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Årsredovisning för

Packsize AB

556647-3384

Räkenskapsåret

2021-01-01 - 2021-12-31

Innehållsförteckning: **Sida**

Förvaltningsberättelse	1
Resultaträkning	3
Balansräkning	4
Noter	6
Underskrifter	11

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 2022-06-30. Stämman beslutade att godkänna styrelsens förslag till resultatdisposition.

ENKÖPING 29 6 2022

Fredrik Markström

20220726146649

Årsredovisning för

Packsize AB

556647-3384

Räkenskapsåret
2021-01-01 - 2021-12-31

Innehållsförteckning: **Sida**

Förvaltningsberättelse	1
Resultaträkning	3
Balansräkning	4
Noter	6
Underskrifter	11

20220726146S0

Förvaltningsberättelse

Styrelsen och verkställande direktören för Packsize AB, 556647-3384, med säte i Enköping, får härmed avge årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31.

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.

Packsize AB har för räkenskapsåret 2021 uppnått en total omsättning av 6 675 TSEK där 100% är koncernintern försäljning, hänförlig till serviceavtal mellan Packsize AB och Packsize GmbH. Avtalet ger Packsize AB rättigheten att hantera den nordiska marknaden vad gäller försäljnings, service- och administrationsaktiviteter, för vilken de erhåller en serviceavgift som täcker administrationsrelaterade kostnader plus ett påslag.

Det har inte framkommit några viktiga externa faktorer under räkenskapsåret 2021 som väsentligen har påverkat företagets ställning.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser har ägt rum under räkenskapsåret och företaget har inte påverkats nämnvärt av den pågående Covid-19 pandemin.

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, Pcksize Ltd, Packsize SAS, Packsize Polska Sp.z.o.o. oxh Packsize Oty 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

	2021-12-31	*2020-12-31*	*2019-12-31*	*2018-12-31*	*2017-12-31*
Nettoomsättning	6 675	5 127	6 566	42 586	38 042
Resultat efter finansiella poster	-1 843	818	-470	35 186	6 110
Balansomslutning	71 331	70 190	77 388	79 072	56 025
Soliditet %	58	61,2	54,7	54	27,2

Definitioner: se not

20220726146S1

Förändring av eget kapital

	Aktie-kapital	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång enligt fastställd balansräkning	100 000	34 834 937	416 806	35 351 743
Disposition enligt beslut av årets stämma		416 807	-416 806	-
Årets resultat			-36 278	-36 278
Vid årets utgång	**100 000**	**35 251 744**	**-36 278**	**35 315 465**

Förslag till disposition av företagets vinst eller förlust

Styrelsen föreslår att till förfogande stående vinstmedel, kronor 35 215 466, disponeras enligt följande:

	Belopp i kr
balanserad vinst	35 251 744
årets förlust	-36 278
	35 215 466
disponeras så att	
i ny räkning överföres	35 215 466

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

20220726146S2

Resultaträkning

Belopp i kr	*Not*	*2021-01-01-2021-12-31*	*2020-01-01-2020-12-31*
Nettoomsättning		6 675 026	5 127 208
Övriga rörelseintäkter	*2*	76 538	1 492 341
		6 751 564	6 619 549
Rörelsens kostnader			
Övriga externa kostnader	*3*	-1 186 462	-1 024 092
Personalkostnader	*4*	-5 151 791	-3 781 181
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar	*5*	-16 569	-13 431
Övriga rörelsekostnader		-1 643 284	-
Rörelseresultat		-1 246 542	1 800 845
Resultat från finansiella poster			
Ränteintäkter och liknande resultatposter		889 816	669 872
Räntekostnader och liknande resultatposter		-1 486 178	-1 652 519
Resultat efter finansiella poster		-1 842 904	818 198
Bokslutsdispositioner	*6*	1 842 904	-244 453
Resultat före skatt		-	573 745
Skatt på årets resultat	*7*	-36 278	-156 939
Årets resultat		-36 278	416 806

20220726146S3

Balansräkning

Belopp i kr	*Not*	*2021-12-31*	*2020-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	*5*	42 923	23 914
		42 923	23 914
Finansiella anläggningstillgångar			
Andelar i koncernföretag	*8*	19 760 584	19 760 584
Fordringar hos koncernföretag	*9*	15 512 792	11 712 829
		35 273 376	31 473 413
Summa anläggningstillgångar		35 316 299	31 497 327
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		528	-
Fordringar hos koncernföretag		24 530 959	31 842 073
Aktuell skattefordran		5 438 554	5 281 616
Förutbetalda kostnader och upplupna intäkter		16 146	23 058
		29 986 187	37 146 747
Kassa och bank		6 028 493	1 546 043
Summa omsättningstillgångar		36 014 680	38 692 790
SUMMA TILLGÅNGAR		71 330 979	70 190 117

