Meeting adopted the annual report on 4<sup>th</sup> June 2024.

Chairman of the General Meeting

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Marek Pawlak

**Please note that Danish decimal and digit grouping symbols have been used in the Annual report.**

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## Company details

### Company

adapa flexibles Denmark Slagelse A/S  
Strudsbergsvej 3, DK-4200 Slagelse  
Central Business Registration No: 61 72 53 18  
Financial year: 1 January – 31 December  
Registered in: Slagelse

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Internet: [www.adapa-group.com](http://www.adapa-group.com)  
E-mail: [info-slagelse@adapa-group.com](mailto:info-slagelse@adapa-group.com)

### Board of Directors

Marek Pawlak  
Paul Gruder  
Sarah Giacomelli  
Tina Kiil Jensen (ER)  
Rune Ram Pedersen (ER)

### Executive Board

Torben Vissing Rasmussen

### Company auditors

Deloitte  
Statsautoriseret Revisionspartnerselskab



## Statement by the Executive Board and Board of Directors

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of adapa flexibles Denmark Slagelse 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 at 31 December 2023 of the Company and of the results of the Company operations and cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be approved at the Annual General Meeting.

Slagelse, 4<sup>th</sup> June 2024

### **Executive Board:**

Torben Vissing Rasmussen

Managing Director

### **Board of Directors:**

Marek Pawlak  
Chairman

Paul Gruder  
Vice chairman

Sarah Giacomelli

Tina Kiil Jensen

Rune Ram Pedersen

## Independent Auditor's Report

To the shareholders of adapa flexibles Denmark Slagelse A/S

### Opinion

We have audited the financial statements of adapa flexibles Denmark Slagelse A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for Opinion

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

### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which states that it is a requirement for the entity's availability to remain a going concern that it can maintain and expand its credit facilities in the group's cash pool arrangement to have sufficient liquidity for the next 12 months. Then entity has received a letter of intent confirming that the group will provide sufficient liquidity for the next 12 months. As stated in note 1, this indicates that it is a significant assumption that the credit facilities can be maintained or expanded as needed. Our conclusion is not modified regarding this matter.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 skepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Kolding, den 4<sup>th</sup> June 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33963556

**Thomas Aamand Lund**

State Authorised Public Accountant

Identification No (MNE) mne47764

## Management's Review

### Financial highlights

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>
<b>Key figures</b>					
Revenue	385,3	356,1	342,1	400,7	390,0
EBITDA	7,8	23,9	16,1	11,7	-0,7
Operating profit/loss (EBIT)	-8,8	1,6	-0,9	-7,6	-21,2
Net financials	-2,1	-2,5	-1,8	-4,6	-8,9
Result before tax (EBT)	-10,8	-1,0	-2,6	-12,2	-30,1
Net profit/loss for the year	-8,4	0,1	-1,0	-8,3	-23,2
<b>Balance sheet</b>					
Balance sheet total	275,7	268,0	261,8	293,1	251,6
Equity	92,9	93,1	92,5	85,1	61,7
<b>Cash flows</b>					
Investments in (items of) property, plant and equipment	40,7	14,8	13,2	12,5	6,9
Investments in intangible assets	2,1	13,6	15,7	17,8	11,5
<b>Number of employees</b>	192,0	193,0	183,0	183,0	188,0
<b>Ratios</b>					
EBIT margin (%)	-2,3	0,4	-0,3	-1,9	-5,4
Return on Equity (%)	-8,7	0,1	-1,1	-0,1	-0,3
Equity share (%)	33,7	34,7	35,3	29,0	24,5

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analyst.

EBIT-margin 
$$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Net turnover}}$$

Return on Equity % 
$$\frac{\text{Net result for the year} \times 100}{\text{Average equity}}$$

Equity share 
$$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$$

## **Primary activities**

The activities of the Company are development, production and marketing of flexible packaging products primarily for the pharmaceutical, dairy, aroma protection and food industries. The Company is the global leader for packaging of aggressive drugs and excipients. The Company has its own Product Technology Centre, which is developing products and ensuring regulatory documentation.

The Company's plant in Slagelse, Denmark meets the highest hygienic standards and is certified according to ISO9001, FSSC22000, ISO50001 as well as FSC on selected products.

In 2023 the company changed its name from Danapak Flexibels A/S to adapa flexibles Denmark Slagelse A/S.

## **Equity and Ownership**

The company is owned by adapa Holding GesmbH, Austria.

## **Development in activities and finances**

Net result for the year was a loss of DKK 23,2 million (2022: DKK -8,3 million). The expectations in Budget 2023 was a gain of DKK 7,7 million. This deviation is disappointing and Management does not find this satisfactory.

The turbulent situation in 2022 with heavily increasing prices for raw materials, transportation, energy and high inflation stabilized during 2023. This set a pressure on sales prices to decrease.

As the market stabilized, we saw a considerable destocking at our customers, which, alongside the pressure on sales prices, is the main reason for the lower revenue of DKK 10,7 million (2,7%) in 2023.

The very high level of work in progress end of 2022, which was a result of bottlenecks in production, was successfully reduced by DKK 27 million by means of employing more employees in production in the first part of the year to clear the bottleneck and supply the customers. Unfortunately, having a bottleneck meant breaking up orders and creating more change over time and set-up material usage, which increased production costs. Training of additional employees to overcome the bottleneck resulted in increasing wage cost.

During 2023 the accounting estimates for age obsolescence on inventory and warranty for claims was aligned with the group policy. This caused an expense of DKK 3,7 million by end of December.

The company holds a number of patents. In order to defend the patent right for a certain patent in the US, it has been necessary to spend DKK 2,1 million for a patent lawyer.

In order to improve the overall efficiency, organizational changes were made. The changes influenced the staff costs by one-off costs of DKK 4,2 million and towards end of the year the number of white-collar employees has been reduced by 16%, which will reduce the salary costs in 2024 by approximately DKK 10 million compared to 2023.

