20240930030666

Årsredovisning för

# Packsize AB

556647-3384

Räkenskapsåret

**2023-01-01 - 2023-12-31**

**Innehållsförteckning:** **Sida**


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## Fastställelseintyg

Undertecknad styrelseledamot i Packsize AB intygar härmed dels att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med orginalen och dels att resultat- och balansräkningen fastställts på årsstämma 2024-06-28. Stämman beslutade att godkänna styrelsens förslag till resultatdisposition.

ENKÖPING 28/6 2024

Fredrik Markström

20240930030067

Årsredovisning för

# Packsize AB

556647-3384

Räkenskapsåret
**2023-01-01 - 2023-12-31**

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# Förvaltningsberättelse

Styrelsen och verkställande direktören för Packsize AB, 556647-3384, med säte i Enköping, får härmed avge årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31.

Redovisningsvaluta är svenska kronor.

## Allmänt om verksamheten

Packsize AB:s huvudsakliga affärssyfte är att hantera den nordiska marknaden vad gäller försäljnings, service- och administrationsaktiviteter på uppdrag av Packsizegruppen. Packsize AB kommer att fortsätta agera som Holding för Packsize Europe.

Under räkenskapsåret 2023 redovisade Packsize AB en total omsättning på 5 950 TSEK. Dessa I/Co-intäkter är ett resultat av serviceavtalet mellan Packsize AB och Packsize GmbH, där det sistnämnda ger Packsize AB i uppdrag att sköta den nordiska marknadsrelaterade försäljnings-, ingenjörs- och administrationsverksamheten, för vilken de i sin tur erhåller en serviceavgift som täcker administration, servicerelaterad kostnad plus ett påslag.

## Väsentliga händelser under räkenskapsåret

Det har inte framkommit några viktiga externa faktorer under räkenskapsåret 2023 som väsentligen har påverkat företagets ställning.

## Organisation

Företaget har sitt säte i Enköping. Packsize AB är ett helägd dotterbolag till den amerikanska koncernen Packsize International LLC, 27-0166644. Packsize AB äger i sin tur Packsize Technologies AB, Packsize GmbH, Packsize Ltd, Packsize SAS, Packsize Polska Sp.z.o.o, Packsize B.V. och Packsize Pty Ltd.

I enlighet med 7 kap. 2§ ÅRL upprättas ingen koncernredovisning. Koncernredovisning där Packsize AB ingår upprättas av moderbolaget Packsize International LLC och kan erhållas genom Packsize AB, Gesällgatan 2, 745 39 Enköping, Sverige.

## Flerårsöversikt (Tkr)

*Belopp i Tkr*

| | *2023-12-31* | *2022-12-31* | *2021-12-31* | *2020-12-31* | *2019-12-31* |
|---|---|---|---|---|---|
| Nettoomsättning | 5 950 | 5 990 | 6 675 | 5 127 | 6 566 |
| Resultat efter finansiella poster | 739 | -789 | -1 843 | 818 | -470 |
| Balansomslutning | 75 301 | 74 109 | 71 331 | 70 190 | 77 388 |
| Soliditet % | 55 | 55,1 | 58,2 | 61,2 | 54,7 |

Definitioner: se not

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## Förändring av eget kapital

| | Aktie-kapital | Balanserat resultat | Årets resultat | Totalt |
|---|---|---|---|---|
| Belopp vid årets ingång enligt fastställd balansräkning | 100 000 | 35 215 466 | -21 485 | 35 293 982 |
| Disposition enligt beslut av årets stämma | | -21 485 | 21 485 | - |
| Årets resultat | | | 2 381 423 | 2 381 423 |
| **Vid årets utgång** | **100 000** | **35 193 981** | **2 381 423** | **37 675 405** |

## Förslag till disposition av företagets vinst eller förlust

Styrelsen föreslår att till förfogande stående vinstmedel, kronor 37 575 403, disponeras enligt följande:

| | *Belopp i kr* |
|---|---|
| balanserad vinst | 35 193 982 |
| årets resultat | 2 381 422 |
| | **37 575 404** |
| disponeras så att | |
| i ny räkning överföres | 37 575 404 |

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter. Samtliga belopp anges i kr om inget annat anges.

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# Resultaträkning

| *Belopp i kr* | *Not* | *2023-01-01-2023-12-31* | *2022-01-01-2022-12-31* |
|---|---|---|---|
| Nettoomsättning | | 5 949 805 | 5 989 875 |
| Övriga rörelseintäkter | 2 | 1 072 017 | 418 639 |
| | | 7 021 822 | 6 408 514 |
| ***Rörelsens kostnader*** | | | |
| Övriga externa kostnader | 3 | -853 662 | -927 871 |
| Personalkostnader | 4 | -4 759 166 | -4 773 731 |
| Av- och nedskrivningar av materiella och immateriella anläggningstillgångar | 5 | -15 365 | -22 569 |
| Övriga rörelsekostnader | | -53 763 | -811 719 |
| **Rörelseresultat** | | 1 339 866 | -127 376 |
| ***Resultat från finansiella poster*** | | | |
| Ränteintäkter och liknande resultatposter | | 1 133 354 | 975 233 |
| Räntekostnader och liknande resultatposter | | -1 733 759 | -1 637 281 |
| **Resultat efter finansiella poster** | | 739 461 | -789 424 |
| Bokslutsdispositioner | 6 | 2 329 466 | 789 424 |
| **Resultat före skatt** | | 3 068 927 | - |
| Skatt på årets resultat | 7 | -687 504 | -21 485 |
| **Årets resultat** | | **2 381 423** | **-21 485** |

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# Balansräkning

| *Belopp i kr* | *Not* | *2023-12-31* | *2022-12-31* |
|---|---|---|---|
| **TILLGÅNGAR** | | | |
| **Anläggningstillgångar** | | | |
| ***Materiella anläggningstillgångar*** | | | |
| Inventarier, verktyg och installationer | 5 | 10 202 | 22 293 |
| | | 10 202 | 22 293 |
| ***Finansiella anläggningstillgångar*** | | | |
| Andelar i koncernföretag | 8 | 19 760 584 | 19 760 584 |
| Fordringar hos koncernföretag | 9 | 16 851 566 | 16 875 653 |
| | | 36 612 150 | 36 636 237 |
| **Summa anläggningstillgångar** | | 36 622 352 | 36 658 530 |
| **Omsättningstillgångar** | | | |
| ***Kortfristiga fordringar*** | | | |
| Kundfordringar | | - | - |
| Fordringar hos koncernföretag | | 27 270 774 | 26 479 724 |
| Aktuell skattefordran | | 5 864 679 | 5 438 552 |
| Övriga fordringar | | 264 | - |
| Förutbetalda kostnader och upplupna intäkter | | 30 778 | 20 249 |
| | | 33 166 495 | 31 938 525 |
| ***Kassa och bank*** | | 5 512 003 | 5 511 783 |
| **Summa omsättningstillgångar** | | 38 678 498 | 37 450 308 |
| **SUMMA TILLGÅNGAR** | | 75 300 850 | 74 108 838 |

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# Balansräkning

| *Belopp i kr* | *Not* | *2023-12-31* | *2022-12-31* |
|---|---|---|---|
| **EGET KAPITAL OCH SKULDER** | | | |
| ***Eget kapital*** | | | |
| *Bundet eget kapital* | | | |
| Aktiekapital | | 100 000 | 100 000 |
| | | 100 000 | 100 000 |
| *Fritt eget kapital* | | | |
| Vinst eller förlust föregående år | | 35 193 981 | 35 215 466 |
| Årets resultat | | 2 381 423 | -21 485 |
| | | 37 575 404 | 35 193 981 |
| **Summa eget kapital** | | 37 675 404 | 35 293 981 |
| ***Obeskattade reserver*** | | | |
| Periodiseringsfonder | *11* | 4 673 919 | 7 003 385 |
| | | 4 673 919 | 7 003 385 |
| ***Långfristiga skulder*** | *12* | | |
| Skulder till koncernföretag | | 12 396 678 | 12 834 804 |
| Övriga långfristiga skulder | | 10 606 708 | 10 621 900 |
| | | 23 003 386 | 23 456 704 |
| ***Kortfristiga skulder*** | | | |
| Leverantörsskulder | | 38 527 | 21 266 |
| Skulder till koncernföretag | | 7 312 232 | 6 793 093 |
| Skatteskulder | | 1 113 633 | 21 485 |
| Övriga kortfristiga skulder | | 228 928 | 192 778 |
| Upplupna kostnader och förutbetalda intäkter | *13* | 1 254 821 | 1 326 146 |
| | | 9 948 141 | 8 354 768 |
| **SUMMA EGET KAPITAL OCH SKULDER** | | 75 300 850 | 74 108 838 |

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# Noter

## Not 1 Redovisnings- och värderingsprinciper

### Allmänna upplysningar
Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

### Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

### Anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar. I anskaffningsvärdet ingår utgifter som är direkt hänförliga till förvärvet av tillgången. När en komponent i en anläggningstillgång byts ut, utrangeras eventuell kvarvarande del av den gamla komponenten och den nya komponentens anskaffningsvärde aktiveras. Tillkommande utgifter som avser tillgångar som inte delas upp i komponenter läggs till anskaffningsvärdet om de beräknas ge företaget framtida ekonomiska fördelar, till den del tillgångens prestanda ökar i förhållande till tillgångens värde vid anskaffningstidpunkten. Utgifter för löpande reparation och underhåll redovisas som kostnader.