20220726146S4

Balansräkning

Belopp i kr	*Not*	*2021-12-31*	*2020-12-31*
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		35 251 744	34 834 937
Årets resultat		-36 278	416 806
		35 215 466	35 251 743
Summa eget kapital		35 315 466	35 351 743
Obeskattade reserver			
Periodiseringsfonder	*11*	7 792 809	9 635 713
		7 792 809	9 635 713
Långfristiga skulder	*12*		
Skulder till koncernföretag		11 121 992	10 068 337
Övriga långfristiga skulder		9 762 304	9 585 014
		20 884 296	19 653 351
Kortfristiga skulder			
Leverantörsskulder		67 879	25 512
Skulder till koncernföretag		5 322 987	4 129 890
Skatteskulder		36 278	-
Övriga kortfristiga skulder		349 286	206 691
Upplupna kostnader och förutbetalda intäkter	*13*	1 561 978	1 187 217
		7 338 408	5 549 310
SUMMA EGET KAPITAL OCH SKULDER		71 330 979	70 190 117

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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).

Fordingar 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 leverantörsskuldera
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

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Valutakursvinster	-	1 492 341
Försäljning av anläggningstillgångar	76 538	-
Summa	**76 538**	**1 492 341**

Not 3 Leasingavtal

Företaget har inga väsentliga leasingåtaganden.

Not 4 Medelantalet anställda

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Medelantalet anställda	3	3
Totalt	**3**	**3**

Not 5 Inventarier, verktyg och installationer

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden		
-Vid årets början	278 074	258 268
-Nyanskaffningar	35 578	55 665
-Avyttringar och utrangeringar	-180 000	-35 859
Utgående ackumulerade anskaffningsvärden	**133 652**	**278 074**
Ackumulerade avskrivningar		
-Vid årets början	-254 160	-251 627
-Återförda avskrivningar på avyttringar och utrangeringar	180 000	10 898
-Årets avskrivning	-16 569	-13 431
	-90 729	-254 160
Redovisat värde vid årets slut	**42 923**	**23 914**

Not 6 Bokslutsdispositioner

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Periodiseringsfond, årets avsättning	-	-244 453
Periodiseringsfond, årets återföring	1 842 904	-
Summa	**1 842 904**	**-244 453**

Not 7 Aktuell och uppskjuten skatt

Skatt på årets resultat	*2021-01-01-2021-12-31*	*2020-01-01-2020-12-31*
Aktuell skatt	-36 278	-156 939
Totalt redovisad skatt	**-36 278**	**-156 939**

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Avstämning av effektiv skatt

		2021-01-01-2021-12-31		*2020-01-01-2020-12-31*
	Procent		Procent	Belopp
Redovisat resultat före skatt		-		573 745
Skatt enligt gällande skattesats	20,60	-	21,40	-122 781
Ej avdragsgilla kostnader		-3 575		-24 109
Skatteeffekt schablonintäkt periodiseringsfond		-9 925		-10 049
Uppräkning av återförda periodiseringsfonder		-22 778		
Redovisad effektiv skatt	-	**-36 278**	**27,35**	**-156 939**

Not 8 Andelar i koncernföretag

	2021-12-31	*2020-12-31*
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
				19 760 584

Not 9 Fordringar hos koncernföretag

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	11 712 829	11 121 982
-Tillkommande fordringar	3 799 963	1 005 393
-Reglerade fordringar	-	-414 546
Utgående ackumulerade anskaffningsvärden	**15 512 792**	**11 712 829**
Redovisat värde vid årets slut	**15 512 792**	**11 712 829**

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Not 10 Ställda säkerheter

Ställda säkerheter

	2021-12-31	*2020-12-31*
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

	2021-12-31	*2020-12-31*
Periodiseringsfond, avsatt vid beskattningsår 2017	-	1 399 878
Periodiseringsfond, avsatt vid beskattningsår 2018	7 548 356	7 991 382
Periodiseringsfond, avsatt vid beskattningsår 2020	244 453	244 453
	7 792 809	**9 635 713**

Not 12 Långfristiga skulder

	2021-12-31	*2020-12-31*
Skulder som förfaller senare än fem år från balansdagen		
Skulder till koncernföretag	11 121 992	10 068 337
Övriga externa lån	9 762 304	9 585 014
	20 884 296	**19 653 351**

Not 13 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	*2020-12-31*
Upplupna räntekostnader	76 573	71 658
Upplupna ersättningar	634 845	520 985
Upplupna semesterlöner	423 805	284 744
Upplupna sociala avgifter	388 256	271 330
Övriga poster	38 499	38 500
	1 561 978	**1 187 217**

Packsize AB
556647-3384

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Underskrifter

Enköping 30/6 2022

Frank Winter
Styrelseledamot
Verkställande direktör

Fredrik Markström
Styrelseledamot

Hanko Kiessner
Styrelseledordförande

Vår revisionsberättelse har lämnats den 30/6 2022

ERNST & YOUNG AKTIEBOLAG

Annika Engström
Auktoriserad revisor

20220726146 61

Building a better working world

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 2021-01-01 – 2021-12-31.