The adapa group created new group functions and strengthened the organization within areas of sustainability, Health & safety, HR, R&D, communication and IT. The company is charged for this through the Management fee, which increased by DKK 3,4 million.

In total the financial year 2023 has been affected by DKK 10,0 million in extraordinary costs.

EBITDA for 2023 was a loss of DKK 0,7 million (2022: a gain of DKK 11,7 million)

The Company has a payable against the Group cash pool and pay interest for this on arms lengths basis. The necessary cash was unrestricted provided by the group.

Management estimates that the company has the necessary liquidity available to continue operations for the next 12 months. In this assessment, much emphasis is placed on the prepared budgets and the group's declaration of intent to provide the necessary support over the next 12 months. For further information, please refer to note 1.

## **Particular risks**

### **Business risks**

A major part of the turnover is covered by long term customer contracts, which reduces the business risk. Management has attention on reducing risks, coming from raw materials, energy supply and other areas, by innovation, dual suppliers and other measures.

### **Financial exposure**

A part of the Company's loan portfolio is subject to variable interest rates. It is the Company's policy to minimize the risk of being exposed to increasing interest rates. By use of the financial instrument "Interest SWAP" the Company has covered this risk. A movement in interest rates of 1% p.a. will affect finance costs by 0,8 mill DKK.

### **Liquidity risk**

The Company is participating in the Group cash pool and has a credit line with an external bank. This secures sufficient liquidity of the Company for the coming 12 months.

### **Currency risks**

The major currencies are DKK and EUR. The Company has receivables and payables in both of these currencies. Occasional major exposures in other currencies are covered by forward contracts.

### **Credit risks**

The credit risk related to all major customers is evaluated regularly. The Company has taken out a credit insurance covering all trade accounts receivable except for a small group of selected customers. For many year's the losses on outstanding accounts receivable have been very limited.

### **Intellectual capital resources**

The Company employs highly specialized personnel. The staff resources have in 2023 been sufficient.

### **Environmental performance**

There are no cases in relation to the authorities on environmental issues.

### **Research and development activities**

The Company carries out development projects for technical applications in the Product Technology center of the company, which also is responsible for all work with documentation and IP-rights.

The part of the costs for development projects are included under intangible assets to the extent the projects comply with the criteria for recognition of these activities.



## **Corporate Social Responsibility**

### **Our business model & CSR structure**

adapa flexibles Denmark Slagelse A/S is producing packaging materials, which needs to fulfil a wide range of requirements:

**Protect and preserve:** It should protect the product against damage e.g. dirt, light and oxygen. It shall be functional in relation to Childproof and Senior-friendly opening, have high tear- and puncture strength, provide inertness and tamper evidence. It should allow products to be transported and stored in safety. Good protection reduces food wastage.

**Attract and sell:** Packaging needs to be attractive to consumers as well as providing important information such as product usage, ingredients, shelf life and disposal of packaging.

**Innovate and safeguard:** Technical innovation means that packaging material can be reduced, recycled or replaced. It involves taking responsibility for the future of our planet to find renewable resources and making the necessary changes throughout the packaging life cycle.

Our business impacts society in various ways and through our business model, we promote sustainable development. We create jobs in the local community and run a transparent and resource efficient business.

The corporate social responsibility (CSR) of adapa is based on our:

- Code of conduct
- Mission
- The values of adapa group
- Five pillars of sustainability (Recycling, Replace, Reduction, Renewal & Responsibility)
- Instructions and guidelines

The contents of the individual areas are elaborated on in separate policies and in adapa's Code of Conduct. Each manager is responsible for embedding our Code of Conduct in our culture and business and every colleague plays an important role in the implementation.

We have a special focus on Human rights, Employment rights, Environment, climate and Anti-corruption.

adapa systematically measures the external environment (energy consumption and waste) and the internal environment (working accidents and sick days, workplace conditions).

### **Diversity in Management (gender)**

It is the company policy to always fill leader jobs on basis of competences and qualifications needed that will add value to the company on short term as well as on long term basis. As we seek inclusion and equality in gender we will take care, that the wording in job adds is neutral and the managers will seek – where possible – that more than one gender is invited to an interview.

The company will direct its attention to talents of the underrepresented gender, who have the desire and abilities to pursue a wish of a specialist or leader job. The company wants to create an environment, where each employee – despite of gender – has equal possibilities for a leader job. Due to organizational changes the number of underrepresented gender has changed. However the goal was not to impact the gender balance.

On a continuous basis, the company will measure the number of specialists/leaders distributed by gender as well as the gender distribution in the Board of Directors. It is the aim of the Company

to have a distribution of 40-60% among leaders and 33-67% in the Board of Directors within the end of 2027.

The Board of Directors consists of 3 members elected by the General Assembly, these members are elected from their position at the adapa Group. The Board of Directors consists of 2 Male and 1 Female appointed by the General Assembly and 1 Male and 1 Female elected by the employees. This means the target has been achieved for the Board of Directors as of 2021.

	Status	2023	Target %	Year for reaching target
Board of Directors	Total number of the board of directors:	3		
	Share of the under-represented gender on the board of directors	33	33	achieved
Other management levels	Total number of members at other levels of management	17		
	Share of the under-represented gender on other levels of management	29	40	2027

The distribution on gender among the salaried staff end of 2023:

	Male	Female	Total	Male In percentage	Female In percentage
Management group	6	2	8	75	25
Leaders	6	3	9	67	33
Specialists	9	3	12	75	25
Other staff	8	14	22	36	64
Staff in total 2023	29	22	51	57	43
Staff in total 2022	36	25	61	59	41
Staff in total 2021	39	26	65	60	40

### Statement of data ethics policy

The company's customers are BtB customers. The company does not collect detailed consumer data or the like. Against this background, no need has been assessed for the need to prepare a policy for data ethics. The company consider itself to be in compliance with the GDPR rules. In terms of BtB customers we have set internal guidelines stating that no personal information on partners are collected.