Realisationsvinst repektive realisationsförlust vid avyttring av en anläggningstillgång redovisas som Övrig rörelseintäkt respektive Övrig rörelsekostnad.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde. Följande avskrivningsprocent tillämpas:

| ***Materiella anläggningstillgångar*** | **%** |
|---|---|
| Inventarier, verktyg och installationer | 20 |

### Finansiella instrument
***Kundfordringar/kortfristiga fordringar***
Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

***Låneskulder och leverantörsskulder***
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader.

***Kvittning av finansiell fordran och finansiell skuld***
En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger.

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## Inkomstskatter

Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

***Aktuell skatt***

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen. Fordringar och skulder nettoredovisas endast när det finns legal rätt till kvittning.

***Uppskjuten skatt***

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

## Obeskattade reserver

Obeskattade reserver redovisas som bruttobelopp i balansräkningen, inklusive den uppskjutna skatteskuld som är hänförlig till reserverna.

## Bokslutsdispositioner

Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen. Koncernbidrag redoovisas enligt 35 kap. inkomstskattelagen (1999;1229) som bokslutsdispositioner.

## Ersättningar till anställda

Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Företagets ersättningar innefattar bland annat löner, betald semester, betald frånvaro, bonus och ersättningar efter avslutad anställning (pension). Redovisningen sker i takt med intjänandet. Ersättningar till anställda efter avslutad anställning avser avgiftsbestämda pensionsplaner.

I företaget finns endast avgiftsbestämda pensionsplaner. Som avgiftsbestämda planer klassificeras planer där fastställda avgifter betalas och det inte finns förpliktelser att betala något ytterligare, utöver dessa avgifter.

Utgifter för avgiftbestämda planer redovisas som en kostnad under den period de anställda utför de tjänster som ligger till grund för förpliktelsen.

## Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar

Soliditet %
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

## Uppskattningar och bedömningar

Styrelsen anser inte att det har gjorts några bedömningar eller uppskattningar som väsentligt påverkar den finansiella ställningen.

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## Not 2 Övriga rörelseintäkter

| | *2023-01-01-2023-12-31* | *2022-01-01-2022-12-31* |
|---|---|---|
| Valutakursvinster | 1 072 017 | 330 813 |
| Försäljning av anläggningstillgångar | - | 87 826 |
| **Summa** | **1 072 017** | **418 639** |

## Not 3 Leasingavtal

Företaget har inga väsentliga leasingåtaganden.

## Not 4 Medelantalet anställda

| | *2023-01-01-2023-12-31* | *2022-01-01-2022-12-31* |
|---|---|---|
| Medelantalet anställda | 3 | 3 |
| **Totalt** | **3** | **3** |

## Not 5 Inventarier, verktyg och installationer

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| *Ackumulerade anskaffningsvärden* | | |
| -Vid årets början | 135 591 | 133 652 |
| -Nyanskaffningar | 3 274 | 1 939 |
| **Utgående ackumulerade anskaffningsvärden** | **138 865** | **135 591** |
| *Ackumulerade avskrivningar* | | |
| -Vid årets början | -113 298 | -90 729 |
| -Årets avskrivning | -15 365 | -22 569 |
| | -128 663 | -113 298 |
| **Redovisat värde vid årets slut** | **10 202** | **22 293** |

## Not 6 Bokslutsdispositioner

| | *2023-01-01-2023-12-31* | *2022-01-01-2022-12-31* |
|---|---|---|
| Periodiseringsfond, årets avsättning | -1 050 000 | - |
| Periodiseringsfond, årets återföring | 3 379 466 | 789 424 |
| **Summa** | **2 329 466** | **789 424** |

## Not 7 Aktuell och uppskjuten skatt

| **Skatt på årets resultat** | *2023-01-01-2023-12-31* | *2022-01-01-2022-12-31* |
|---|---|---|
| Aktuell skatt | -687 504 | -21 485 |
| **Totalt redovisad skatt** | **-687 504** | **-21 485** |

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### *Avstämning av effektiv skatt*

| | | *2023-01-01-2023-12-31* | | *2022-01-01-2022-12-31* |
|---|---|---|---|---|
| | Procent | | Procent | |
| Redovisat resultat före skatt | | 3 068 927 | | - |
| Skatt enligt gällande skattesats | 20,60 | -632 199 | 20,60 | |
| Ej avdragsgilla kostnader | | -4 110 | | -4 927 |
| Ej skattepliktiga intäkter | | 18 563 | | 1 226 |
| Skatteeffekt schablonintäkt periodiseringsfond | | -27 988 | | -8 027 |
| Övrigt | | -41 770 | | -9 757 |
| **Redovisad effektiv skatt** | | **-687 504** | **-** | **-21 485** |

## Not 8 Andelar i koncernföretag

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| Ackumulerade anskaffningsvärden: | | |
| -Vid årets början | 19 760 584 | 19 760 584 |
| **Utgående ackumulerade askaffningsvärden** | **19 760 584** | **19 760 584** |
| **Utgående redovisat värde** | **19 760 584** | **19 760 584** |

### *Specifikation av moderföretagets innehav av aktier och andelar i koncernföretag*

| *Namn* | *Kapital-andel* | *Rösträtts-andel* | *Antal andelar* | *Bokfört värde* |
|---|---|---|---|---|
| Packsize Technologies AB | 100% | 100% | 10 456 | 3 830 862 |
| Packsize GmbH | 100% | 100% | 1 | 15 743 187 |
| Packsize Ltd | 100% | 100% | 1 | 103 |
| Packsize SAS | 100% | 100% | 1 | 174 528 |
| Packsize Polska SP.z.o.o | 100% | 100% | 1 | 11 284 |
| Packsize Pty Ltd | 100% | 100% | 1 | 620 |
| Packsize B.V | 100% | 100% | 1 | - |
| | | | | **19 760 584** |

## Not 9 Fordringar hos koncernföretag

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| Ackumulerade anskaffningsvärden: | | |
| -Vid årets början | 16 875 653 | 15 512 792 |
| -Tillkommande fordringar | - | 1 362 861 |
| -Reglerade fordringar | -24 087 | - |
| **Utgående ackumulerade anskaffningsvärden** | **16 851 566** | **16 875 653** |
| **Redovisat värde vid årets slut** | **16 851 566** | **16 875 653** |

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## Not 10 Ställda säkerheter

***Ställda säkerheter***

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| **För egna skulder och avsättningar** | | |
| Företagsinteckningar | 22 771 000 | 22 771 000 |
| **Summa ställda säkerheter** | **22 771 000** | **22 771 000** |

## Not 11 Obeskattade reserver

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| Periodiseringsfond, avsatt vid beskattningsår 2018 | 3 379 466 | 6 758 932 |
| Periodiseringsfond, avsatt vid beskattningsår 2020 | 244 453 | 244 453 |
| Periodiseringsfond, avsatt vid beskattningsår 2023 | 1 050 000 | - |
| | **4 673 919** | **7 003 385** |

## Not 12 Långfristiga skulder

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| **Skulder som förfaller senare än fem år från balansdagen** | | |
| Skulder till koncernföretag | 12 396 678 | 12 834 804 |
| Övriga externa lån | 10 606 708 | 10 621 900 |
| | **23 003 386** | **23 456 704** |

## Not 13 Upplupna kostnader och förutbetalda intäkter

| | *2023-12-31* | *2022-12-31* |
|---|---|---|
| Upplupna räntekostnader | 78 119 | 82 248 |
| Upplupna ersättningar | 218 803 | 337 486 |
| Upplupna semesterlöner | 499 727 | 467 520 |
| Upplupna sociala avgifter | 242 465 | 203 278 |
| Övriga poster | 215 707 | 235 614 |
| | **1 254 821** | **1 326 146** |

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**Packsize AB**
556647-3384

# Underskrifter

Enköping 2024 -06-28

Frank Winter
Styrelseledamot
Verkställande direktör

Hanko Kiessner
Styrelseordförande

Fredrik Markström
Styrelseledamot

Vår revisionsberättelse har lämnats 28/6 - 2024

Ernst & Young AB

Annika Engström
Auktoriserad revisor

20240930003078

20240930003079

## Underskrifter

Enköping 2024 – 06 – 28

Frank Winter
Styrelseledamot
Verkställande direktör

Hanko Kiessner
Styrelseordförande

Fredrik Markström
Styrelseledamot

Vår revisionsberättelse har lämnats

Ernst & Young AB

Annika Engström
Auktoriserad revisor

Building a better working world

20240930030800

# Revisionsberättelse

Till bolagsstämman i Packsize AB, org.nr 556647-3384

## Rapport om årsredovisningen

### *Uttalanden*

Vi har utfört en revision av årsredovisningen för Packsize AB för räkenskapsåret 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Packsize ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### *Grund för uttalanden*

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Packsize AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### *Revisorns ansvar*

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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## Rapport om andra krav enligt lagar och andra författningar

### *Uttalanden*

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning av Packsize AB för räkenskapsåret 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

### *Grund för uttalanden*

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Packsize AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

### *Revisorns ansvar*

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 28/6 2024

Ernst & Young AB

Annika Engström
Auktoriserad revisor

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# CONSOLIDATED FINANCIAL STATEMENTS

