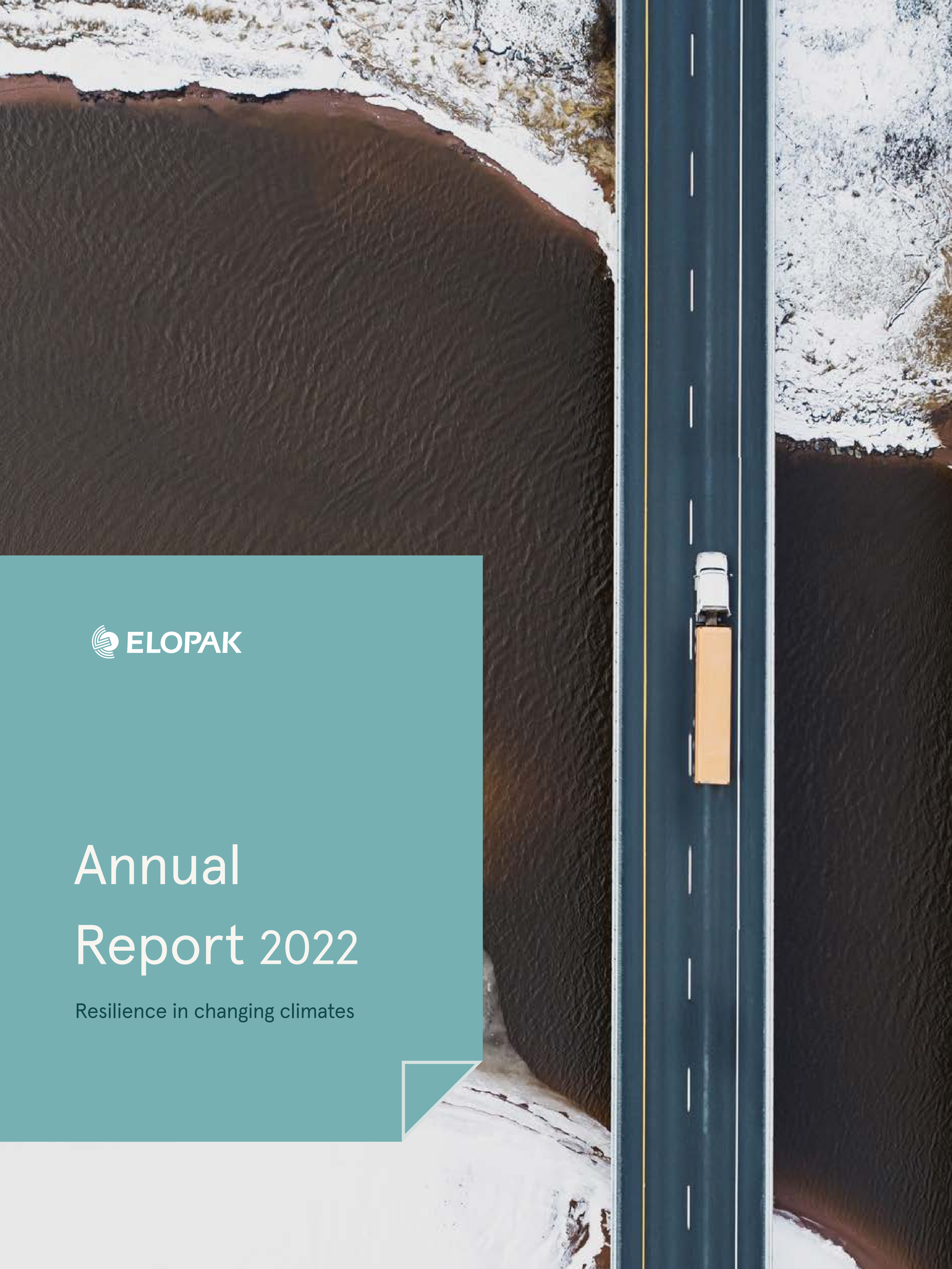


ELOPAK

Annual Report 2022

Resilience in changing climates

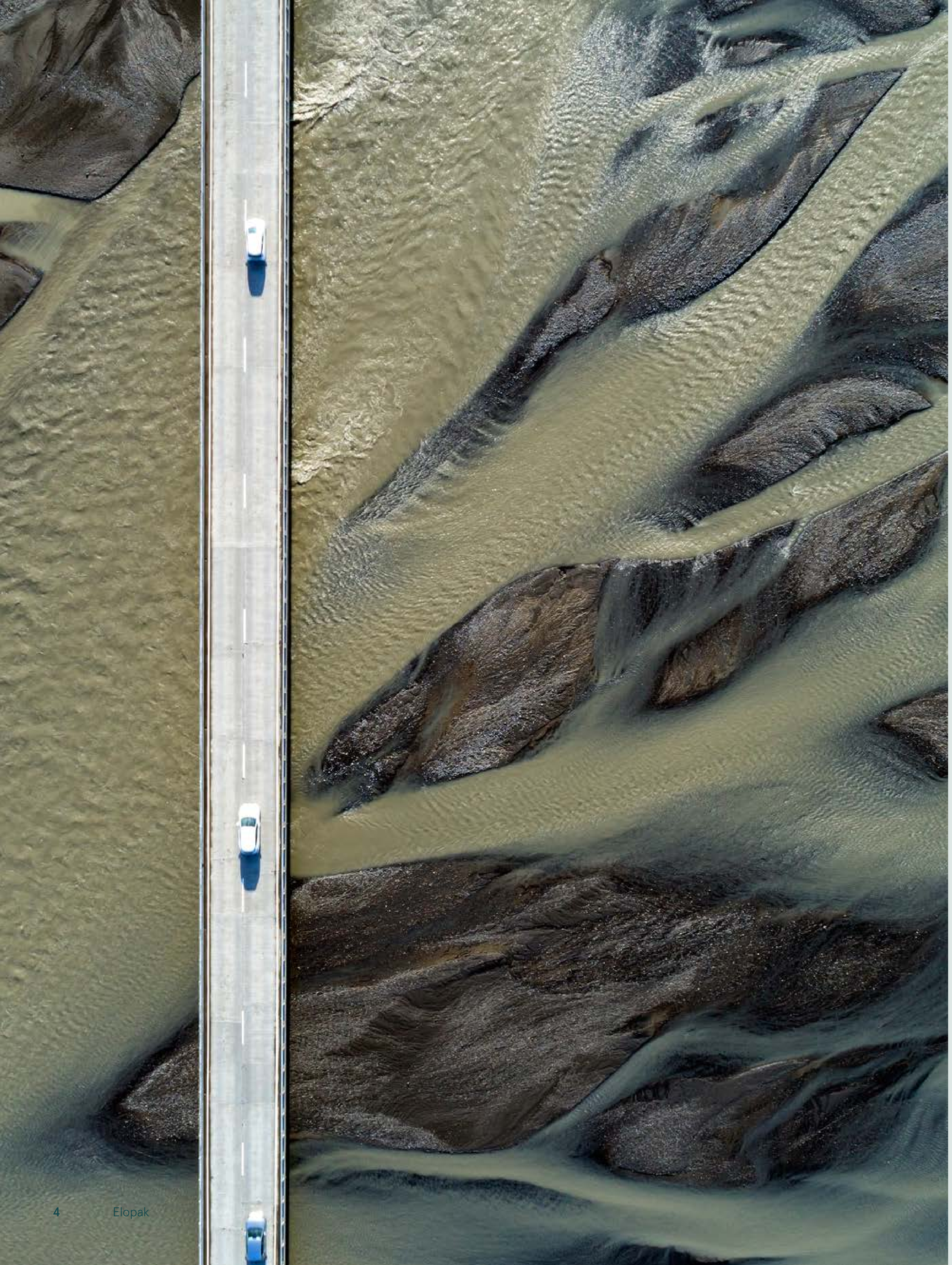
Contents

How to read the report

This document constitutes the Statutory annual report in accordance with Norwegian requirements for Elopak Group for the year ended December 31, 2022.

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

This report presents the Board of Director's report on pages 64-73 and 74-85.



Looking back on 2022: Resilience in changing climates

Leaving the peak of the pandemic behind, 2022 had businesses and consumers hoping for a return to normal. Instead, companies had to navigate changing climates: geo-political situation, vulnerable environment, raw material and supply chain constraints, as well as investment fluctuations.

Through these changing climates, Elopak has shown a high degree of resilience. There have been challenges along the way, but our journey has been supported by market demand, customer loyalty and the commitment of our colleagues.