## **Human rights**

### **Policy**

On a continuous basis, adapa will ensure that human rights are complied with including that no differential treatment takes place due to gender, race, skin color, religion or faith, political opinion, sexual orientation, age, disability, ethnic origin or nationality. We want to ensure a workplace characterized by mutual respect and trust, promoting equal opportunities allowing colleagues to live up to their full potential.

Our Works Councils help secure workplace decisions are made in the best interest of both colleagues and company.

### **Impact on society**

We recognize our responsibility to respect basic human rights in the workplace and to contribute to sustainable societal development. We want to ensure that both current and future colleagues are treated in a fair non-discriminatory manner, which will in turn support prosperous societies.

We have not identified any significant risk in terms of human rights.

### **Impact on adapa**

We respect human rights in the workplace by ensuring an open inclusive dialogue, taking the perspectives and innovative approaches of people with diverse backgrounds into account. This approach mitigates significant business risks to adapa as well as the risk of legal actions and reputational damage.

### **Measurement**

The above mentioned is verbalized by Management to the employees once a year through information meetings.

### **Result**

We can confirm that Management for this reporting year has had no knowledge of any cases of violation of human rights and in 2024 we expect to have increased focus on human rights in supplier audits.

## **Anti-corruption & Bribery**

### **Policy**

No person within adapa may encourage or accept any kind of bribery, receive or give presents of a higher value attempting to influence business partners in order to achieve unlawful advantages. We want to conduct our business in an honest and ethical manner. Gifts and hospitality to and from third parties are controlled by rules.

### **Impact on society**

Bribery and corruption present risks to societies by undermining trust in public institutions and the mishandling of resources. Where funds and priorities are diverted to activities that will benefit corrupt individuals, fair competition is undermined.

We have not identified any significant risk in terms of anti-corruption or Bribery.

## **Impact on adapa**

Any kind of involvement in bribery or corruption would present risks of heavy legal fines and loss of business opportunities. A finding of involvement in bribery would be damaging to our reputation and impacts the business environment.

## **Measurements**

The abovementioned is verbalized by Management to the employees once a year through information meetings.

Payments fulfill the 4-eye-principle meaning the approval of two people. No payments will be performed without a valid and approved invoice.

## **Result**

We can confirm that Management for this reporting year has had no knowledge of any examples of corruption or bribery. Also in 2024 we will conduct the annual information meeting with focus on Anti-corruption and Bribery.

## **Child labor Policy**

adapa wants to avoid any kind of child labor.

Any employee at adapa must be of the age of 15 or older.

## **Impact on society**

Child labor is, generally speaking, when children perform work that harms them or exploits them in some way - physically, mentally, morally, or by blocking their access to education.

## **Impact on adapa**

It would be a violation of Danish law to employ children under a certain age. adapa would risk a fine and a reputational risk. It would also pose a business risk, as we are contractual obliged by several customers not to employ children.

## **Measurements**

The abovementioned is verbalized by Management to the leaders and the HR department is focused on this. All employee contracts must be signed by Management, which ensures this.

On regular basis, we perform audits at our suppliers to ensure, their compliance to this policy.

## **Result**

We can confirm that no employee is under the age of 15.

We did not find any breaches to this policy at our suppliers during audits.

## **External environment, climate, energy and Co2**

### **Policy**

adapa is supporting the work for sustainable development and is also on the environmental area acting responsible for the benefit of the climate.

adapa complies to all national and international environmental legislation and rules for the internal and external environment in the countries in which we operate.

adapa strives to have a safe, healthy and good working environment which meets the high expectations of our employees and the local society.

adapa strives to use the most rational processes having a minimum consumption of energy, raw materials and auxiliary materials within reasonable technical and economical frames.

adapa is working towards minimizing the use of products which have a negative impact on the environment, climate or on the employee's health. Wherever such products are unavoidable, we strive to handle them with absolute focus on safety and waste handling.

adapa is striving to recycle waste. All waste from production is being sorted at the source and send to recycling wherever possible. Wastepaper from the offices are also sorted and recycled.

During the production of adapa's products solvents will be sucked out through the ventilation system and into an incinerator, where the solvents will be heated and burned. This process is controlled and almost no solvents are emitted to the air.

adapa invested in a system to distillate solvents used for cleaning of cylinders and re-use the solvents.

adapa always takes reduction of energy consumption and noise and safe working environment into consideration when investing in new equipment.

### **Car fleet**

adapa is leasing the car fleet through a leasing Company. A company car is renewed every fourth year or with a high mileage even sooner. This means there are no old cars in the fleet. Since the automakers become still better at developing environmentally friendly cars, we find it best to renew the fleet in a four year schedule. As the car pool is renewed electric cars will be preferred.

### **Impact on Society**

The use of energy, water and raw materials in processing risk contributing to climate change, depletion of non-renewables resources and air- and water pollution. Waste related to our business both at customer and at consumer level cause multiple environmental impacts.

This is why we have implemented the policy as described above.

### **Impact on adapa**

Climate change, water stress and malfunctioning ecosystems are threats to our supply chain and to our customers. Not addressing environmental and climate challenges pose reputational risks as well.

The Danish Authorities has announced a permit for the site in course of “Miljøbeskyttelsesloven §41b, Lovbekendtgørelse nr. 1757 af 22. December 2006”. The permit sets out terms for the impact on certain parameters, not complying to this risk the permit to be withdrawn and the business will be closed.

## Measurements

During the development phase and in construction of new packaging materials and in optimizing existing products adapa is working closely with our customers with the aim to reduce material consumption and secure safety and durability of our customers products through a high quality of the packaging material.