PACKSIZE INTERNATIONAL, LLC
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

PACKSIZE®
ON DEMAND PACKAGING

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# PACKSIZE INTERNATIONAL, LLC

## Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

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# Report of Independent Auditors

Management and Members of
Packsize International, LLC

## Opinion

We have audited the consolidated financial statements of Packsize International, LLC (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income and comprehensive income, changes in members' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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## 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 of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

May 9, 2024



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# PACKSIZE INTERNATIONAL, LLC

## Consolidated Balance Sheets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ 10,461,114 | $ 2,887,797 |
| Accounts receivable, net of allowance for credit losses of $705,232 and $912,422, respectively | 82,458,943 | 72,723,964 |
| Inventory | 3,190,899 | 2,176,523 |
| Spare parts inventory | 25,644,074 | 18,699,350 |
| Current portion of finance leases receivable | 1,001,421 | 623,236 |
| Other current assets | 14,601,822 | 14,964,344 |
| Total current assets | 137,358,273 | 112,075,214 |
| Property and equipment, net | 262,529,061 | 227,869,984 |
| Definite-lived intangible assets, net | 11,309,528 | 7,246,741 |
| Cost method investment | 1,000,000 | 1,000,000 |
| Finance leases receivable, net of current portion | 631,095 | 1,902,532 |
| Right-of-use asset | 7,429,918 | 8,378,932 |
| Other long-term assets | 9,233,770 | 3,990,209 |
| Total assets | $ 429,491,645 | $ 362,463,612 |
| Current liabilities | | |
| Accounts payable | $ 34,728,838 | $ 35,591,527 |
| Accrued and other liabilities | 34,661,072 | 28,399,403 |
| Current portion of lease liabilities | 2,631,134 | 2,574,651 |
| Current portion of finance lease obligations | 400,387 | 169,050 |
| Total current liabilities | 72,421,431 | 66,734,631 |
| Non current liabilities | | |
| Lines of credit | 181,783,209 | 165,090,908 |
| Notes payable | 1,054,587 | 1,020,046 |
| Lease liabilities, net of current portion | 4,823,569 | 5,824,704 |
| Finance lease obligations, net of current portion | 1,440,106 | 578,933 |
| Other long-term liabilities | 15,297,498 | 7,556,382 |
| Deferred tax liabilities | 1,169,028 | 1,140,044 |
| Total liabilities | 277,989,428 | 247,945,648 |
| Members' equity | | |
| Preferred units, no par value, 2,320,000 units Series A authorized; 2,177,385 and 2,243,093 units outstanding as of December 31, 2023 and 2022; 1,568,998 units Series C authorized and outstanding as of December 31, 2023 and 2022 | 14,697,149 | 14,884,452 |
| Common units, no par value, 13,219,369 units authorized; 8,175,711 units and 8,124,558 units outstanding as of December 31, 2023 and December 31, 2022, respectively. | 76,564,202 | 2,603,009 |
| Additional paid-in capital | 1,070,799 | 837,370 |
| Accumulated other comprehensive loss | (997,994) | (1,910,921) |
| Retained earnings | 60,168,061 | 98,104,054 |
| Total members' equity | 151,502,217 | 114,517,964 |
| Total liabilities and members' equity | $ 429,491,645 | $ 362,463,612 |

See accompanying notes to consolidated financial statements.

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# PACKSIZE INTERNATIONAL, LLC

## Consolidated Statements of Income and Comprehensive Income

| | Years Ended December 31, | |
|---|---|---|
| | **2023** | **2022** |
| Sales | $ 591,144,477 | $ 546,317,666 |
| Cost of sales | 432,830,033 | 411,009,069 |
| Gross profit | 158,314,444 | 135,308,597 |
| Operating expenses | 104,836,383 | 103,929,186 |
| Income from operations | 53,478,061 | 31,379,411 |
| Other income (expense): | | |
| Interest expense | (10,444,565) | (5,621,241) |
| Other, net | 286,279 | (2,085,974) |
| Other expense, net | (10,158,286) | (7,707,215) |
| Income before income taxes | 43,319,775 | 23,672,196 |
| Income tax provision | (2,547,792) | (2,236,260) |
| Net income | 40,771,983 | 21,435,936 |
| Other comprehensive income (loss): | | |
| Foreign currency translation adjustments | 912,927 | (1,690,037) |
| Total other comprehensive income (loss) | 912,927 | (1,690,037) |
| Comprehensive income | $ 41,684,910 | $ 19,745,899 |

See accompanying notes to consolidated financial statements.

# PACKSIZE INTERNATIONAL, LLC

## Consolidated Statements of Changes in Members' Equity

| | Preferred units | | Common units | | Additional paid-in capital | Accumulated other comprehensive (loss) income | Retained earnings | Total members' equity |
|---|---|---|---|---|---|---|---|---|
| | Units | Amount | Units | Amount | | | | |
| Balance at December 31, 2021 | 3,812,091 | 14,884,452 | 8,130,808 | 2,603,009 | $ 1,287,291 | (220,884) | $ 77,709,792 | 96,263,660 |
| Net income | - | - | - | - | - | - | 21,435,936 | 21,435,936 |
| Other comprehensive income | - | - | - | - | - | (1,690,037) | - | (1,690,037) |
| Member distributions | - | - | - | - | - | - | (1,041,674) | (1,041,674) |
| Repurchase of vested profits interest compensatory common units | - | - | (20,000) | - | (480,525) | - | - | (480,525) |
| Vested profits interest compensatory common units and related compensation expense | - | - | 13,750 | - | 30,604 | - | - | 30,604 |
| Balance at December 31, 2022 | 3,812,091 | 14,884,452 | 8,124,558 | 2,603,009 | 837,370 | (1,910,921) | 98,104,054 | 114,517,964 |
| Net income | - | - | - | - | - | - | 40,771,983 | 40,771,983 |
| Other comprehensive income | - | - | - | - | - | 912,927 | - | 912,927 |
| Member distributions | - | - | - | - | - | - | (5,826,117) | (5,826,117) |
| Repurchase of vested profits interest compensatory common units | - | - | (194,210) | - | (892,031) | - | (11,408,739) | (12,300,770) |
| Repurchase of preferred and common units | (65,708) | (187,303) | (841,187) | (868,718) | - | - | (61,473,120) | (62,529,141) |
| Issuance of common units | - | - | 1,085,300 | 74,829,911 | - | - | - | 74,829,911 |
| Vested profits interest compensatory common units and related compensation expense | - | - | 1,250 | - | 1,125,460 | - | - | 1,125,460 |
| Balance at December 31, 2023 | 3,746,383 | $ 14,697,149 | 8,175,711 | $ 76,564,202 | $ 1,070,799 | $ (997,994) | $ 60,168,061 | $ 151,502,217 |

See accompanying notes to consolidated financial statements.

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# PACKSIZE INTERNATIONAL, LLC

## Consolidated Statements of Cash Flows

| | Years Ended December 31, 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 40,771,983 | $ 21,435,936 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 43,445,822 | 34,282,122 |
| Unrealized gain/loss on interest rate swap | 535,214 | (1,187,920) |
| Amortization of deferred financing costs | 248,810 | 180,656 |
| Deferred tax expense (benefit) | (284,434) | 27,801 |
| Bad debt expense (benefit) | (208,419) | 376,835 |
| Profits interest compensatory common unit-based compensation expense | 1,125,460 | 30,604 |
| Non-cash operating lease expense | 2,919,476 | 2,647,791 |
| Unrealized foreign currency transaction loss (benefit) | (1,129,051) | 533,097 |
| Loss (gain) on sale of property and equipment | (182,705) | 436,993 |
| Changes in: | | |
| Accounts receivable | (9,185,490) | (17,195,806) |
| Inventory | (1,801,641) | (545,474) |
| Spare parts inventory | (5,777,444) | (6,145,220) |
| Other assets | (3,322,130) | (3,336,582) |
| Accounts payable | (8,526,740) | (12,898,662) |
| Lease liabilities | (3,126,285) | (2,665,071) |
| Accrued and other liabilities | 13,602,814 | 12,697,083 |
| Net cash provided by operating activities | 69,105,240 | 28,674,183 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (72,192,223) | (91,127,362) |
| Purchase of definite-lived intangible assets | (1,400,463) | (1,275,125) |
| Capitalized software development | (3,746,187) | - |
| Proceeds from sale of property and equipment | 5,638,945 | 3,065,026 |
| Net cash used in investing activities | (71,699,928) | (89,337,461) |
| Cash flows from financing activities: | | |
| Drawdowns on line of credit | 366,419,444 | 336,282,043 |
| Payments on line of credit | (350,162,026) | (271,138,049) |
| Amounts paid for financing costs | - | (307,014) |
| Principal payments on notes payable | - | (1,867,594) |
| Principal payments on finance lease obligations | (354,382) | (263,066) |
| Repurchase of profits interest compensatory common units | (12,300,770) | (480,525) |
| Repurchase of preferred and common units | (62,529,141) | - |
| Proceeds from issuance of common units | 74,829,911 | - |
| Member distributions | (5,826,117) | (1,041,674) |
| Net cash provided by financing activities | 10,076,919 | 61,184,121 |
| Effect of foreign currency exchange rates on cash and cash equivalents | 91,086 | (295,260) |
| Net increase (decrease) in cash and cash equivalents | 7,573,317 | 225,583 |
| Cash and cash equivalents, beginning of period | 2,887,797 | 2,662,214 |
| Cash and cash equivalents, end of period | $ 10,461,114 | $ 2,887,797 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | $ 9,733,919 | $ 6,322,217 |
| Income taxes | $ 2,346,159 | $ 2,754,025 |
| Non-cash investing and financing activities: | | |
| Property and equipment costs financed through accounts payable and finance lease obligations | $ 8,855,275 | $ 4,312,680 |
| Right-of-use assets obtained in exchange for lease obligations | $ 1,792,204 | $ 11,026,723 |

See accompanying notes to consolidated financial statements.