The war in Ukraine has resulted in instability and untold human suffering. At Elopak, our overriding priority remains the safety and wellbeing of our employees at our office in Kyiv and our site in Fastiv. We are proud of our colleagues for their dedication to maintaining vital supply chains in the country and continue to support them in all ways possible. In March 2022, Elopak decided to suspend all business activities in Russia and in February 2023 the divestment was approved and closed.

Due to the war, Elopak lost a sizeable part of its business, and the world markets witnessed macro-economic uncertainty, triggering supply chain backlogs, accelerated inflationary pressures and the rise of raw material prices. As a consequence, Elopak was obliged to implement price increases so as to compensate for the increased costs.

We delivered higher EBITDA in 2022 than in 2021. In a year with so many cost headwinds, I am happy to see that our strategic focus and dedicated work on commercial excellence have left us in a structurally good position for the future. Our improved EBITDA is also a result of our newly acquired businesses in MENA and India. We remain a resilient company in changing climates.

Part of our sustainability-driven growth strategy has been to broaden our geographical footprint. In 2022, we expanded in the fast-growing MENA market with the acquisition of Naturepak, a leading fresh carton supplier in the region. The integration is now completed and the business is fully focused on realizing its growth potential. We also entered the Indian market through our new partly owned subsidiary GLS Elopak, in order to leverage the world's largest milk market, with the fastest growth in liquid carton packaging. So far, the performance is exceeding all expectations. We are excited for the future potential for both these investments.

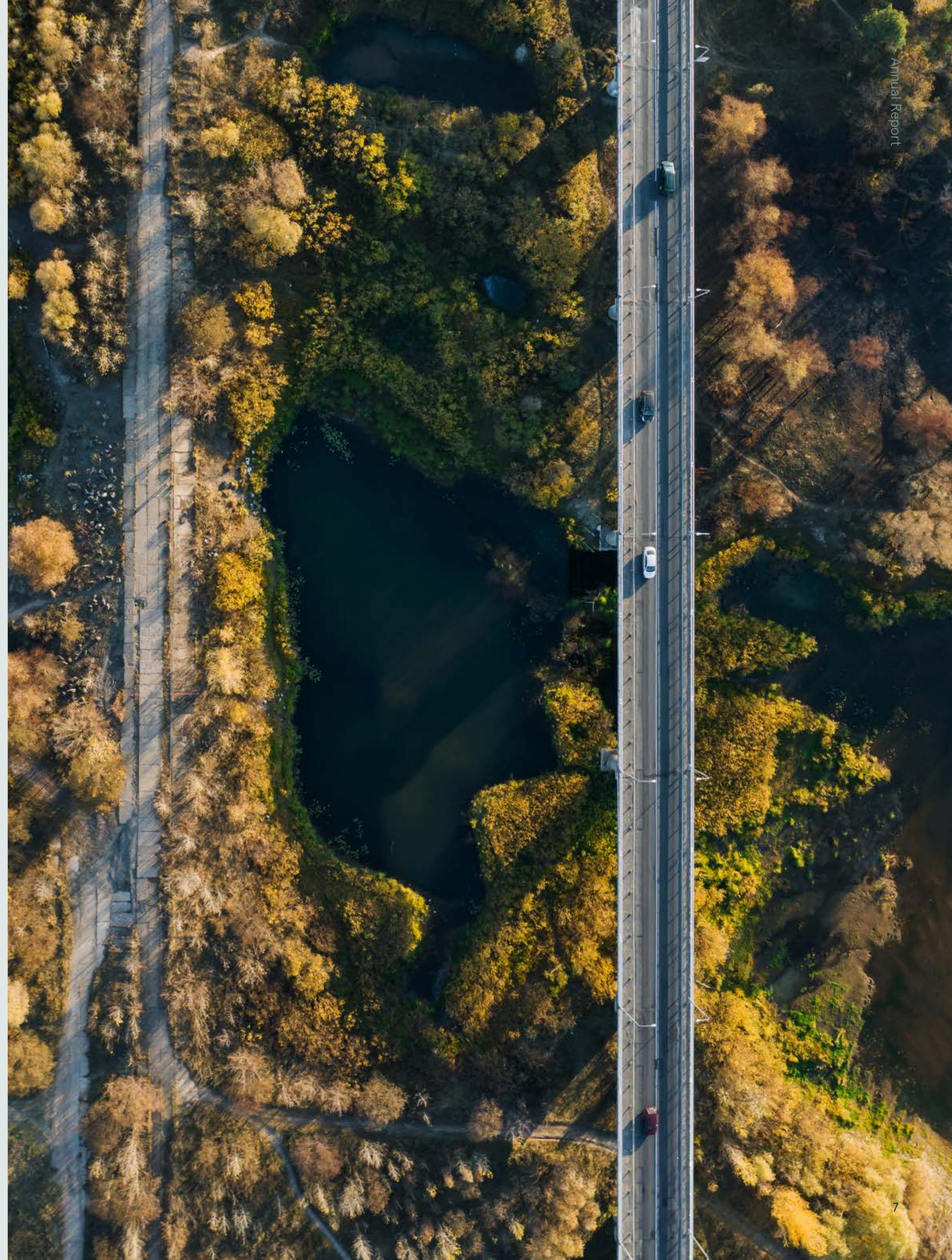
In Americas, we have experienced an impressive year of significant, organic and profitable growth. This has been attributable to our excellent product portfolio, as well as the dedication of our highly experienced colleagues serving customer needs across the region. We have worked hard to develop our machine portfolio together with our supplier Shikoku and have signed a significant share of new filling machines sold in 2022. There is a strong demand in this market, and we continue delivering on it.