We provide solutions for our customers, that will replace or reduce the use of raw materials such as aluminum or plastic film.

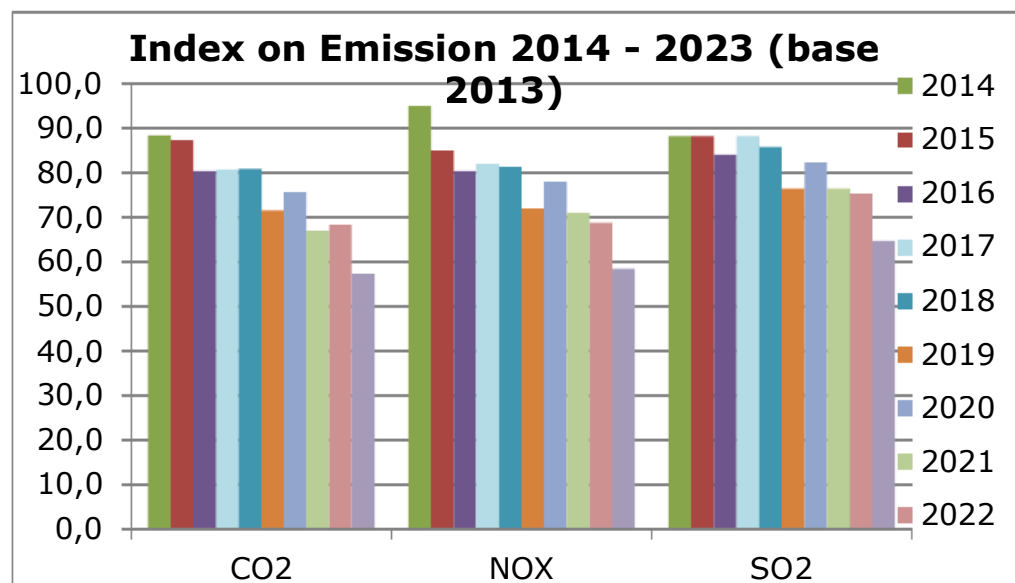
adapa obtained a FSC certification in 2021, securing the sustainability of wood based raw materials. The FSC accreditation is a natural next step in adapa’s continuous efforts not only to act as a responsible world citizen but also to offer sustainable packaging specifications.

Energy consumption and waste are monitored on a continuous basis. An extra number of electricity meters have been installed on specific equipment in order to provide more detailed information on where the electricity consumption have an opportunity to be reduced. This has been followed closely since 2018 with the aim to reduce the overall consumption.

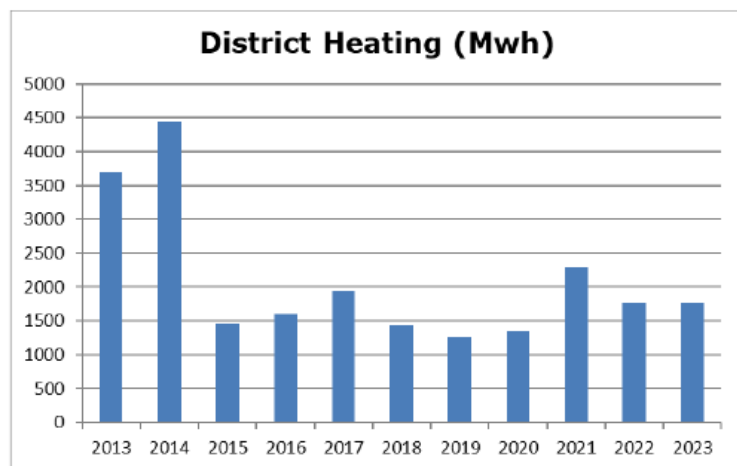
## Results

adapa is rated as “Gold” ranking with the company Ecovadis for the efforts on environmental issues. We will continue to pursue the Gold ranking in 2024.

adapa has been performing different projects during the last years with the aim to reduce the energy consumption. In 2019 we especially see the effect from the change of ventilation system and printing set-up performed during 2018.



The use of district heating was on the same level as in 2022.



**Waste:**

Throughout the organization there is high attention to the sorting of waste. Waste is split in different fractions at the source and a vast majority of the waste is recovered (2023: 100%, 2022: 100%).

	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hazardous waste for recovery	Ton	122	126	141	161	151	136	170	178	148	133	125
Non hazardous waste for landfill	Ton	10	10	28	14	0	0	0	29	0	0	0
Non hazardous waste for recovery	Ton	2.135	2.004	1.566	2.003	2.079	2.410	2.083	2.195	2.194	2.301	2.193

**Internal environment, Health & Safety**

**Policy**

adapa aims to be a company with good working conditions for the employees, with high focus on the internal environment and the well-being of the employees.

adapa aims to minimize the potential physical and mental impact from the working environment to the employees through systematically preventive work and by developing new and better ways of production methods.

adapa has a constant attention to the "near-by" accidents and implement corrective actions to avoid actual accidents to happen. Our overall ambition is to provide all colleagues with safe and healthy working conditions.

**Impact on society**

We offer a large variety of jobs. One part of our license to operate is our ability to ensure safe and healthy working conditions.

**Impact on adapa**

Not safeguarding the health and safety of our colleagues poses a business risk to the operations of adapa in terms of loss of efficiency, profitability and the opportunity to attract competent colleagues. The ultimate risk related to safety is serious injuries and fatalities, which poses a



significant risk towards our employees and their families as well as business risks such as legal action, reputational damage and ultimately loss of license to operate.

This is why we have this policy as described above to avoid any accidents.

### **Measurements**

At adapa we are working continuously with workplace assessments, employee interviews, fire protection and first aid training as well as education is an important factor in having a good working environment.