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## 1. Organization and Nature of Operations

Packsize International, LLC (the Company or Packsize) provides packaging solutions, services, hardware, software, and consumables in the on-demand packaging market. The Company primarily sells, under supply agreements, corrugated cardboard (z-fold) and packaging solutions to customers that use the Company's machines, under lease arrangements, to make custom boxes.

With operations in North America, Europe, and Australia, Packsize serves a diversified customer base including eCommerce and fulfillment, printing, manufacturing, furniture, and cabinetry.

## 2. Summary of Significant Accounting Policies

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates include determination of the transaction price for revenue recognition; collectability of accounts receivable; realizable value of inventories; the estimated useful lives and assessments of impairment for property and equipment; intangible assets and other long-lived assets; fair value of derivative instruments and hedging activities; fair value and expected unit-price volatility of unit-based compensation expense, income taxes and related valuation allowance; incremental borrowing rate for leases, and others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those estimates.

### Principles of Consolidation

The consolidated financial statements include the accounts of Packsize International, LLC and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

### Cash Equivalents

The Company considers all cash on deposit, money market accounts, highly-liquid debt, and equity instruments purchased with original maturities of less than three months to be cash and cash equivalents.

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**Foreign Currency Translation and Transactions**

The functional currency of certain of the Company's subsidiaries is the Euro (EUR), the Swedish Krona (SEK), the Australian Dollar (AUD), the British Pound (GBP), the Polish Zloty (PLN), and the Mexican Peso (MXN). Accordingly, assets and liabilities are translated into U.S. dollars using period-end exchange rates. Sales and expenses are translated at the average exchange rates in effect during the period. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income in the consolidated statements of changes in members' equity and the consolidated statements of income and comprehensive income. Net gains (losses) resulting from foreign currency remeasurements and transactions are included in income as a component of other, net in the consolidated statements of income and comprehensive income and totaled $252,163 and $(1,948,425) for the year ended December 31, 2023, and 2022, respectively.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are recorded at the contractually obligated amount. The Company performs credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness. The Company maintains an allowance for expected credit losses over the lifetime of accounts receivables. The allowance is based on an analysis of aging of our accounts receivable, customer risk characteristics, historical write-off experience, current economic and market trends, expectations of future economic conditions, and specific identification of customer payment capability. Customers with balances over 90 days old and other higher risk accounts are reviewed individually for collectability. Accounts receivable are written off when the probability of collection becomes remote. Recoveries of accounts receivable previously written off are recorded when cash is received.

**Inventories**

Inventories are stated at lower of cost (determined on a first-in, first-out and weighted average basis) or net realizable value and consist of packaging materials and spare parts. Spare parts consist of interchangeable parts used for the repair or replacement of components in the machines the Company places with its customers to make custom boxes. On average, spare parts have a historical turnover of approximately one year. For this reason, the Company has classified the spare parts inventory as a current asset within the consolidated balance sheets. Spare parts may also be included in the machines which the Company capitalizes as property and equipment and depreciates over their expected useful life.

Assessments to value the inventory at the lower of the actual cost to purchase and/or manufacture the inventory, or the current estimated net realizable value of the inventory, are based upon assumptions about future demand and market conditions. As a result of the Company's assessments, when the net realizable value of inventory is less than the carrying value, the inventory cost is written down to the net realizable value and the write down is recorded as a charge to cost of sales.

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**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Costs for machines and attachments that are leased to customers includes the related costs to place the equipment at the customers' locations and prepare it for its intended use, including capitalized interest for the period prior to the equipment being made ready for use. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets as follows:

| | Useful Life |
|---|---|
| Machines and attachments | 7 Years |
| Furniture and fixtures | 7 Years |
| Vehicles | 5 Years |

Major additions and improvements are capitalized while minor replacements, maintenance, and repairs which do not increase the useful lives of the assets are expensed as incurred. Major additions and improvements include refurbishing used machines which increases the useful life. Gains and losses on sales of property and equipment are presented in other, net within our consolidated statements of income and comprehensive income. Leasehold improvements are included in furniture and fixtures and are depreciated over the lesser of the lease term or life of the asset.

**Definite-Lived Intangible Assets**

Intangible assets consist of intellectual property, patents, trademarks, internal-use software, and software to be sold or leased. The Company capitalizes legal costs that are incurred to acquire patents when the costs and related patents are specifically identifiable.

Amortization is computed using the straight-line method over the estimated useful lives of the related assets, or the remaining life of the asset if less, as follows:

| | Useful Life |
|---|---|
| Patents | 15 Years |
| Intellectual property | 15 Years |
| Trademarks | 10 Years |
| Internal-use software | 3 Years |
| Software to be sold or leased | 3 Years |

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**Impairment of Long-Lived Assets**

The Company reviews its long-lived tangible assets, including property and equipment, assets held for sale, and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceed the estimated future undiscounted net cash flows related to those assets. In those circumstances, the carrying values of the assets are compared to their fair values and if greater than the fair values, an impairment loss is recognized. Impairment losses are reflected in operations.

In 2023 and 2022, the Company did not record any impairment losses.

**Revenue Recognition**

The Company follows Accounting Standard Update 2014-09, "Revenue from Contracts with Customers" ("Topic 606").

The Company primarily enters into equipment usage and supply agreements to provide equipment and related z-fold corrugated to customers. The Company's sales of z-fold corrugated fall within the scope of Topic 606. The Company recognizes revenue when persuasive evidence of a contract with a customer exists and as the identified performance obligation is satisfied as the customer obtains control of the goods. Revenue is measured based on the amount of consideration that is expected to be received for providing the good to the customer.

Under Topic 606, the Company determines if any components of its contracts with customers fall within the scope of other accounting literature. The Company has identified that some components of its contracts with customers, shipping and installation of equipment and use of the equipment and software, fall under the accounting guidance in ASC Topic 842, "Leases" ("Topic 842"). Accordingly, the Company recognizes revenue for those elements in accordance with ASC Topic 842, which results in total minimum lease payments to be received being recognized over the term of the contract. Lease payments that are contingent upon the sale of z-fold corrugated are recognized at the time the control of the z-fold corrugated is transferred to the customer.

Revenue is recognized net of any taxes collected from customers and subsequently remitted to governmental authorities.

**Capitalized Contract Costs**

Capitalized contract costs represent the costs directly related and incremental to the origination of new contracts and are included in other current assets and other long-term assets on the consolidated balance sheets. These costs include commissions and other compensation and related costs paid directly for the origination of new customer contracts. These costs are deferred and amortized on a straight-line basis over the expected period of benefit that we have determined to be three years. Amortization of capitalized contract costs is included in operating expenses on the consolidated statements of income and comprehensive income. These deferred costs are

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periodically reviewed for impairment. There were no impairment losses recorded during the periods presented. Costs not directly related and incremental to the origination of new contracts are expensed as incurred.

**Finance Leases (Sales-type Lease)**

Certain of the Company's contracts with customers are classified as sales-type finance leases for financial accounting purposes. The Company reports the discounted present value of (i) future minimum lease payments (including the bargain purchase option) and (ii) any residual value not subject to a bargain purchase option as a finance lease receivable on its consolidated balance sheets and accrues interest on the balance of the finance lease receivable based on the interest rate implied in the applicable lease over the term of the lease. For sales-type finance leases, the Company removes the asset from its balance sheet on commencement of the lease and recognizes the difference between the net book value of the machine and the net investment in sales-type finance leases as sales on the consolidated statements of income and comprehensive income, less any initial direct costs and lease incentives. The Company applies an allowance for credit losses utilizing a loss-rate method. Under this method, credit allowance is calculated using an estimated loss rate and multiplying it by the asset's amortized cost at the balance sheet date.

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is the responsibility of its members. Therefore, no provision or liability for federal and certain state income taxes has been included in the accompanying financial statements for the parent Company and its subsidiary in the United States, which is also a limited liability company. Certain states tax the Company instead of its members and such state tax liability has been included in income tax expense in the consolidated statements of income and comprehensive income.

The Company has various foreign subsidiaries that are corporations, and, therefore, are taxable in the countries in which they reside, which taxes are payable by the Company. For these foreign subsidiaries, deferred income tax assets or liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled or realized. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax assets are reviewed for recoverability, and the Company records a valuation allowance to reduce its deferred income tax assets when it is more likely than not that all or some portion of the deferred income tax assets will not be realized.

As of December 31, 2023 and 2022, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company's 2023, 2022, 2021,

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2020, and 2019 tax years are open to federal and state income tax examination. To the extent interest and penalties would be assessed by taxing authorities of any underpayment of income taxes, such amounts are accrued and classified as a component of income tax expense on the Company's consolidated statements of income and comprehensive income.