Sustainability is at the core of who we are and everything we do. In 2022, we delivered the Pure-Pak® eSense; an aluminium-free carton with a 50% lower carbon footprint compared to a conventional aseptic carton. The replacement of aluminium also simplifies recycling. The product was launched in late Q4, together with García Carrión – a Spanish-based wine and juice provider with sales in 145 countries. We are investing in innovation to meet the demands of our customers as well as regulatory requirements. This is an important step in our aseptic growth journey – another core tenet of our strategy.

As with García Carrión, many Fast-Moving Consumer Goods (FMCG) companies are responding to consumer demands for sustainable packaging. Many are adopting ambitious targets to reduce the use of plastics. We expect the use of plastic food and beverage packaging to drop significantly in the long-term, in tandem with increasing interest in cartons. The opportunities are many and we are well-positioned to leverage this future plastic-to-carton conversion.

Despite a challenging year, we are proving our resilience in changing climates. This is largely due to our strong commercial position and the commendable efforts of all our colleagues around the world. In addition to our employees, I want to warmly thank our customers, partners and shareholders for the year that has passed and for their continued trust in Elopak.

Thomas Körmendi
CEO



This is Elopak

Elopak at a glance

Elopak is a leading global supplier of carton packaging and filling equipment. Our iconic Pure-Pak® cartons are made using renewable, recyclable and sustainably sourced materials, providing a natural and convenient alternative to plastic bottles that fits within a low carbon circular economy.

Founded in Norway in 1957 and listed on the Oslo Stock Exchange (Oslo Børs) in 2021, we operate in 40 countries, employ 2,600 people, run 11 manufacturing units and sell in excess of 14 billion cartons annually across more than 70 countries.

Through investment in innovation, our product portfolio has greatly expanded, pioneering solutions that help customers lower their carbon footprint and provide consumers with more environmentally friendly packaging solutions. Our carton portfolio represents a globally trusted, sustainable packaging solution for liquid content, used daily by consumers throughout the world.

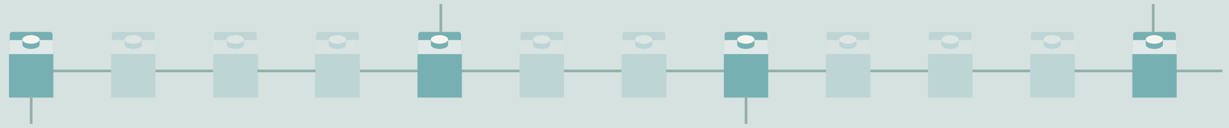
Elopak delivers complete and optimized packaging systems designed to support our ongoing fight against food waste. Each Pure-Pak® system consists of a filling line with all related services. Through each of the system components, we add value and ensure efficiency and effectiveness throughout the entire value chain.