In 2023 the project "Vision Zero" was continued. The project is based on the mindset, that all work-related injuries or work-related disorders in principle are preventable. In the aim to have a good and safe working environment it is important, that all employees understand the mindset. Regular workshops have been performed and already a number of initiatives have been implemented and we see an increase in the reports on "near-by-accidents", which makes it possible to implement corrective actions and avoid real accidents from happening.

The well-being of our employees is important, and the employees are invited to conversations regarding absenteeism with the aim to help the employee back to work and to avoid the job being the reason for the absenteeism.

adapa provides a healthcare insurance for the staff, where a treatment guarantee will help an employee to fast and competent treatment and a quick recovery.

adapa encourages the employees to participate in sports or Fitness. adapa supports the employees who participate in e.g. "DHL stafetten" an event where a group of employees are running 5 kilometers each. This event is very popular amongst the employees and every year more employees are participating. It is not just a sports event but also a social event that contributes to a good working environment.

adapa monitors not only accidents but encourage the employees to report every "near-by" accident. Reports on each event are analyzed carefully and corrective actions are implemented when possible. It is the analyses and the corrective actions which reduces the number of accidents.

### **Results**

Efforts have been made to make sure, that all accidents are reported – even the small ones. Safety has been a particular focus area in 2023 and the number of accidents was reduced significantly. The number of reported accidents was 2 in 2023 (2022: 13) None of the accidents were severe.

In 2024 a employee survey will be conducted with emphasis on health and safety. The company sets a goal of minimum 20 safety and security walks and 10 hours of safety training per employee during 2024.

## **Contribution to society**

adapa is contributing to the society in various ways.

adapa has made commitment to the local "Jobcenter" and has signed a "Partnerskabsaftale". Thereby committing to make effort to help people who in various ways are having difficulties to maintain or getting a job or who are on the way back from longtime illness.

Since 2019 we have a special job (Flex-job) to fit a person whose ability to work is permanently impaired. This job has been successfully implemented in the organization.

adapa supports the program "InterForce". A cooperation between the National Danish Defense and private companies to support the work of the volunteers in the National Danish Defense.

A larger number of employees participated in the "adapa Charity run" where a donation was made to the victims of the earthquake in Turkiye and Syria as well as the heavily flooded areas in Italy.

It has for many years been accepted that employees who are a blood donor may use working hours while donating blood.

Since 2018 adapa has made a yearly donation to the organization "Kirkens Korshær" in Slagelse. The donation will support the organization in their work to help homeless citizens in our local community to get a free meal, free clothes, a place to sleep and someone to talk to. The homeless citizens might, with a little help, be future employees at adapa.

## **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would negatively influence the evaluation of this annual report or the financial position at 31. December 2023 of the company.

## **Outlook**

Based on the unsatisfactory result for 2023, a number of initiatives has been launched, including special restructuring of the company, renegotiation of prices with customers and suppliers and a review of the product portfolio with a view to identifying and prioritising the profitable products.

Initiatives have already been initiated and will be further carried out during 2024, which also means that 2024 will also be negatively affected by a number of conditions until initiatives are fully implemented.

On the basis of the initiatives carried out, the management estimates EBITDA in the level +9 to +11 million compared to a realized EBITD for 2023 of DKK -0,7 million. Net result for 2024 will be realized at the level of DKK -13 to -10 million.

## Accounting policies of adapa flexibles Denmark Slagelse A/S for 2023

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for this annual report are consistent with those applied last year. The Financial Statements for 2023 are presented in DKK.

There has been made a reclassification of other payables in the comparison numbers between short-term and long-term other payables. The reclassification have no effect on the result.

### Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts

previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

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

## **Income statement**

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

### **Other operating income**

Other operating income comprises items secondary to the Company's activities, including gains on disposal of intangible assets and items of property, plant and equipment.

### **Cost of raw materials and consumables**

Cost of raw materials and consumables comprises direct and indirect costs of raw materials and consumables incurred to earn revenue.

### **Other external expenses**

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

### **Staff costs**

Staff costs comprise expenses for wages and salaries, social costs, pensions etc. for the employees of the Company.

### **Other operating expenses**

Other operating expenses comprise items secondary to the Company's activities, including losses on disposal of intangible assets and items of property, plant and equipment.

### **Financial income and expenses**

These items comprise interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies as well as amortisation premium/allowance on mortgage debt etc.

### **Income taxes**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly on equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with the group company adapa flexibles Denmark Bjert A/S. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Intangible assets

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 6 years and is not to exceed 10 years.

Gains and losses on the disposal of development projects are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Intellectual property rights acquired are measured at costs less accumulated amortisation. Patents are amortised over their remaining duration.

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

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. The expected useful lives of the assets are as follows:

Buildings	20 - 50 years
Plant and machinery	7 - 15 years
Other fixtures and fittings, tools and Equipment	3 - 7 years
Computing equipment	3 - 4 years

The basis of 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 time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

## Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under "Contractual obligations and contingencies, etc."

## Impairment of non-current assets

The carrying amount of intangible and tangible assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

## Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

## Receivables

Receivables are measured at amortised cost less write-downs assessed for bad debt losses based on individual assessments.

## Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

## Equity

### Reserve for development costs

The reserve for development costs comprises recognised development costs less depreciation/write-downs and taxes. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

### Dividend

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

## Liabilities

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities are recognised at amortised cost.

## Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

## **Cash flow statement**

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

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

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

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

Cash and cash equivalents comprise of cash in hand and at banks.

## **Segment information**

Information is disclosed by geographical market. Segment information is based on the Company's accounting policies, risks and internal financial management.