**Shipping and Handling**

Shipping and handling costs billed to customers are included in sales revenue. Shipping and handling expenses are included in cost of sales.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expenses totaling $257,462 and $140,333 are included in operating expenses for the years ended December 31, 2023 and 2022, respectively.

**Research and Development Costs**

Research and development costs are expensed as incurred. Research and development expenses totaling $18,401,792 and $19,424,481 are included in operating expenses for the years ended December 31, 2023 and 2022, respectively.

**Concentrations of Credit Risk and Suppliers**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and finance lease (sales-type lease) receivables. In the normal course of business, the Company extends credit to its customers, which are in diverse end markets. Many customers to which the Company extends credit are located outside the United States. The Company performs ongoing credit evaluations of customers, generally does not require collateral, and considers the credit risk profile of the entity from which the receivable is due in further evaluating collection risk. In addition, the Company has the right to extract machines for non-payment. No customer accounted for 10% or more of revenue for the years ended December 31, 2023 and 2022.

The Company, at times, maintains money market instruments that are not federally insured in the United States or elsewhere. The Company has not experienced any material losses in these instruments and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Purchases from one supplier accounted for 49.0% and 40.9% of total purchases during the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the Company had $7,762,591 and $6,707,362, respectively, of accounts payable to this supplier. This supplier also holds a controlling interest in the Company's cost method investment. No other supplier accounted for 10% or more of purchases for the years ended December 31, 2023 and 2022.

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The Company has 40 employees in its Swedish manufacturing subsidiary who belong to labor organizations, with whom the Company negotiates collective bargaining agreements. Less than 10 percent of the Company's total employees are covered by collective bargaining agreements, and none of these agreements expire within one year from December 31, 2023.

**Fair Value of Financial Instruments**

The Company measures at fair value certain of its financial and non-financial assets and liabilities by using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability. The levels of the fair value hierarchy are:

Level 1 — Quoted market prices in active markets for identical assets or liabilities;

Level 2 — Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable, such as interest rate and yield curves, and market-corroborated inputs); and

Level 3 — Unobservable inputs in which there is little or no market data, which require the reporting unit to develop its own assumptions.

The Company's financial instruments consist of cash and cash equivalents, receivables, payables, debt, deferred compensation related assets, deferred compensation related liabilities, and derivative instruments. The carrying amount of cash and cash equivalents, receivables, payables and variable rate debt approximates fair value because of the short-term nature of these instruments or because, in the case of variable rate debt, the interest rate approximates a market interest rate. The carrying amount of the Company's fixed rate debt may not represent fair value. The fair value of deferred compensation related assets and liabilities are determined using quoted market prices from daily exchange traded markets on the closing price as of the balance sheet date and are classified as Level 1.

Derivative financial instruments are recognized as either assets or liabilities in the consolidated balance sheets at their respective fair values. As a matter of policy, the Company uses derivatives for risk management purposes as hedges for changes in interest rates. The Company does not use derivatives for speculative purposes.

Fair value of the derivative instruments is determined using pricing models developed based on the underlying swap interest rate and other observable market data as appropriate. The values are also adjusted to reflect nonperformance risk of the counterparty and the Company, as necessary, and are classified as Level 2. Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period. Deferred compensation assets and deferred

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compensation liabilities are presented within the consolidated balance sheets in other long-term assets and other long-term liabilities, respectively.

As of December 31, 2023 and 2022, the Company's assets and liabilities measured at fair value on a recurring basis and their level are as shown:

| | December 31, 2023 | Fair Value Measurements Using: Level 1 Inputs | Level 2 Inputs | Level 3 Inputs |
|---|---|---|---|---|
| Deferred compensation assets | $3,521,601 | $3,521,601 | — | — |
| Interest rate swap derivative assets | $632,278 | — | $632,278 | — |
| Deferred compensation liabilities | $3,484,352 | $3,484,352 | — | — |
| Interest rate swap derivative liabilities | $714,313 | — | $714,313 | — |

| | December 31, 2022 | Fair Value Measurements Using: Level 1 Inputs | Level 2 Inputs | Level 3 Inputs |
|---|---|---|---|---|
| Deferred compensation assets | $1,339,186 | $1,339,186 | — | — |
| Interest rate swap derivative assets | $672,078 | — | $672,078 | — |
| Deferred compensation liabilities | $1,339,186 | $1,339,186 | — | — |
| Interest rate swap derivative liabilities | $218,899 | — | $218,899 | — |

Refer to Note 10 for further disclosure regarding the Company's derivatives.

**Comprehensive Income**

Comprehensive income includes changes to equity accounts that were not the result of transactions with members. Comprehensive income is comprised of net income and changes in the cumulative foreign currency translation adjustments.

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**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The purpose of the standard is to improve transparency and comparability related to the accounting and reporting of leasing arrangements. The guidance requires balance sheet recognition for assets and liabilities associated with rights and obligations created by leases with terms greater than twelve months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted. The Company adopted this standard as of January 1, 2022.

In transition, the Company recognized and measured leases at the beginning of the period of adoption, January 1, 2022, using a modified retrospective approach and elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs for all leases where the Company is the lessee. Additionally, the Company elected to combine lease and non-lease components for all asset classes. There was no impact upon adoption to leases where the Company is the lessor. Variable lease payments are defined as payments made for the right to use an asset that vary because of changes in facts or circumstances occurring after the commencement date, other than the passage of time. Any variable lease components are expensed as incurred. The Company elected the short-term policy election and recognizes lease payments related to short-term leases in operating expenses on a straight-line basis over the lease term. All periods prior to December 31, 2022, were presented in accordance with the previous ASC 840, Leases, and no retrospective adjustments were made to the comparative periods presented.

The Company determines if an arrangement is or contains a lease at inception. Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on an amount equal to the present value of lease payments over the lease term for both operating and finance leases. The operating lease ROU assets also include adjustments related to prepaid or deferred lease payments and lease incentives. The Company used the implicit rate when it was readily determinable and utilized the incremental borrowing rate for the remaining lease term and remaining minimum rental payments for the calculation of the lease liability at the adoption date when an implicit rate was not provided.

The adoption of Topic 842 had an impact to the Company's consolidated balance sheets and consolidated statement of cash flows relating to the recognition of ROU assets and liabilities for operating leases. There is no material impact to the consolidated statements of income and comprehensive income.

In June 2016, the FASB issued ASC 2016-13, "Measurement of Credit Losses on Financial Instruments" ("Topic 326"), which replaces the incurred loss impairment methodology under the current guidance with an expected loss methodology that requires consideration of forward-looking information to estimate credit losses. The Company's financial instruments within the scope of this guidance primarily includes accounts receivable and finance leases (sales-type

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leases). On January 1, 2023, we adopted the new standard under the modified retrospective approach, such that comparative information has not been restated and continues to be reported under accounting standards in effect for those periods. The adoption of Topic 326 did not have a material impact to the Company's consolidated financial statements.

No other new accounting pronouncement issued or effective during the fiscal year had, or is expected to have, a material impact on our consolidated financial statements.

**3. Revenue**

*Performance Obligations*

The Company provides customers packaging solutions. A significant portion of the Company's revenue is invoiced as sales of z-fold corrugated. For sales of z-fold corrugated, revenue is recognized at a point in time when control of the goods is transferred to customers. Control of the goods can transition to customers upon shipment or delivery depending on customer-specific contract terms.

The Company has identified that certain components of its contracts with customers fall under the guidance of Topic 842. These components include the shipping and installation of equipment as well as the use of the equipment and the software that is essential to the functionality of the equipment. The Company's customers use the Company's equipment, and the purchased z-fold corrugated, to create custom sized packaging for shipping products to end customers.

*Revenue Recognition*

When determining the transaction price or, in other words, the amount of revenue to be recognized, the transaction price reflects the amount of consideration to which the Company expects to be entitled in exchange for the goods and services it transfers to customers. The Company typically determines the transaction price of its contracts by noting any fees specifically identified in the contract, typically an installation fee, minimum lease fees, and adding an estimated amount of z-fold corrugated material that will be ordered over the life of the contract.

The total transaction price of a contract is allocated on a relative standalone selling price basis to 1) sales of z-fold corrugated and 2) the use of the Company's equipment and software including service and support. The Company determines the standalone selling price of z-fold corrugated either based on standalone sales prices or by using market prices, depending on the type of corrugated material. For other components of the Company's contracts with customers, accounted for under Topic 842, standalone selling price is primarily determined based on the expected cost plus margin approach, unless actual standalone selling prices are available for a particular type of machine.

The transaction price associated with shipping and installation is allocated based on the relative standalone price to the lease and non-lease components. The allocated transaction price is

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recognized in accordance with the timing associated with each component. The transaction price allocated to the fixed lease payments related to the Company's equipment is recognized on a straight-line bases over the contract term. The transaction price allocated to the right to use the Company's equipment and software is recognized simultaneously with the delivery of the z-fold corrugated.

The payment terms for the Company's customers vary by customer. Payment terms typically range from 30 to 90 days.

*Disaggregation of Revenue from Contracts with Customers*

The following table disaggregates revenue from contracts with customers:

| | 2023 | 2022 |
|---|---|---|
| Z-fold corrugated | $411,100,576 | $411,888,193 |
| Use of equipment, software, service and support | 141,613,354 | 98,726,271 |
| Consumable and accessory | 19,065,022 | 21,286,506 |
| Machine sales | 14,927,420 | 11,696,663 |
| Other | 4,438,105 | 2,720,033 |
| | $591,144,477 | $546,317,666 |

The Company's customers are located in North America, Europe, and Australia, within industries such as eCommerce and fulfillment, printing, manufacturing, furniture, and cabinetry.