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 2021 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 för Packsize AB för räkenskapsåret 2021-01-01 -- 2021-12-31 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 30/6 2022

Ernst & Young AB

Annika Engström
Auktoriserad revisor

A member firm of Ernst & Young Global Limited

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CONSOLIDATED FINANCIAL STATEMENTS

PACKSIZE INTERNATIONAL, LLC
Years Ended December 31, 2021 and 2020
With Report of Independent Auditors

PACKSIZE®
ON DEMAND PACKAGING

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PACKSIZE INTERNATIONAL, LLC

Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

Contents

Report of Independent Auditors.....1

Consolidated Financial Statements

Consolidated Balance Sheets.....3
Consolidated Statements of Income and Comprehensive Income.....4
Consolidated Statements of Changes in Members' Equity.....5
Consolidated Statements of Cash Flows.....6
Notes to Consolidated Financial Statements.....7

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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, 2021 and 2020, 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 consolidated financial position of the Company at December 31, 2021 and 2020, 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

April 29, 2022

A member firm of Ernst & Young Global Limited

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PACKSIZE INTERNATIONAL, LLC

Consolidated Balance Sheets

	December 31, 2021	2020
Current assets		
Cash and cash equivalents	$ 2,662,214	$ 3,482,088
Accounts receivable, net of allowance for doubtful accounts of $536,025 and $673,656, respectively	56,364,464	43,971,811
Inventory	1,101,702	2,664,894
Spare parts inventory	13,681,664	9,132,918
Current portion of finance leases receivable	599,632	558,838
Other current assets	11,543,399	5,805,090
Total current assets	85,953,075	65,615,639
Property and equipment, net	171,847,866	134,639,153
Definite-lived intangible assets, net	6,938,356	6,469,397
Equity method investment	-	122,824
Cost method investment	1,000,000	1,000,000
Long-term receivables due from related parties	-	283,872
Finance leases receivable, net of current portion	1,673,911	1,718,395
Other long-term assets	4,797,352	2,964,122
Total assets	$ 272,210,560	$ 212,813,402
Current liabilities		
Accounts payable	$ 45,970,461	$ 30,693,743
Accrued and other liabilities	21,367,679	15,867,895
Current portion of notes payable	15,508	916,514
Current portion of capital lease obligations	223,445	452,264
Total current liabilities	67,577,093	47,930,416
Non current liabilities		
Lines of credit	100,112,270	77,600,766
Notes payable, net of current portion	2,976,987	7,225,210
Capital lease obligations, net of current portion	21,424	184,968
Other long-term liabilities	4,069,016	3,607,603
Deferred tax liabilities	1,190,110	1,240,359
Total liabilities	175,946,900	137,789,322
Members' equity		
Preferred units, no par value, 2,320,000 units Series A authorized. 2,243,093 units Series A outstanding as of December 31, 2021 and 2020. 1,568,998 units Series C authorized and outstanding as of December 31, 2021 and 2020.	14,884,452	14,884,452
Common units, no par value, 13,000,000 units authorized. 8,130,808 units and 8,202,283 units outstanding as of December 31, 2021 and December 31, 2020, respectively.	2,603,009	2,603,009
Additional paid-in capital	1,287,291	2,177,208
Accumulated other comprehensive (loss) income	(220,884)	831,582
Retained earnings	77,709,792	54,527,829
Total members' equity	96,263,660	75,024,080
Total liabilities and members' equity	$ 272,210,560	$ 212,813,402

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,	
	2021	2020
Sales	$ 444,488,011	$ 351,306,962
Cost of sales	338,683,784	262,320,845
Gross profit	105,804,227	88,986,117
Operating expenses	74,788,364	64,372,047
Income from operations	31,015,863	24,614,070
Other expense:		
Interest expense	(3,699,091)	(3,835,863)
Other, net	(2,439,266)	(1,284,649)
Other expense, net	(6,138,357)	(5,120,512)
Income before income taxes	24,877,506	19,493,558
Income tax	(1,518,543)	(1,977,321)
Net income	23,358,963	17,516,237
Other comprehensive (loss) gain:		
Foreign currency translation adjustments	(1,052,466)	1,432,855
Total other comprehensive (loss) income	(1,052,466)	1,432,855
Comprehensive income	$ 22,306,497	$ 18,949,092