1915
Patent for Pure-Pak® granted

1957
Elopak was founded

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

2021
Listed on Oslo Børs



Our vision

Chosen by people, packaged by nature

Our mission

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

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

Our promises

Empower – Unite – Accelerate

2022 Key figures

1,024 €*
Revenue

+19.7%
Revenue % Diff. vs PY

5.6
Total Recordable Incident rate

119.4 €*
Adjusted EBITDA

11.7%
Adjusted EBITDA margin

3.3x
Leverage ratio

20%
Scope 1 and 2 emissions reduction

100%
Scope 2 – % of renewable electricity used

7%
Scope 3 emissions reduction

30%
Of all milk cartons in Europe fully renewable

93%
Of employees completed Code of Conduct training

*Numbers in EUR Million

Main footprints

Filling machines

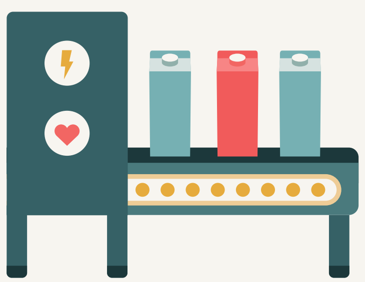
State-of-the-art offerings

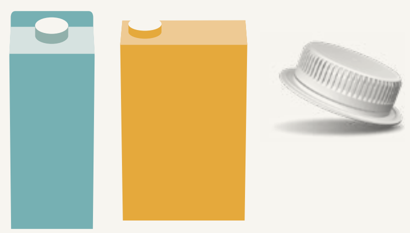
Packaging solutions

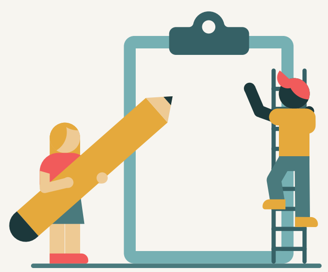
Sustainable cartons and closure options

Technical services

Value-added support







Our offering

Elopak provides customers with a fully integrated system solution for their liquid food and non-food packaging needs. This includes a whole range of fit-for-purpose filling machines and sustainable carton options, as well as supporting services throughout the planning, filling and packaging value chain.

Our filling machines come with a variety of production capacities and will fill a wide range of pack sizes and shapes. Each machine features a unique modular design for exceptional flexibility in installation, operation and maintenance. In addition, machines are adapted and certified to meet different standards around the globe.

Beverage cartons outperform plastic-based packaging solutions, with the lowest carbon footprint among liquid food and non-food packaging today. Compared to Polyethylene terephthalate (PET), beverage cartons are 73% more climate friendly.[1] The Pure-Pak® family of cartons is a sustainable choice. The versatile portfolio has a wide range of applications within liquid food and non-food applications and is fully optimized for brand considerations, consumer preferences, distribution systems, production capacities, as well as filling and printing technologies. Chosen by people for more than 100 years, a Pure-Pak® carton is the natural alternative to plastic-based packaging solutions.

To support customers in planning, product considerations and filling operations, Elopak delivers a full-service portfolio which covers the entire customer journey with frequent touch points. These services include technical planning, machine connectivity, upgrades, retrofits and optimization services, as well as maintenance and customer staff trainings. Through each touchpoint, we deliver value to customers and ultimately consumers – ensuring efficient time to market of important household products.

[1] North American Life Cycle Assessment on packaging for Fresh Milk and Juices conducted by Anthesis for Elopak in May 2021

Responsible choices

Tapping into customers' business ambitions and consumers' desire to act responsibly.

The climate change visible in today's world impact the way consumers think and act. The political and economic instability of 2022, coupled with the increasing effects of climate change, highlight the needs for making responsible choices. Reducing carbon emissions, food waste and opting for sustainable packaging solutions are examples of this trend.

Despite reports[1] where consumers say that they find it difficult to make responsible choices due to financial constraints, 62% of shoppers still have good intentions and try to make environmentally friendly purchases. Sustainability has become a core personal value and many customers are actively searching for ways to improve. Packaging can act as a key point of differentiation for everyday purchases at the point of sale and is becoming an increasingly decisive purchase criterion.

- 67% of consumers have stopped purchasing a product/service that in their opinion did not meet their sustainbility expectations.

- 35% of consumers say that they have put products back on shelves, because they did not deem packaging to be sustainable.