The Company recognizes the cost for shipping and handling as a fulfilment activity. Shipping and handling costs are included in cost of sales.

**4. Finance Leases (Sales-type Lease) Receivable**

On December 31, 2023 and December 31, 2022, the net investment included in sales-type finance leases receivable were as follows:

| | 2023 | 2022 |
|---|---|---|
| Gross minimum lease payments receivable | $ 1,747,773 | $ 2,754,606 |
| Less unearned interest | (115,257) | (228,838) |
| Total finance leases receivable | 1,632,516 | 2,525,768 |
| Less current portion of finance leases receivable | (1,001,421) | (623,236) |
| Finance lease receivable, net of current portion | $ 631,095 | $ 1,902,532 |

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As of December 31, 2023, minimum future lease revenue payments under sales-type finance leases were as follows:

| Years Ending December 31: | |
|---|---|
| 2024 | $ 1,125,902 |
| 2025 | 449,401 |
| 2026 | 169,212 |
| 2027 | 3,258 |
| 2028 | — |
| | $ 1,747,773 |

**5. Property and Equipment**

Property and equipment consisted of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Machines | $458,307,191 | $384,352,494 |
| Furniture and fixtures | 17,157,932 | 15,081,644 |
| Vehicles | 3,753,496 | 2,898,255 |
| | 479,218,619 | 402,332,393 |
| Less accumulated depreciation | (216,689,558) | (174,462,409) |
| Property and equipment, net | $262,529,061 | $227,869,984 |

Depreciation expense related to property and equipment, including those under finance leases, recognized for the years ended December 31, 2023 and 2022, was $42,627,130 and $33,890,500, respectively. The Company capitalized interest expense of $298,344 and $180,019 during the years ended December 31, 2023 and 2022, respectively.

**6. Definite-Lived Intangible Assets**

Beginning in 2023, the Company capitalized some software costs for software to be sold or leased to customers. Research and development costs incurred for software products are expensed until technological feasibility has been established for the product. Once technological feasibility is established, software costs are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. The amortization of these costs will be included in cost of sales over the estimated life of the asset.

The Company capitalized $3,746,187 of software development costs and amortization expense for these capitalized software costs was $416,243 for the year ended December 31, 2023. The amortization expense is presented within the consolidated statements of income and

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comprehensive income in cost of sales. The unamortized amount of capitalized software costs presented in the consolidated balance sheets was $3,329,944 for the year ended December 31, 2023.

Definite-lived intangible assets consisted of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Patents | $ 5,278,285 | $ 4,191,261 |
| Patents pending | 3,338,345 | 3,344,180 |
| Internal-use software | 497,771 | 497,771 |
| Software to be sold or leased | 3,746,187 | - |
| Intellectual property | 48,500 | 41,790 |
| Trademarks | 913,714 | 871,732 |
| | 13,822,802 | 8,946,734 |
| Less accumulated amortization | (2,513,274) | (1,699,993) |
| Intangibles, net | $ 11,309,528 | $ 7,246,741 |

The weighted average amortization period of the Company's definite-lived intangible assets is approximately fifteen years. Amortization expense related to intangible assets totalled $818,692 and $391,622 for the years ended December 31, 2023 and 2022, respectively.

The estimated aggregate amortization expense for the next five years and thereafter is as follows:

| Years Ending December 31: | |
|---|---|
| 2024 | $ 1,702,131 |
| 2025 | 1,698,602 |
| 2026 | 1,269,530 |
| 2027 | 429,689 |
| 2028 | 423,427 |
| Thereafter | 5,786,149 |
| | $ 11,309,528 |

**7. Cost Method Investment**

In March of 2015, the Company entered into a Limited Liability Company Agreement with other investors in a paper mill (Paper Mill) to produce corrugated medium grade paper. The Company's initial capital contribution of $1,000,000 resulted in an ownership interest of one-hundred units or ten percent (10%) and has been included within the consolidated balance sheets as a non-current asset.

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The carrying amount of the cost method investment is $1,000,000 as of December 31, 2023 and December 31, 2022. The fair value of the investment is not estimated as the Company has not identified any events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. Moreover, in accordance with ASC 825-10-50-16 through 50-19, the Company has determined that it is not practicable to obtain a valuation to estimate the fair value of the investment, considering the materiality of the investment to the Company as a whole.

The Company has also assessed the cost method investment for other-than-temporary impairment under the provisions of ASC 320, Investments – Debt and Equity Securities, noting no required adjustments to the value as of December 31, 2023.

## 8. Accrued and Other Liabilities

Accrued liabilities consisted of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Payroll liabilities | $ 13,251,007 | $ 12,626,562 |
| Deferred revenue | 9,597,988 | 7,035,522 |
| Income and other taxes payable | 2,838,454 | 1,967,872 |
| Other | 8,973,623 | 6,769,447 |
| | $34,661,072 | $28,399,403 |

## 9. Notes Payable

Notes payable consisted of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Notes payable to an individual related directly to an officer, quarterly interest payments of $23,069, average interest rate of 8.75%. All principal and interest is due 6 months after demand. The note is subordinated to the line of credit (see Note 11). No principal may be paid on the note while the Company carries a balance on the revolving loan. | $ 1,054,587 | $ 1,020,046 |
| Total notes payable | 1,054,587 | 1,020,046 |
| Less current portion of notes payable | - | - |
| | $ 1,054,587 | $ 1,020,046 |

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Scheduled maturities of notes payable (which excludes balances due under the lines of credit) as of December 31, 2023, are as follows:

| Years Ending December 31: | |
|---|---|
| 2024 | $ - |
| 2025 | - |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| Thereafter | 1,054,587 |
| | $ 1,054,587 |

Since the note payable cannot be paid without separate lender approval, it is classified as noncurrent while the Company carries a balance on the revolving loan because the revolving loan agreement is not due until July 2025, and the Company does not currently intend to pay the note prematurely.

**10. Financial Instruments**

***Derivatives***

The Company's business is exposed to interest rate risk resulting from fluctuations of the variable interest rate for the Company's line of credit. Increases in the variable rate would increase interest expense relating to the line of credit and would increase the cost of debt. Fluctuations in interest rates can also lead to significant fluctuations in the fair value of the line of credit.

On January 25, 2018, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $24,000,000, for the period beginning January 23, 2018 and ending on October 11, 2022. Under the terms of the interest rate swap, the Company pays a fixed rate of 2.78% plus the applicable rate of 1.75% and receives floating Prime during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

On February 2, 2018, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $10,000,000, for the period beginning February 12, 2018 and ending on October 11, 2022. Under the terms of the interest rate swap, the Company pays a fixed rate of 2.94% plus the applicable rate of 1.75% and receives floating Prime during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

On February 2, 2018, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $5,000,000, for the period beginning February 12, 2018 and ending on October 11, 2022. Under the terms of the interest rate swap, the Company

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pays a fixed rate of 2.94% plus the applicable rate of 1.75% and receives floating Prime during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

On July 5, 2022, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $20,000,000, for the period beginning July 19, 2022 and ending on July 19, 2027. Under the terms of the interest rate swap, the Company pays a fixed rate of 2.7% plus the applicable rate of 1.75% and receives floating SOFR during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

On November 14, 2022, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $30,000,000, for the period beginning November 16, 2022 and ending on November 16, 2027. Under the terms of the interest rate swap, the Company pays a fixed rate of 3.86% plus the applicable rate of 1.75% and receives floating SOFR during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

On November 14, 2022, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $30,000,000, for the period beginning November 21, 2022 and ending on July 19, 2027. Under the terms of the interest rate swap, the Company pays a fixed rate of 3.87% plus the applicable rate of 1.75% and receives floating SOFR during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

On February 8, 2023, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $30,000,000, for the period beginning February 16, 2023 and ending on November 16, 2027. Under the terms of the interest rate swap, the Company pays a fixed rate of 3.73% plus the applicable rate of 1.75% and receives floating SOFR during the swap period.

On February 8, 2023, the Company entered into a pay-fixed, receive floating, interest rate swap arrangement with an initial notional amount of $10,000,000, for the period beginning February 21, 2023 and ending on July 19, 2027. Under the terms of the interest rate swap, the Company pays a fixed rate of 3.75% plus the applicable rate of 1.75% and receives floating SOFR during the swap period.

At inception, the fair value of the interest rate swaps were zero. As of December 31, 2023 the fair value of the swaps were recorded as an asset of $632,278 and a liability of $714,313 in other long-term assets and other long-term liabilities, respectively. As of December 31, 2022 the fair value of the swaps were recorded as an asset of $672,078 and a liability of $218,899 in other long-term assets and other long-term liabilities, respectively. The change in the fair value of these interest rate swaps is recorded as a component of other expense, net in the Company's statements of

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income and comprehensive income. During the years ended December 31, 2023 and 2022, the interest rate swaps increased other expense, net by $535,214 and net by $1,187,920, respectively.