## Profit and Loss Statement 2023

	<u>Notes</u>	<u>2023 DKK'000</u>	<u>2022 DKK'000</u>
Revenue	2	390.001	400.666
Change in inventories of finished goods and work in progress		-23.164	23.829
Own work capitalized		1.106	3.249
Other operating income	3	273	962
		368.216	428.706
Costs of raw materials and consumables		-195.885	-254.703
Other external expenses	4	-64.068	-53.943
<b>Gross profit</b>		108.263	120.060
Staff costs	5	-108.853	-107.616
Depreciation & amortization	6	-20.432	-19.268
Other operating expenses		-148	-733
<b>Operating profit (EBIT)</b>		-21.170	-7.557
Financial income/expenses net	7	-8.913	-4.627
<b>Profit before tax (EBT)</b>		-30.083	-12.184
Tax on profit/loss for the year	8	6.918	3.886
<b>Net profit for the year (EAT)</b>		-23.165	-8.298

## Balance sheet

<b>Assets</b>	<b>Notes</b>	<b>2023 DKK'000</b>	<b>2022 DKK'000</b>
<b>Intangible fixed assets</b>			
Patent costs	9	4.288	4.798
Development projects in progress	9	37.302	33.577
		<u>41.590</u>	<u>38.375</u>
<b>Tangible fixed assets</b>			
Land and buildings	10	14.951	15.307
Plant and machinery	10	69.918	76.919
Other fixtures, tools and equipment	10	895	1.012
Fixed assets under construction	10	10.833	8.592
		<u>96.597</u>	<u>101.830</u>
<b>Non- current assets</b>		<u>138.187</u>	<u>140.205</u>
<b>Current assets</b>			
Raw materials and consumables		22.391	42.256
Work in progress		22.704	50.022
Finished goods/goods for sale		14.107	9.953
<b>Inventories</b>		<u>59.202</u>	<u>102.231</u>
Trade receivables		46.862	42.809
Receivables from affiliated companies		5	189
Receivables from joint taxation		0	0
Income tax receivable	11	2.692	3.654
Deferred tax asset	12	786	0
Other receivables		1.605	2.243
Prepayments	13	2.195	1.785
<b>Receivables</b>		<u>54.145</u>	<u>50.680</u>
<b>Cash and cash equivalents</b>		26	30
<b>Current assets</b>		<u>113.373</u>	<u>152.941</u>
<b>Assets</b>		<u>251.560</u>	<u>293.146</u>

## Balance sheet

<b>Equity and Liabilities</b>	<b>Notes</b>	<b>2023 DKK'000</b>	<b>2022 DKK'000</b>
<b>Equity</b>			
Share Capital	14	125.000	125.000
Retained earnings		-92.370	-66.471
Reserve for financial instruments		214	427
Reserve for development costs		28.895	26.161
		<u>61.739</u>	<u>85.117</u>
<b>Long term liabilities other than provisions</b>			
Mortgage	15	16.916	18.077
Financial lease obligation	15	18.192	24.071
Other loans	15	9.011	9.155
		<u>44.119</u>	<u>51.303</u>
<b>Short term liabilities other than provisions</b>			
Current portion of mortgage		1.456	1.698
Current portion of financial lease obligation		5.879	5.766
Current portion of other loans		500	6.018
Trade payables		34.124	40.414
Bank debt		3.889	7.893
Deferred tax liability	12	-	3.501
Amounts owed to affiliated companies		77.656	66.976
Other payables		17.447	16.231
Prepayments received		4.751	8.229
		<u>145.702</u>	<u>156.726</u>
<b>Liabilities other than provisions</b>		<u>189.821</u>	<u>208.029</u>
<b>Equity and Liabilities</b>		<u>251.560</u>	<u>293.146</u>
Contractual obligations and contingencies	16		
Mortgage and collateral	17		
Related parties	18		
Ownership	19		
Group	20		
Proposed distribution of profit	21		
Financial Instruments	22		

## Statement of changes in Equity for 2023

	Share Capital DKK'000	Retained Earnings DKK'000	Reserve for financial instruments DKK'000	Reserve for development costs DKK'000	Total DKK'000
Equity at 01.01.2022	125.000	-50.849	-513	18.837	92.475
Value adjustments	-	-7.323	-	7.323	0
Financial instruments, after tax	-	0	940	-	940
Net profit/loss for the year	-	-8.298	-	-	-8.298
Equity at 01.01.2023	<u>125.000</u>	<u>-66.470</u>	<u>427</u>	<u>26.160</u>	<u>85.117</u>
Value adjustments	-	-2.735	-	2.735	-
Financial instruments, after tax	-	0	-213	-	-213
Net profit/loss for the year	-	-23.165	-	-	-23.165
Equity at 31.12.2023	<u>125.000</u>	<u>-92.370</u>	<u>214</u>	<u>28.895</u>	<u>61.739</u>

## Cash flow statement for 2023

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Operating profit/loss (EBIT)	-21.170	-7.557
Depreciation and gain/loss on sale of fixed assets	20.432	19.268
Tax paid/received from joint taxation & tax credit scheme	3.654	4.482
<b>Change in working capital</b>	<b>2.916</b>	<b>16.193</b>
Inventories	43.029	-22.080
Trade accounts receivables	-4.053	-9.766
Ongoing balances with affiliated companies	3.693	-236
Other receivables, prepayment and accruals	228	-250
Trade accounts payable	-6.291	-13.799
Other short term debts.	-2.535	1.137
<b>Cash flow from change in working capital</b>	<b>34.071</b>	<b>-44.994</b>
Financial expenses, paid	-8.913	-4.627
<b>Cash flow from operations</b>	<b>28.074</b>	<b>-33.428</b>
Development projects in progress	-11.541	-17.800
Acquisition of property, plant and equipment	-6.937	-12.491
Sale of property, plant and equipment	64	23
<b>Cash flow from investing activities</b>	<b>-18.414</b>	<b>-30.268</b>
Change, long term liabilities other than provisions	-12.831	-15.317
Change, balances with affiliated companies	7.171	80.383
Change in short term bank debt	-4.004	-1.380
<b>Cash flow from financing activities</b>	<b>-9.664</b>	<b>63.686</b>
Change in cash and cash equivalents	-4	-10
<b>Cash and cash equivalents at 01.01.2023</b>	<b>30</b>	<b>40</b>
Change in cash and cash equivalents	-4	-10
<b>Cash and cash equivalents at 31.12.2023</b>	<b>26</b>	<b>30</b>

### 1. Going concern

The company has realized unsatisfactory results in recent financial years, which has meant that the company has lost more than 50% of its share capital.