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, 2019	3,888,998	$ 15,103,637	8,245,064	$ 2,623,009	$ 2,398,351	$ (601,273)	$ 38,134,686	$ 57,658,410
Net income	-	-	-	-	-	-	17,516,237	17,516,237
Other comprehensive income	-	-	-	-	-	1,432,855	-	1,432,855
Member distributions	-	-	-	-	-	-	(227,000)	(227,000)
Preferred units repurchased	(76,907)	(219,185)	-	-	-	-	(862,896)	(1,082,081)
Common units repurchased	-	-	(3,781)	(20,000)	-	-	(33,198)	(53,198)
Profits interest compensatory units repurchased	-	-	(82,000)	-	(405,080)	-	-	(405,080)
Vested profits interest compensatory units and related compensation expense	-	-	43,100	-	183,937	-	-	183,937
Balance at December 31, 2020	3,812,091	14,884,452	8,202,383	2,603,009	2,177,208	831,582	54,527,829	75,024,080
Net income	-	-	-	-	-	-	23,358,963	23,358,963
Other comprehensive income	-	-	-	-	-	(1,052,466)	-	(1,052,466)
Member distributions	-	-	-	-	-	-	(177,000)	(177,000)
Profits interest compensatory units repurchased	-	-	(89,825)	-	(968,975)	-	-	(968,975)
Vested profits interest compensatory units and related compensation expense	-	-	18,250	-	79,058	-	-	79,058
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

See accompanying notes to consolidated financial statements.

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PACKSIZE INTERNATIONAL, LLC

Consolidated Statements of Cash Flows

	Years Ended December 31, 2021	2020
Cash flows from operating activities:		
Net income	$ 23,358,963	$ 17,516,237
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,807,643	27,628,737
Unrealized (gain) loss on interest rate swap	(1,042,006)	619,808
Amortization of deferred financing costs	135,153	120,237
Gain on debt extinguishment	(5,041,857)	-
Deferred tax (benefit) expense	(312,561)	5,824
Bad debt (benefit) expense	(137,631)	338,908
Profits interest compensatory unit-based compensation expense	79,058	183,937
Foreign currency transaction loss (gain)	1,840,314	(1,141,629)
Impairment of equity method investment	-	2,033,554
Gain on sale of property and equipment	(1,408,626)	(799,471)
Changes in:		
Accounts receivable	(12,823,428)	(2,493,246)
Inventory	1,515,462	1,651,763
Spare parts inventory	(5,297,164)	(1,204,959)
Other assets	(7,860,828)	(4,609,540)
Accounts payable	15,032,202	570,063
Accrued and other liabilities	7,906,080	351,710
Net cash provided by operating activities	45,750,774	40,771,933
Cash flows from investing activities:		
Purchase of property and equipment	(69,458,968)	(37,375,546)
Purchase of definite-lived intangible assets	(1,526,736)	(1,536,682)
Proceeds from sale of property and equipment	3,620,244	4,478,374
Payments from long-term receivable due from related parties	283,872	-
Net cash used in investing activities	(67,081,588)	(34,433,854)
Cash flows from financing activities:		
Drawdowns on line of credit	260,716,316	178,440,031
Payments on line of credit	(238,306,443)	(185,679,367)
Amounts paid for financing costs	-	(422,885)
Principal payments on notes payable	(206,043)	(254,380)
Proceeds received from issuance of notes	200,000	5,141,857
Principal payments on capital lease obligations	(377,508)	(622,381)
Repurchase of profits interest compensatory units	(968,975)	(405,080)
Repurchase of preferred and common units	-	(1,135,279)
Member distributions	(177,000)	(227,000)
Net cash provided by (used in) financing activities	20,880,347	(5,164,484)
Effect of foreign currency exchange rates on cash and cash equivalents	(369,407)	(223,010)
Net (decrease) increase in cash and cash equivalents	(819,874)	950,585
Cash and cash equivalents, beginning of period	3,482,088	2,531,503
Cash and cash equivalents, end of period	$ 2,662,214	$ 3,482,088
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 3,736,403	$ 4,040,407
Income taxes	$ 1,002,132	$ 1,646,992
Non-cash investing and financing activities:		
Property and equipment costs financed through accounts payable and capital lease obligations	$ 937,770	$ 101,749

See accompanying notes to consolidated financial statements.

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1. Organization and Nature of Operations

Packsize, LLC was founded in 2002. Pursuant to a Contribution Agreement, dated May 21, 2009, Packsize Holdings Corp. and certain private investors contributed all of their ownership interests in Packsize LLC to form Packsize International, LLC (the Company or Packsize) in exchange for ownership as members in the Company. In conjunction with this event, Packsize Europe Holdings, LLC, contributed its ownership interests in Packsize AB to the Company, in exchange for ownership as a member in the Company. By so doing, Packsize AB became a wholly owned subsidiary of the Company.

The Company 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) 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 of unit-based compensation expense, income taxes; 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.

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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 and money market accounts and highly-liquid debt and equity instruments purchased with original maturities of less than three months to be cash and cash equivalents.

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), and the Polish Zloty (PLN). 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 members' equity and the consolidated statements of income and comprehensive income. Net (losses) gains resulting from foreign currency remeasurements and transactions are included in income as a component of other, net in the consolidated statements of income and totaled $(2,612,041) and $1,627,925 for the years ended December 31, 2021 and 2020, respectively.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount. The Company performs credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on its historical write-off experience, current market trends, 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 cost (determined on a first-in, first-out and weighted average basis) 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

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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 goods sold.