**11. Lines of Credit**

*Revolving Loan*

During October 2017, the Company exchanged its revolving line of credit for a line of credit with the same lenders plus one new lender, increasing the total amount available under the line of credit from $70,000,000 to $125,000,000 and extending the term to October 2022. In July 2020, the Company entered into an amendment that extended the term to July 2025. In January 2022, the Company entered into an amendment that increased the total amount available under the line of credit from $125,000,000 to $175,000,000 and changed to a variable interest rate equal to SOFR plus an applicable rate based on the Company's leverage ratio. In October 2022, the Company entered into an amendment that increased the total amount available under the line of credit from $175,000,000 to $225,000,000.

As of December 31, 2023 and 2022, the Company had drawn down $182,134,981 and $165,503,058 on the line of credit, respectively. The line of credit, which is secured by essentially all of the Company's assets, accrues interest quarterly at a variable interest rate equal to SOFR plus an applicable rate based on the Company's leverage ratio (7.21% as of December 31, 2023) and is due on July 10, 2025. As of December 31, 2023 and 2022, the balance of unamortized prepaid loan fees netted against the noncurrent line of credit is $351,772 and $600,582, respectively.

*Other Lines of Credit*

Additionally, the Company is party to revolving loan credit facilities with lenders in both Sweden and Germany. In Germany, the Company has one distinct line of credit. The amount that can be borrowed under the line of credit is $1,379,550 (1.25 million EUR). As of December 31, 2023 and 2022, the Company had not drawn on this line of credit. The credit is unsecured, and the loan has no fixed maturity. The interest rate is 9.99% and is paid monthly.

In Sweden, the amount that can be borrowed under the line of credit is $793,761 (8 million Swedish Krona). As of December 31, 2023 and 2022, the Company had drawn $0 and $188,432, respectively, on this line of credit which is included in lines of credit on the consolidated balance sheets. The credit is secured by the assets of the Swedish subsidiary. The loan has no fixed maturity and renews every twelve months upon review by the lending institution. The interest rate is 6.56% and is paid quarterly.

The lines of credit include a number of financial and non-financial debt covenants. Management has determined that the Company was in compliance with all financial and non-financial debt covenants as of December 31, 2023.

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## 12. Income Taxes

The Company's income tax provision consists of the following for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Current: | | |
| State | $ 217,533 | $ 317,436 |
| Foreign | 2,595,575 | 1,825,462 |
| Total current tax expense | 2,813,108 | 2,142,898 |
| Deferred: | | |
| Foreign | (130,288) | (218,347) |
| Change in valuation allowance | (135,028) | 311,709 |
| Total deferred tax expense (benefit) | (265,316) | 93,362 |
| Income tax provision | $ 2,547,792 | $ 2,236,260 |

The income tax provision differs from the amount computed at federal statutory rates for the years ended December 31, 2023 and 2022 as follows:

| | 2023 | 2022 |
|---|---|---|
| Federal income tax provision at statutory rates | $ 9,097,153 | $ 4,974,136 |
| Non-includible domestic income | (7,052,839) | (3,441,097) |
| Differences between U.S. and foreign tax rates | (182,682) | (195,469) |
| Current year valuation allowance movement | (135,028) | 311,709 |
| State taxes | 217,533 | 317,436 |
| Permanent and other | 603,655 | 269,545 |
| Income tax provision | $ 2,547,792 | $ 2,236,260 |

Significant components of the Company's deferred income tax assets and (liabilities) are as follows as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Deferred income tax assets: | | |
| Accruals and reserves | $ 715,847 | $ 603,185 |
| Other deferred tax assets | 523,839 | 552,790 |
| Lease liabilities | 626,064 | 574,923 |
| Net operating loss carryovers | 2,215,921 | 2,219,132 |
| Total deferred income tax assets | 4,081,671 | 3,950,030 |
| Valuation allowance | (2,356,269) | (2,465,627) |
| Net deferred income tax assets | 1,725,402 | 1,484,403 |

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| | | |
|---|---|---|
| Deferred income tax liabilities: | | |
| Other deferred tax liabilities | (347,791) | (311,034) |
| Lease right-of-use-asset | (570,865) | (543,963) |
| Foreign tax reserves | (1,086,320) | (1,079,171) |
| Depreciation | (83,314) | (184,348) |
| Total deferred income tax liabilities: | (2,089,290) | (2,118,516) |
| Net deferred income tax liabilities | $ (363,888) | $ (634,113) |

Net deferred tax assets (by jurisdiction) of $805,140 and $505,931 as of December 31, 2023 and 2022 are included in other long-term assets on the consolidated balance sheets.

The Company has net operating loss (NOL) carryforwards of approximately $4,151,238 in the United Kingdom, $662,931 in France, $1,166,411 in Germany, $89,701 in Poland, and $2,753,985 in Australia. The United Kingdom, Germany, France, Poland, and Australia NOL carryforwards do not expire.

The Company has determined that a valuation allowance against its deferred tax assets related to certain of these net operating loss carryforwards is necessary as of December 31, 2023 and 2022 to reduce the deferred tax assets to an amount that is more likely than not to be realized.

**13. Capital Structure**

The Company has authorized total membership units of 17,350,111 comprised of 13,219,369 common units and 4,130,742 preferred units. There are no liquidation, dividend, or conversion preferences associated with the voting common units.

As of December 31, 2023, 8,175,711 total common units comprised of 7,827,982 voting common units, 14,610 nonvoting common units, and 333,119 nonvoting vested profits interest compensatory common units were outstanding. As of December 31, 2022, 8,124,558 total common units comprised of 7,555,000 voting common units, 43,479 nonvoting common units, and 526,079 nonvoting vested profits interest compensatory common units were outstanding.

Profits interest compensatory common units may be issued to key members of management for services provided on behalf of the Company. Profits interest compensatory common units are nonvoting and vest over a requisite service period of four to five years (see Note 14). There are no liquidation, dividend, or conversion preferences associated with the profits interest compensatory common units. Under the 2009 Equity Incentive Plan, 13,000,000 common units were originally authorized. In October 2023, the Company adopted a new 2023 Equity Incentive Plan and reduced the 1,000,000 profits interest compensatory common units authorized under the 2009 plan to 334,369 profits interest compensatory common units and authorized 885,000 as the maximum number of additional profits interest compensatory common units. The Company has repurchase

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rights for vested profits interest compensatory common units upon the termination of the holder's service relationship with the Company. Certain holders of the profits interest compensatory common units also have the right to put the units to the Company and redeem the units at fair market value for cash after six months post-vesting of the units. Because this redemption trigger is outside the control of the Company, if the Company were subject to SEC reporting requirements, these units would be presented as temporary equity in the accompanying consolidated balance sheets with the amount to be adjusted to its redemption amount at each balance sheet date. As of December 31, 2023 and 2022, there were 333,119 and 526,079, respectively, fully vested profits interest compensatory common units outstanding.

The 4,130,742 authorized preferred units are comprised of 2,320,000 designated as Series A preferred units, 241,744 designated as Series B preferred units, and 1,568,998 designated as Series C preferred units. All of the Series B preferred units have been redeemed by the Company and retired. As of December 31, 2023, there were 2,177,385 Series A (of which 23,016 are non-voting), zero Series B, and 1,568,998 Series C preferred units outstanding, respectively.

The holders of the Series A and Series C preferred units are entitled to votes equal to the number of common units into which the member's aggregate number of preferred units are convertible (with the exception of the 23,016 non-voting series A units). Each Series A and Series C preferred unit is convertible at the option of the holder into common units determined by dividing the original issue price of the preferred unit by the conversion price of $3.20 and $5.29 for Series A and Series C preferred units, respectively.

In addition, each preferred unit shall be automatically converted into common units immediately prior to the closing of a firm commitment underwritten initial public offering provided that the offering pricing per share is not less than $5.29 and the aggregate gross proceeds to the Company are not less than $30,000,000. The conversion price of the preferred units is subject to adjustment under certain circumstances.

Upon liquidation, dissolution or winding up of the Company, holders of the Series A and Series C preferred units are entitled to a liquidation preference of $3.20 and $5.29 per preferred unit, respectively. The liquidation preference price is subject to adjustment for recapitalizations.

During 2023, the Company helped facilitate a tender offer on behalf of an existing member wherein all members were given the opportunity to tender their units for repurchase. The Company issued 1,085,300 new common voting units to purchasing members. In conjunction with the issuance of common voting units, the Company purchased and retired 841,187 common units, 65,708 preferred units, and 194,210 vested profits interest compensatory units from selling members. These repurchased units represent units that were tendered by members desiring to sell all or a portion of their ownership. All issuances and repurchases were made at fair value, as such it did not result in a net cash impact, additional compensation expense or a deemed dividend.

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## 14. Unit-based Compensation

As discussed in Note 13 above, the Company issues profits interest compensatory common units to certain key members of management for services provided on behalf of the Company. Profits interest compensatory common units are nonvoting and vest over a requisite service period of four to five years. As the units vest, the Company records compensation expense. Profits interest compensatory common units are granted with their fair value estimated on the date of grant using an option-pricing model. The Company accounts for forfeitures in the period in which they occur.