The EU Green Deal has accelerated initiatives from retailers and producers to improve recyclability, support easier recyclable packaging and ensure that packaging is reducing its carbon footprint. Consumers want to play an active role in reducing carbon emissions. Sustainable packaging will help brand owners to present an authentic and coherent product offering and have a greater impact on consumer choice in a way that previously only price or brand identity could.

[1)] Kantar 2022 "Who Cares? Who Does?"

"At Elopak, sustainability is not something we do: it's who we are"

Thomas Körmendi, CEO

Our ambition is to leave our customers' products unchanged and the world unharmed. Since 2008, we have released key data on our environmental impact and published annual environmental reports. Since 2019, we have published Sustainability Reports detailing our broader sustainability targets and progress. While this Annual Report includes many aspects of Elopak's sustainability journey, we encourage readers to also view our 2022 Sustainability Report (https://sustainabilityreport2022.elopak.com/) for a more detailed account of our recent progress.

Offering a natural solution through generations

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

We take care of time-sensitive and perishable products, ensuring safe arrival to the consumer. Our Elopak Technology Center at Spikkestad in Norway, has the knowledge and expertise to develop the optimal carton solution for our customers.

All our cartons are already a sustainable choice and further innovation can improve them both inside and out. We offer boards, barriers, caps, and coatings made of recyclable and renewable materials from responsible forestry, as well as CarbonNeutral® Pure-Pak® cartons, made from renewable content.

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

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

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

Packaging by Nature®

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

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

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

From the start, the Pure-Pak® carton was created as a safe and convenient alternative to glass bottles, reducing complexity in the supply chain. Today, Pure-Pak® has established itself as the natural and convenient alternative to plastic bottles. It fits within a low carbon circular economy, and it is made using renewable and sustainably sourced materials.

A standout solution

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

The versatility of the Pure-Pak® carton format allows Elopak to design a solution for every intended consumer experience. Its quality and flexibility helps to meet trends such as increased demand for longer shelf life, stricter food safety, and shifts towards home consumption or larger formats, as well as "convenient and on-the-go" consumer expectations. The overall conclusion is that we all experience products in increasingly different ways. When focusing on the common points across these multitudes of consumer journeys, the right packaging can drive consumer preference and dramatically boost sales.

'Natural', 'healthy', and 'locally produced' remain top drivers behind consumers' choices when buying food and beverages, impacting the demand for health and plant-based drinks. Sustainable packaging is also having an increasing influence on consumers' decisions. In addition, consumers also highly value transparency. Demanding transparency from companies and their products, values, and how they do business is one of the most important and pressing consumer experience trends.

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

Bärenmarke brand switched to Pure-Pak® Sense Aseptic as part of a new partnership with Elopak. Hochwald Foods GmbH relaunched its famous Bärenmarke milk in gable top cartons in spring 2022.

Resilience in changing climates

From the start in 1957, Elopak has enabled vital nutrition for generations. As times have changed, products, tastes and demand have evolved, but our Pure-Pak® cartons continue to be the preferred choice among customers and consumers alike.

Reflecting on our performance

Executing our sustainability-driven growth strategy

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

Our relentless efforts to provide the best possible consumer experience, while systematically innovating to support our customers in realizing the transition to a net zero, circular economy, makes Elopak uniquely well-positioned to meet the growing demand for sustainable packaging solutions.

Therefore, our growth strategy is an optimal mix of conventional Pure-Pak® carton focused growth strategies and demand innovation, creating new growth and new value by expanding our traditional market's boundaries. 2022 showed significant progress, executing along our five key growth drivers:

1. Set new standards, rolling-out the sustainable, Pure-Pak® carton solution in North American fresh markets.
2. Introduced disruptive innovation in aseptic markets.
3. Established strongholds in fast-growing MENA and India markets
4. Accelerated plastics to carton conversion
5. Reinforced our commercial excellence program: margin optimization, value engineering and operational improvement.

Our customer in the US, Boxed Water Is Better® continues to pioneer cartons as the best alternative to plastic water bottles. In September 2022, Boxed Water Is Better® joined forces with CorePower Yoga – the largest yoga studio brand in the US – to replace all single-use plastic water bottles at its more than 200 studios nationwide.

Nutrinor is the first dairy cooperative in Quebec, Canada to switch to carbon-neutral packaging with the launch of its fresh, organic and lactose free milk in 1 and 2 litre Pure-Pak® cartons with Natural Brown Board.