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 ready 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 reflected in operations. 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, and software. The Company capitalizes legal costs that are incurred to acquire patents when the costs and related patents are specifically identifiable.

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

	Useful Life
Patents	15 Years
Intellectual property	15 Years
Trademarks	10 Years
Software	3 Years

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 2021 and 2020, 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 840, "Leases" ("Topic 840"). Accordingly, the Company recognizes revenue for those elements in accordance with ASC Topic 840, 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.

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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 sheet. These costs include commissions, 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 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

Certain of the Company's contracts with customers include lessee purchase options at prices substantially below the assets' estimated residual values at the exercise date for the option. Consequently, the Company considers the purchase options to be bargain purchase options and has classified the leases 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 balance sheets and accrues interest on the balance of the finance lease receivable based on the interest rate inherent 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 a gain or loss, less any initial direct costs and lease incentives.

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 statements of 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

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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, 2021 and 2020, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company's 2021, 2020, 2019, and 2018 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.

Shipping and Handling

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses totaling $347,800 and $196,098 are included in operating expenses for the years ended December 31, 2021 and 2020, respectively.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development expenses totaling $21,101,730 and $15,101,918 are included in operating expenses for the years ended December 31, 2021 and 2020, 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 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.

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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 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 38.7% and 41.1% of total purchases during the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, the Company had $21,888,844 and $16,020,791, 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, 2021 and 2020.

The Company has 39 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, 2021.

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, 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 the derivative instruments is discussed below.

Derivative Instruments

Derivative financial instruments are recognized as either assets or liabilities in the balance sheets at their respective fair values. As a matter of policy, the Company uses derivatives for risk

202208150311 2

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. Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period.

At December 31, 2021 and 2020, the Company's derivatives were measured at fair value using the type of inputs shown:

		Fair Value Measurements Using:		
	December 31, 2021	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest rate swap derivative liabilities	$734,741	—	$734,741	—

		Fair Value Measurements Using:		
	December 31, 2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest rate swap derivative liabilities	$1,776,708	—	$1,776,708	—

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 unit holders. Comprehensive income is comprised of net income and changes in the cumulative foreign currency translation adjustments.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases." The purpose of the standard is to improve transparency and comparability related to the accounting and reporting of leasing arrangements. The guidance will require 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 is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements and presentation.

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

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current guidance with an expected loss methodology that requires consideration of forward-looking information to estimate credit losses. Topic 326 is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. Any adjustments recorded as a result of adopting this standard are required to be recorded through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). The Company is currently evaluating the potential impact of Topic 326 on its consolidated financial statements and presentation.

3. Revenue

Performance Obligations

The Company's revenue is primarily derived from 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 840. 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. 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 840, 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 allocated to the shipping and installation and other 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.

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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:

	2021	2020
Z-fold corrugated	$348,528,800	$266,874,858
Lease	67,828,255	61,339,043
Consumable and accessory	16,930,871	13,654,199
Machine sales	7,145,083	7,476,543
Other	4,055,002	1,962,319
	$444,488,011	$351,306,962

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 Receivable

At December 31, 2021 and December 31, 2020, the net investment included in sales-type finance leases receivable were as follows:

	2021	2020
Gross minimum lease payments receivable	$ 2,378,838	$ 2,427,824
Less unearned interest	(105,295)	(150,591)
Total finance leases receivable	2,273,543	2,277,233
Less current portion of finance leases receivable	(599,632)	(558,838)
	$ 1,673,911	$ 1,718,395

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As of December 31, 2021, minimum future lease revenue payments under sales-type finance leases were as follows:

Years Ending December 31:	
2022	$ 707,312
2023	644,492
2024	831,228
2025	155,314
2026	40,492
	$ 2,378,838

5. Property and Equipment

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

	2021	2020
Machines	$300,696,464	$239,365,308
Furniture and fixtures	14,554,941	13,535,244
Vehicles	4,257,905	4,420,012
	319,509,310	257,320,564
Less accumulated depreciation	(147,661,444)	(122,681,411)
Property and equipment, net	$171,847,866	$134,639,153

Depreciation expense related to property and equipment, including those under capital leases, recognized for the years ended December 31, 2021 and 2020, was $29,439,197 and $27,278,479, respectively. The Company capitalized interest expense of $144,503 and $87,062 during the years ended December 31, 2021 and 2020, respectively.

6. Definite-Lived Intangible Assets

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

	2021	2020
Patents and patents pending	$ 6,948,833	$ 6,489,482
Software	490,995	483,585
Intellectual property	38,898	32,159
Trademarks	869,745	604,076
	8,348,471	7,609,302
Less accumulated amortization	(1,410,115)	(1,139,905)
Intangibles, net	$ 6,938,356	$ 6,469,397

202208150311 6

The weighted average amortization period of the Company's definite-lived intangible assets is approximately fifteen years. Amortization expense related to intangible assets totalled $368,446 and $350,258 for the years ended December 31, 2021 and 2020, respectively.