The management estimates that the company has the necessary liquidity available for the next 12 months based on the assumption that the company has the opportunity to maintain and expand its credit facilities in the group's cash pool scheme.

It is the management's expectation that this will be possible based on the letter of intent that the company has received from the group. The letter of intent confirms that the group has the will to support the company, which has also historically been the case.

The company is working on a number of initiatives to prepare the company's earning capacity in the coming financial years, which includes, among other things, restructuring of the company, adaptation of the organization and, renegotiation of supplier and customer agreements. The plan also includes stepping out of production lines such as wax laminating and block punching which have been lossmaking in prior years. Machinery for these lines are already fully depreciated.

On the basis of the above letter of intent, initiatives to improve the company's operations and the premise that the credit facilities in the company's cash pool can be maintained and expanded in line with the need for this, the company's management considers that the Financial statements can be prepared with a going concern in mind.

Referring to the Danish Company Act §119 the Board of Directors is attentive to the fact, that more than 50% of the Share Capital has been lost. The Board of Directors has launched a plan to recover the Share Capital through positive results from the above mentioned initiatives in the coming years.

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>

## 2. Net Revenue

Net revenue, Denmark	87.408	79.204
Net revenue, outside Denmark	<u>303.924</u>	<u>321.462</u>
<b>Net revenue</b>	<u><u>391.332</u></u>	<u><u>400.666</u></u>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>

## 3. Other operating income

Sales commission received from Group Companies	64	193
Subsidie related to COVID-19	-	214
Subsidie related to development projects	190	268
Other items	<u>19</u>	<u>287</u>
<b>Other operating income</b>	<u><u>273</u></u>	<u><u>962</u></u>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>

## 4. Fees to auditors appointed at the General Meeting

Fee for statutory audits	<u>-231</u>	<u>-240</u>
<b>Fees to auditors appointed at the General Meeting</b>	<u><u>-231</u></u>	<u><u>-240</u></u>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>

## 5. Staff costs

Salaries and wages	-96.388	-96.370
Pension costs	-9.961	-8.914
Other social security costs	-2.504	-2.332

<b>Staff costs</b>	<b>-108.853</b>	<b>-107.616</b>
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Average number of employees	188	183
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<b>Salaries and fees paid to Executive Board and Board of Directors</b>	<b>-1.953</b>	<b>-2.567</b>
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Management and a number of key staff have performance related (cash) bonus agreements with the company.

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>

## 6. Depreciation & amortization

Non current assets	-8.326	-6.373
Buildings	-356	-353
Plant and machinery	-11.277	-12.104
Other fixtures and fittings, tools and equipment	-437	-438
Gain/loss from sale of fixed assets	-36	-22

<b>Depreciation &amp; amortization</b>	<b>-20.432</b>	<b>-19.290</b>
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	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>

## 7. Financial expenses, net

Interest income, Affiliated companies	-	2
Other financial income	807	430
<b>Financial income</b>	<b>807</b>	<b>432</b>

Interest expenses, affiliated companies	-3.936	-1.614
Other financial expenses	-5.784	-3.445
<b>Financial expenses</b>	<b>-9.720</b>	<b>-5.059</b>

<b>Financial expenses, net</b>	<b>-8.913</b>	<b>-4.627</b>
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	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>8. Tax on profit/loss for the year</b>		
Current tax from joint taxation/current tax on profit for the year	2.631	685
Change in taxes prior year	20	-
Change in deferred tax	4.267	3.201
<b>Tax on profit/loss for the year</b>	<b>6.918</b>	<b>3.886</b>
	Patent costs	Develop. projects in progress
	<b>DKK'000</b>	<b>DKK'000</b>
<b>9. Intangible assets</b>		
<b>Development projects in progress and Patent costs</b>		
Costs at 01.01.2023	5.469	47.965
Additions	-	11.541
Disposals	-	-
<b>Costs at 31.12.2023</b>	<b>5.469</b>	<b>59.506</b>
Depreciation and impairment losses at 01.01.2023	-671	-14.388
Depreciation for the year	-510	-7.816
Reversal relating to disposals	-	-
<b>Depreciation and impairment losses at 31.12.2023</b>	<b>-1.181</b>	<b>-22.204</b>
<b>Carrying amount at 31.12.2023</b>	<b>4.288</b>	<b>37.302</b>

Development projects consists of 16 projects to develop sustainable solutions to cover the demand from the market, projects to invent substitutional materials to the material Barex, which were taken off the market by the supplier, projects to enter new markets e.g. developing new solutions using rigid aluminium. All the projects are either on or very close to be on the market and are sold to both existing customers as well as to new customers. The company expects sales from these projects also in the years to come.