A summary of the status of the Company's profits interest compensatory common units as of December 31, 2023 and 2022, and changes during the years ended December 31, 2023 and 2022, is presented below:

| | Profits Interest Compensatory Common Units | Weighted Average Grant Date Fair Value (Per unit) |
|---|---|---|
| Outstanding at December 31, 2021 | 548,579 | $3.51 |
| Granted | - | - |
| Forfeited | - | - |
| Repurchased by the Company | 20,000 | $3.40 |
| Outstanding at December 31, 2022 | 528,579 | $3.51 |
| Granted | 633,150 | $29.33 |
| Forfeited | - | - |
| Repurchased by the Company | 194,210 | $4.59 |
| Outstanding at December 31, 2023 | 967,519 | $19.79 |

The Company has authorized up to 1,219,369 profits interest compensatory common units to be issued. There were 633,150 units issued during 2023 under the new plan. As of December 31, 2023, there were 967,519 profits interest compensatory common units issued, of which 333,119 are fully vested and outstanding. The fair value of the original units granted and outstanding was estimated to be $19,148,197 on the dates of grant. Due to the lack of company-specific historical and implied volatility data, the Company has based its estimates of expected volatility on a group of similar publicly-traded companies.

The total fair value of units vested, representing 1,250 units, during the year ended December 31, 2023 was $4,638. The total fair value of units vested, representing 13,750 units, during the year ended December 31, 2022 was $64,538. The amount expensed during the years ended December 31, 2023 and 2022 was $1,125,460 and $30,604, respectively and is included in operating expenses on the Company's consolidated statements of income and comprehensive income.

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The remaining units will be expensed straight-line over the vesting period through 2028 as follows:

| Years Ending December 31: | |
|---|---|
| 2024 | $ 4,369,264 |
| 2025 | 4,366,172 |
| 2026 | 4,366,172 |
| 2027 | 4,366,172 |
| 2028 | - |
| Total | $ 17,467,780 |

## 15. Commitments and Contingencies

### Operating Leases

The Company leases various facilities and equipment under operating lease agreements. These operating lease agreements often contain renewal options that are included as part of the noncancelable period if the option is reasonably certain (or not) to be exercised. In addition, many of the rental agreements provide for regular increases to the base rental rate at specified intervals, which usually occur on an annual basis. The Company recognizes lease costs on a straight-line basis over the life of the lease agreement. The Company's lease agreements do not contain any material terms and conditions of residual value guarantees or material restrictive covenants.

The impact of the changes made to our consolidated balance sheet as of December 31, 2022, as a result of the adoption of Topic 842 include the recognition of the ROU assets and lease liabilities for operating leases. Additionally, upon adoption on January 1, 2022, there was a reversal of prepaid rent and deferred rent of $266,715 and $273,965, respectively. As of December 31, 2023 and 2022, the Company acquired $1,632,190 and $2,180,099, respectively, of new operating leases primarily consisting of buildings, vehicles, and equipment.

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Lease costs included in operating expenses on the consolidated statements of income and comprehensive income are as follows for the year ended December 31:

| | 2023 | 2022 |
|---|---|---|
| Operating lease costs | $ 3,084,716 | $ 2,891,050 |
| Finance lease costs: | | |
| Amortization of right of use assets | 279,002 | 280,525 |
| Interest on lease liabilities | 48,739 | 29,075 |
| Total finance lease costs | $ 327,741 | $ 309,600 |
| | | |
| Variable lease costs | 1,312,011 | 746,360 |
| Short-term lease costs | 118,643 | 44,682 |
| Total lease costs | $ 4,843,111 | $ 3,991,692 |

Weighted average lease term and discount rate for operating leases are as follows:

| | 2023 | 2022 |
|---|---|---|
| Weighted average remaining lease term | 3.04 years | 3.87 years |
| Weighted average discount rate | 3.46% | 3.06% |

Maturities of operating lease liabilities as of December 31, 2023, are as follows:

| | |
|---|---|
| Years Ending December 31: | |
| 2024 | $ 2,780,937 |
| 2025 | 2,431,143 |
| 2026 | 1,952,373 |
| 2027 | 559,158 |
| 2028 | 26,355 |
| Thereafter | - |
| Total undiscounted lease payments | 7,749,966 |
| Less: Present value adjustment for minimum lease commitments | (295,263) |
| Net lease liabilities | $ 7,454,703 |

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Supplemental cash flow information related to operating leases are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cash paid for amounts included in the measurement of operating lease liabilities: | | |
| Cash paid for operating leases included in operating activities | $ 3,076,225 | $ 2,894,609 |

**Finance Leases**

Finance lease obligations consist primarily of vehicle and equipment leases with periods expiring at various dates through 2029. Finance lease obligations were $1,840,493 and $747,983 at December 31, 2023 and 2022, respectively. The Company acquired $1,435,834 and $681,066 of new finance leases at December 31, 2023 and 2022, respectively, primarily consisting of vehicles and equipment.

The following table presents assets subject to finance lease which are included in property and equipment as of December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Vehicles | $ 1,871,329 | $ 993,732 |
| Equipment | 220,598 | 108,637 |
| | 2,091,927 | 1,102,369 |
| Less accumulated depreciation | (281,765) | (324,220) |
| Property and equipment, net | $ 1,810,162 | $ 778,149 |

Weighted average lease term and discount rate for finance leases are as follows:

| | 2023 | 2022 |
|---|---|---|
| Weighted average remaining lease term | 3.63 years | 4.36 years |
| Weighted average discount rate | 9.53% | 7.74% |

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Maturities of finance lease liabilities as of December 31, 2023, are as follows:

| | |
|---|---|
| Years Ending December 31: | |
| 2024 | $ 595,560 |
| 2025 | 533,065 |
| 2026 | 469,808 |
| 2027 | 316,332 |
| 2028 | 52,568 |
| Thereafter | 12,618 |
| Total undiscounted lease payments | 1,979,951 |
| Less: Present value adjustment for minimum lease commitments | (139,458) |
| Net lease liabilities | $ 1,840,493 |

Supplemental cash flow information related to finance leases are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cash paid for amounts included in the measurement of finance lease liabilities: | | |
| Cash paid for finance leases included in operating activities | $ 95,186 | $ 29,075 |
| Cash paid for finance leases included in financing activities | $ 151,326 | $ 263,066 |

**Unit Appreciation Rights**

As of January 1, 2019, the Company adopted a Unit Appreciation Rights Plan (the Plan) to provide incentive compensation to select employees. Through the Plan the Company can award unit appreciation rights (UARs) to reward and provide additional incentive to valued employees. Awards of UARs under the Plan are essentially a promise by the Company to pay cash in the future, contingent on certain payment events occurring and at the Company's discretion, in an amount that corresponds with the appreciation or value of a predesignated number of Common Units. The award agreement associated with an award of UARs may also impose a vesting schedule, which requires continued employment for a specified period of time, before the individual is able to fully benefit from the UARs. The maximum number of UARs that may be awarded under this Plan will not exceed 500,000. If any UARs awarded under this Plan are forfeited or cancelled, such UARs may again be awarded under this Plan.

During the years ended December 31, 2023 and 2022, 202,700 and 202,700, respectively, of these units have been awarded. The Company has determined that as of December 31, 2023, the contingent payment events are not probable. Therefore, no liability or expense has been recognized in the consolidated financial statements. However, upon occurrence of a contingent payment event, at its discretion, the Company would pay to the holders of vested UARs a total of $12,180,446 based on the fair value of the common units as December 31, 2023.

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**Volume Commitments**

An agreement reached in 2019 with the Company's primary corrugated supplier requires a certain volume commitment be reached and maintained each time a new corrugated plant is built. This commitment is only applicable to each new plant individually. As of December 31, 2023, there is only one plant that this is applicable to. The Company has maintained the required volume and believes it will continue to do so based on current business conditions.

**Legal Matters**

The Company is subject to investigations, claims or lawsuits arising out of the conduct of its business. As of December 31, 2023 and 2022, the Company accrued $2,758,914 and $1,750,000, respectively, related to potential legal settlements. Management is not aware of any other contingencies which it believes will have a material effect on its financial position, results of operations or liquidity.

**16. Related-Party Transactions**

As of December 31, 2023 and 2022, the Company had notes payable to members of management and immediate family members of management (see Note 9). Interest on these notes is paid on a monthly, quarterly or semi-annual basis. Total accrued interest payable related to these notes as of December 31, 2023 and 2022 was $16,699 and $16,152, respectively.

The Company entered into a lease agreement with a related party on January 1, 2017 for commercial office and warehouse space. The lease term of ten years began on the rent commencement date of April 1, 2017 with annual rent payments totalling $606,234.

**17. Employee Retirement Plan**

The Company has a 401(k) defined contribution plan which permits participating employees to defer a portion of their compensation, subject to limitations established by the Internal Revenue Code. The Company matches 100% of the first 3% and 50% of the second 2% of each qualified participant's contributions to the plan subject to IRS limits. During the years ended December 31, 2023 and 2022, the Company contributed $2,150,552 and $1,799,223 in matching contributions, respectively.

**18. Long Term Incentive Plan**

In May 2021, the board approved a new long term incentive plan (LTIP). Under the LTIP, certain executives of the Company receive cash bonuses after meeting certain performance targets. In 2023, certain executives waived their rights to future cash bonus payments with respect to future hurdles for profits interest compensatory common units. For the years ended December 31, 2023 and 2022, the Company recorded $1,237,310 and $3,266,582 in operating expenses related to this plan, respectively.

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## 19. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through May 9, 2024, which is the day the financial statements were available to be issued.

In January 2024, the Company paid out $15,140,516 in distributions to members.