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

Years Ending December 31:	
2022	$ 354,300
2023	338,772
2024	316,319
2025	312,746
2026	298,926
Thereafter	5,317,293
	$ 6,938,356

7. Investments

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.

For the period from the initial investment in March 2015 through December 31, 2021, the Company received distributions of $1,473,224, with all distributions being received during the year ended December 31, 2018. These were recorded as a component of other expense, net in the Company's consolidated statements of income and comprehensive income. The carrying amount of the cost method investment is $1,000,000 as of December 31, 2021 and December 31, 2020. 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, 2021.

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Equity Method Investment

In January 2017, the Company purchased a 50% interest in Becker Verpackungstechnologie GmbH & KG (Distributor), a German distributor of competing packaging equipment. Under the terms of the agreement, the Company has the option, but not the obligation, upon certain events, or the lapse of time, to purchase a controlling interest in the Distributor. In January 2021, the Company exercised its option to purchase the other 50% interest for an immaterial amount. Prior to January 2021, the Company determined the equity method of accounting was most appropriate because the Company could exercise significant influence over the investee, but did not hold a controlling interest. For the year ended December 31, 2021, the Distributor's results have been consolidated within the consolidated financial statements.

For the year ended December 31, 2020, the Company assessed the equity method investment for a loss that is other than temporary in accordance with ASC 323-10-35-32 and determined that an impairment charge of $2,033,554 should be recorded as of December 31, 2020. This is recorded as a component of other expense, net in the Company's consolidated statements of income and comprehensive income.

8. Accrued and Other Liabilities

Accrued liabilities consisted of the following as of December 31:

	2021	2020
Payroll liabilities	$ 11,335,535	$ 7,527,630
Deferred revenue	2,633,386	1,872,710
Income and other taxes payable	3,110,381	2,407,791
Accrued interest	731,476	696,146
Other	3,556,901	3,363,618
	$ 21,367,679	$ 15,867,895

9. Notes Payable

Notes payable consisted of the following as of December 31:

	2021	2020
Note payable to an individual related directly to an officer, quarterly interest payments of $17,603, 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.	$ 804,697	$ 804,697

202208150311 8

Notes payable to an individual related directly to an officer, quarterly interest payments of $24,085, 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.	1,101,027	1,173,652
Notes payable to a finance company, aggregate monthly principal and interest payments ranging from $635 to $678, interest rates at 1.90%, secured by vehicles, due through March 2023.	16,156	222,199
Note payable to an officer, monthly interest payments of $1,687, with interest at 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.	231,461	231,461
Note payable to a member of management, monthly interest payments of $2,473, with interest at 8.75%. All principal was due January 1, 2021. 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 without consent from the lender.	339,154	367,858
On April 1, 2020, February 3, 2021, and April 6, 2021, the Company entered into three separate notes payable with the same third party for $100,000 each, total quarterly interest payments of $6,188, with interest at 8.75%. All principal is due 10 years from each effective date. The notes are subordinated to the line of credit (see Note 11). No principal may be paid on the notes while the Company carries a balance on the revolving loan without consent from the lender.	300,000	100,000

202208150311 9

On April 5, 2021, the Company entered into a loan agreement with JPMorgan Chase as the lender under the Paycheck Protection Program of the CARES Act administered by U.S. Small Business Administration (the "SBA"), and on April 10, 2021 (the "Disbursement Date"), received a loan (the "PPP Loan") to help sustain its employee payroll costs, rent, and utilities due to the impact of the COVID-19 pandemic. See further detail below.	-	5,041,857
Note payable to a member of management, monthly interest payments of $1,458, interest at 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 subordinated note while the Company carries a balance on the revolving loan.	200,000	200,000
Total notes payable	2,992,495	8,141,724
Less current portion of notes payable	(15,508)	(916,514)
	$ 2,976,987	$ 7,225,210

Scheduled maturities of notes payable (which excludes balances due under the lines of credit) as of December 31, 2021, are as follows:

Years Ending December 31:	
2022	$ 15,508
2023	648
2024	-
2025	339,154
2026	-
Thereafter	2,637,185
	$ 2,992,495

Notes payable that cannot be paid while the Company carries a balance on the revolving loan are all classified as noncurrent because the revolving loan agreement is not due until July 2025 and the Company does not currently intend to pay any of those notes in 2022.

Under the Paycheck Protection Program, the Company's PPP Loan and interest was fully forgivable if the Company met certain requirements and received formal approval, as defined by the CARES Act, subject to an audit by the SBA. The Company has met all known requirements

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and obtained full forgiveness of the PPP Loan during the year ended December 31, 2021. Since the loan was intended to cover operating expenses the amount forgiven of $5,041,857 has been recognized as part of operating expenses in the Company's statements of income and comprehensive income. It has also been shown as a gain on debt extinguishment on the statements of cash flows.

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 million, 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 4.53% 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 million, 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 4.69% 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 million, 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 4.69% and receives floating Prime during the swap period. The Company has not designated this interest rate swap as a cash flow hedge.