## 10. Tangible fixed assets

	Land and Buildings DKK '000	Plant and machinery DKK '000	Other fixtures etc DKK '000	Assets in progress DKK '000
<b>Costs at 01.01.2023</b>	61.336	347.795	7.988	8.592
Additions	-	4.375	320	2.242
Disposals	-	-12.674	-297	-
<b>Costs at 31.12.2023</b>	<u>61.336</u>	<u>339.496</u>	<u>8.011</u>	<u>10.834</u>
Depreciation and impairment losses at 01.01.2023	-46.029	-270.876	-6.976	-
Depreciation for the year	-356	-11.277	-437	-
Reversal relating to disposals	-	12.575	297	-
<b>Depreciation and impairment losses at 01.01.2023</b>	<u>-46.385</u>	<u>-269.578</u>	<u>-7.116</u>	<u>-</u>
<b>Carrying amount at 31.12.2023</b>	<u>14.951</u>	<u>69.918</u>	<u>895</u>	<u>10.834</u>
Hereof Financial leasing assets	-	35.322	-	-
Carrying amount at 31.12.2022	<u>15.307</u>	<u>76.919</u>	<u>1.012</u>	<u>8.592</u>
hereof Financial leasing assets	-	36.795	-	-

	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
<b>11. Income tax receivable (+)/payable (-)</b>		
Income taxes receivable/payable at 01.01.2023	3.654	237
Income taxes paid/received during the year	-3.654	-237
Income taxes calculated for the year	<u>2.692</u>	<u>3.654</u>
<b>Income tax receivable/payable at 31.12.2023</b>	<u>2.692</u>	<u>3.654</u>

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>12. Deferred tax asset (+)/ Liability (-)</b>		
Deferred tax at 01.01.2023	-3.501	-300
Changes for the year	<u>4.287</u>	<u>-3.201</u>
<b>Deferred tax at 31.12.2023</b>	<u><u>786</u></u>	<u><u>-3.501</u></u>

### 13. Prepayments

Prepayments comprises of payments for expenses related to next year, leasehold, insurance premiums and subscriptions.

### 14. Share Capital

The share capital comprises 125.000 shares at DKK 1.000. No shares carry special voting rights.

	2019	2020	2021	2022	2023
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Share capital 01.01.2023	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>
Share capital 31.12.2023	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>

### 15. Long term debt

	<1 year	1-5 years	>5 years	Total
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Mortgage debt	1.456	6.444	10.472	18.372
Financial leasing obligation	5.879	18.192	-	24.071
Other loans	<u>500</u>	<u>1.065</u>	<u>7.946</u>	<u>9.511</u>
<b>Long term debt at 31.12.2023</b>	<u><u>7.835</u></u>	<u><u>25.701</u></u>	<u><u>18.418</u></u>	<u><u>51.954</u></u>
Long term debt at 31.12.2022	<u><u>13.482</u></u>	<u><u>32.016</u></u>	<u><u>19.287</u></u>	<u><u>64.785</u></u>

Part of other loans (DKK 9,5 million) is related to the change in the law on holiday allowance (Fondsår). Due date for this is uncertain, as the amount falls due, when employees, employed from 1<sup>st</sup> September 2019 to 31<sup>st</sup> August 2020, retires or die or if the company voluntarily chooses to repay earlier.

## 16. Contractual obligations and contingencies

	<b>2023</b>	<b>2022</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
Rent and leasing commitment	<u>2.078</u>	<u>3.239</u>

The company is jointly taxed with the affiliated company adapa flexibles Denmark Bjert A/S. As the administrative company, together with the affiliated company, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

The company has been filed in a lawsuit by one of its customers. The company does not consider the claim to be valid but in the case the outcome of the trial is different, the company has insurance coverage for the claim.

## 17. Mortgages and collateral

The mortgage comprises the plant in Slagelse. Carrying amount of mortgaged plant DKK 15,0 million (2022: DKK 15,6 million).

In 2022 adapa flexibles Denmark Slagelse A/S entered into a financing agreement that applies for the entire adapa Group. adapa flexibles Denmark Slagelse A/S has acceded to the entire financing agreement as a guarantor. adapa flexibles Denmark Slagelse A/S guarantee obligations are limited to an amount equal to the company's equity where payments under the guarantee should be requested. A mortgage deed of DKK 58 million has been registered as a security for this.

A Company charge (floating charge) of DKK 50 million secured upon operating equipment, inventories and trade receivables has been registered, the Company charge is given as security for bank overdraft. Carrying amount of the assets is DKK 141,6 million.

## 18. Related parties

### Related parties with a controlling interest

The following related parties have a controlling interest in adapa flexibles Denmark Slagelse A/S:

<u>Name</u>	<u>Registered Office</u>	<u>Basis of influence</u>
adapa Holding GesmbH	Austria	Immediate Parent
adapa GmbH	Germany	Group Parent
Atlas Flexibles GmbH	Germany	Group Parent
Capriel Investment S.A	Luxembourg	Ultimate Parent
Marek Pawlak		Board of Directors
Paul Gruder		Board of Directors
Sarah Giacomelli		Board of Directors
Tina Kiil Jensen		Board of Directors
Rune Ram Pedersen		Board of Directors

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Transactions with related parties:		
Sales of goods and services to group companies	744	1.300
Sale of services to immediate parent	-	202
Purchase of goods and services from group companies	-18.743	-23.741
Purchase of services from immediate parent	-7.425	-4.064
Purchase of services from group parent	-1.708	-47
Interest income/expense from group parent	-3.935	-1.612
Receivable/payable from group parent (cash pool)	-73.020	-65.849
Receivable from other group companies	5	189
Payables to other group companies	-4.636	-1.127

### 19. Ownership

The Company has registered adapa Holding GesmbH, IZ NÖ-Süd Strasse 1, Obj. 50C, A-2351 Wiener Neudorf as shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital.

### 20. Group

Adapa flexibles Denmark Slagelse A/S is included in the consolidated financial statements of adapa GmbH, Romerstrasse 12, D-87437 Kempten from which address the consolidated financial statements may be ordered.

### 21. Proposed distribution of profit/loss

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Retained earnings	<u>-23.165</u>	<u>-8.298</u>

### 22. Financial instruments

The Company has entered into an interest rate swap presented as other payables. The interest rate swap is recognized with a positive fair value of DKK 273 thousand (2022: DKK 547 thousand). The Company swaps from variable interest rate to fixed interest rate related to the mortgage. The principal amounts to DKK 25.957 thousand and the interest rate swap runs until 31.12.2024. The interest rate is fixed at 1,53%.