At inception, the fair value of the interest rate swaps were zero. As of December 31, 2021 and 2020 the fair value of the swaps were recorded as a liability of $734,741 and $1,776,708 respectively, in other long-term liabilities. 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 income and comprehensive income. During the year ended December 31, 2021 the interest rate swaps

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decreased other expense, net by $1,041,967. During the year ended December 31, 2020 the interest rate swap increased other expense, net by $619,808.

11. Lines of Credit

Revolving Loan

During October 2017, the Company exchanged its revolving line of credit for a new one 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.

As of December 31, 2021 and 2020, the Company had drawn down $100,284,759 and $77,829,698 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 LIBOR plus an applicable rate based on the Company's leverage ratio (2.5% as of December 31, 2021) and is due on July 10, 2025. As of December 31, 2021 and 2020, the balance of unamortized prepaid loan fees netted against the non current line of credit is $473,036 and $608,189, 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 $1,415,500 (1.25 million EUR). As of December 31, 2021 and 2020, 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 5.5% and is paid monthly.

In Sweden, the amount that can be borrowed under the line of credit is $884,734 (8 million Swedish Krona). As of December 31, 2021 and 2020, the Company had drawn $300,547 and $379,257, respectively, on this line of credit which is included in lines of credit on the consolidated balance sheet. 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 4.75% 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, 2021.

12. Income Taxes

The Company's income tax provision consists of the following for the years ended December 31, 2021 and 2020:

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	2021	2020
Current:		
State	$ 71,869	$ 183,926
Foreign	1,745,417	1,792,887
Total current tax expense	1,817,286	1,976,813
Deferred:		
Foreign	(545,730)	81,385
Change in valuation allowance	246,986	(80,878)
Total deferred tax expense	(298,744)	507
Income tax provision	$ 1,518,543	$ 1,977,320

The income tax provision differs from the amount computed at federal statutory rates for the years ended December 31, 2021 and 2020 as follows:

	2021	2020
Federal income tax provision at statutory rates	$ 5,224,276	$ 4,093,647
Non-includible domestic income	(4,251,097)	(2,936,831)
Differences between U.S. and foreign tax rates	(128,947)	206,714
Current year valuation allowance movement	246,986	(80,878)
State taxes	71,869	183,926
Permanent and other	355,456	510,742
Income tax provision	$ 1,518,543	$ 1,977,320

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

	2021	2020
Deferred income tax assets:		
Accruals and reserves	$ 561,290	$ 373,156
Other deferred tax assets	301,149	138,650
Net operating loss carryovers	2,385,857	2,189,936
Total deferred income tax assets	3,248,296	2,701,742
Valuation allowance	(2,246,789)	(1,939,226)
Net deferred income tax assets	1,001,507	762,516
Deferred income tax liabilities:		
Other deferred tax liabilities	(377,970)	(441,092)
Foreign tax reserves	(1,153,475)	(1,199,696)
Depreciation	(207,049)	(268,132)
Total deferred income tax liabilities:	(1,738,494)	(1,908,920)
Net deferred income tax liabilities	$ (736,987)	$ (1,146,404)

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Net deferred tax assets (by jurisdiction) of $453,123 and $93,956 as of December 31, 2021 and 2020 are included in other long-term assets on the consolidated balance sheets.

The Company has net operating loss (NOL) carryforwards of approximately $4,470,416 in the United Kingdom, $142,426 in Mexico, $705,525 in France, $907,095 in Germany, and $3,282,178 in Australia. The Mexico NOL carryforwards begin to expire in 2024. The United Kingdom, Germany, France, 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, 2021 and 2020 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 17,130,742 comprised of 13,000,000 common units and 4,130,742 preferred units. Of the 13,000,000 authorized common units, 12,000,000 represent common units authorized in the initial formation of Packsize International, LLC on May 21, 2009, with each unit holder having one vote per common unit on all matters to be voted on. There are no liquidation, dividend, or conversion preferences associated with the voting common units. As of December 31, 2021, there were 7,555,000 voting common units outstanding.

During the year ended December 31, 2010, the Company issued 47,260 common units to members of management. These common units are nonvoting, and there are no liquidation, dividend, or conversion preferences associated with the nonvoting common units. These nonvoting common units are included in the 12,000,000 authorized common units as discussed above, except that the Company determined these shares would not have noting rights. As of December 31, 2021, there were 43,479 of nonvoting common units outstanding.

The remaining 1,000,000 authorized common units represent profits interest compensatory units which may be issued to key members of management for services provided on behalf of the Company. Profits interest compensatory 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 units. As of December 31, 2021 and 2020, there were 532,329 and 603,904, respectively, fully vested profits interest compensatory units outstanding.

In total, there were 8,130,808 and 8,202,383 common units (comprised of voting common units, nonvoting common units, and nonvoting profits interest compensatory units) outstanding as of December 31, 2021 and 2020, respectively.

The 4,130,742 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

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units. All of the Series B preferred units have been redeemed by the Company and retired. As of December 31, 2021, there were 2,243,093 Series A, 0 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. 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 $3.17 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.

14. Unit-based Compensation

As discussed in Note 13 above, the Company issues profits interest compensatory units to certain key members of management for services provided on behalf of the Company. Profits interest compensatory 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 units are granted with their fair value estimated on the date of grant using the Black-Scholes option-pricing model.

The following illustrates the assumptions for the Black-Scholes model used in determining the fair value of the units granted during 2020. There were no units issued during 2021:

Risk-free interest rate	0.28%
Expected unit price volatility	58.49%
Expected dividend yield	0%
Expected terms (in years)	4

A summary of the status of the Company's profits interest compensatory units as of December 31, 2021 and 2020, and changes during the years ended December 31, 2021 and 2020, is presented below:

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	Profits Interest Units (In thousands)	Weighted Average Grant Date Fair Value (Per unit)
Outstanding at December 31, 2019	715	$3.76
Granted	5	3.71
Forfeited	-	-
Repurchased by the Company	82	$4.92
Outstanding at December 31, 2020	638	$3.61
Granted	-	-
Forfeited	-	-
Repurchased by the Company	90	$4.21
Outstanding at December 31, 2021	548	$3.51

The Company has authorized up to 1,000,000 profits interest compensatory units to be issued. As of December 31, 2021, there were 548,579 profits interest compensatory units issued, 532,329 of which are fully vested and outstanding. The fair value of the original units granted and outstanding was estimated to be $3,707,472 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 18,250 units, during the year ended December 31, 2021 was $86,318. The total fair value of units vested, representing 43,100 units, during the year ended December 31, 2020 was $239,685. The amount expensed during the years ended December 31, 2021 and 2020 was $79,058 and $183,938, respectively and is included in operating expenses on the Company's statements of income.

The remaining units will be expensed straight-line over the vesting period through 2024 as follows:

Years Ending December 31:	
2022	$ 30,604
2023	4,638
2024	3,092
Total	$ 38,334

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 may be exercised at the Company's discretion after the completion of the base rental term. In addition, many of the rental agreements provide for regular increases to the base rental rate at specified intervals, which usually occur on

202208150312 6

an annual basis. The Company recognizes lease costs on a straight-line basis over the life of the lease agreement.

Future minimum rental payments under the operating leases as of December 31, 2021, are as follows:

Years Ending December 31:	
2022	$ 2,634,141
2023	2,389,757
2024	1,617,000
2025	1,408,108
2026	1,389,705
Thereafter	345,691
Total future minimum rental payments	$ 9,784,402

Total rent expense related to noncancellable and cancellable operating leases was approximately $2,479,008 and $2,146,606, respectively, for the years ended December 31, 2021 and 2020.

Capital Leases

Capital lease obligations consist primarily of vehicle and equipment leases with periods expiring at various dates through 2024. Capital lease obligations were $244,869 and $637,232 at December 31, 2021 and 2020, respectively.

The following table presents assets subject to capital lease which are included in property and equipment as of December 31, 2021 and 2020:

	2021	2020
Vehicles	$ 865,308	$ 890,240
Equipment	657,760	1,355,161
	1,523,068	2,245,401
Less accumulated depreciation	(1,149,649)	(1,364,968)
Property and equipment, net	$ 373,419	$ 880,433

202208150312 7

Future minimum lease payments for capital leases for each of the next five years and thereafter at December 31, 2021 are as follows:

Years Ending December 31:	
2022	$ 231,125
2023	11,678
2024	13,068
Total	255,871
Less amount representing interest (1)	(11,002)
Total current and long-term lease liability	$ 244,869

(1) The weighted average interest rate on capital lease obligations as of December 31, 2021 was approximately 5.4%.

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 Unit Appreciation Rights 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, 2021 and 2020, 227,700 and 180,500, respectively, of these units have been awarded. The Company has determined that as of December 31, 2021, no grant date exists for these awards due to the lack of mutuality of understanding regarding when the awards would be paid. Therefore, no liability or expense has been recognized in the consolidated financial statements except for immaterial amounts paid out to some terminated employees during 2020.

Legal Matters

The Company is subject to investigations, claims or lawsuits arising out of the conduct of its business. Management is not aware of any contingencies which it believes will have a material effect on its financial position, results of operations or liquidity.

202208150312 8

16. Related-Party Transactions

As of December 31, 2021 and 2020, the Company had $0 and $283,872 respectively, of long-term receivables from two entities that each have an ownership interest in the Company. There were no established repayment terms however, during 2021 the entities decided to pay in full.

As of December 31, 2021 and 2020, 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, 2021 and 2020 was $34,881 and $36,283, 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 $597,275.

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, 2021 and 2020, the Company contributed $1,006,354 and $379,832 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. For the year ended December 31, 2021, the Company recorded $4,516,184 in operating expenses related to this plan.

19. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through April 29, 2022, which is the day the financial statements were available to be issued.

In January 2022, the Company 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.