Pure-Pak® solution in North American fresh markets

Profits for Elopak's North American operations grew strongly in 2022, mainly driven by a growth in sales in the juice and plant-based segments, as well as school milk volumes. Elopak increased its sales across all key segments – with blanks and caps all performing well. There has also been a very strong momentum and interest in Elopak's filling machines, with 15 machines signed for in 2022 with a majority to be commissioned in 2023.

Throughout 2022, Elopak's focus in North America has been on innovation and sustainability. Having successfully entered the juice segment with our specialized paperboard for juice, we then introduced our cartons made with Natural Brown Board to the American market. Already a huge success in Europe, Natural Brown Board cartons have a lower carbon footprint owing to the use of unbleached wood fibers, which also results in a natural, rustic appearance that helps to communicate the customer's commitment to sustainability.

Furthermore, Elopak invested heavily in sustainable infrastructure, including new printing technologies that will reduce the carbon footprint of our plant in Canada and help maintain the business competitive edge.

The Pure-Fill™ aseptic filling machine platform and Pure-Pak® eSense cartons are a winning combination, boosting the value of Elopak's aseptic offering.

In November 2022, García Carrión was the first to introduce the new Pure-Pak® eSense aluminium-free aseptic carton.

Introduced disruptive innovation in ambient, aseptic markets

For the aseptic market, 2022 has been marked by two milestones:

1. The introduction of the new aseptic Pure-Fill™ filling machine.
2. The launch of the more environmentally friendly, aluminium-free aseptic carton: Pure-Pak® eSense.

The Pure-Fill™ aseptic filling machine platform and Pure-Pak® eSense cartons are a winning combination, boosting the value of Elopak's aseptic offering.

The new aseptic filling line platform: Pure-Fill™
The new Pure-Fill™ platform offers major advantages in marketing more sustainable carton packaging solutions to the aseptic markets. Its revolutionary design ensures compliance with new sustainable packaging formats and features while introducing eco-friendly ways to lower energy and water consumption.

The Pure-Fill™ platform offers unique and easy integration in production processes to reduce waste and create the most compact filling line footprint possible. Enhanced automation further reduces manual intervention.

Its proprietary modular design provides wide variety in packaging shapes and sizes and shortens time to market answering today's volatility in fast-moving consumer markets.

Don Simón first to introduce Pure-Pak® eSense aseptic carton
García Carrión was the first to introduce the new Pure-Pak® eSense. Since November 2022, García Carrión's famous Don Simón plant-based drinks have been packaged in 1 litre Pure-Pak® eSense cartons made with Natural Brown Board.

Designed using technology from our fresh portfolio, the Pure-Pak® eSense carton is aluminium-free and instead made with a polyolefin blend barrier. This results in up to 50% lower carbon footprint than a standard Pure-Pak® aseptic carton while simplifying full recyclability.

The integration of Naturepak has proceeded quickly and efficiently, adding the local production facilities in Morocco and Saudi Arabia to Elopak's extensive global network.

Shared commitment to sustainability and innovation builds Elopak's first business in India, the largest fresh milk market.

Established strongholds in fast-growing MENA and India market

MENA market

In March 2022, Elopak aquired Naturepak Beverage Packaging Co, the leading gable top fresh liquid carton and packaging systems supplier in the MENA region, reinforcing Elopak's position in MENA markets.

The integration of Naturepak, has proceeded quickly and efficiently, adding the local production facilities in Morocco and Saudi Arabia to Elopak's extensive global network. Global paperboard supply constraints created some challenges in the first half of 2022. Elopak has increased efficiencies and supported the company's ambition to meet the growing demand for sustainable packaging solutions.

The Pure-Pak® carton solution has been effectively implemented, improving pack-appearance and functionality. Technical support and spare-parts services have also been set up.

Extended shelf life and aseptic solutions have been introduced to the market through our customer base of global blue chip FMCG players and strong regional champions. Hence, establishing an Elopak stronghold in the fast growing MENA markets.

Shared commitment in India

On April 28, 2022 Elopak and GLS announced a join venture, in which Elopak has management control. The new partly owned subsidiary GLS Elopak (headquartered at Gurugram in Haryana, India) will leverage the respective expertise, assets and networks of Elopak and GLS to capitalize on the significant consumer demand in India. With its manufacturing hub close to Delhi, India, GLS Elopak will be the only producer of fiber-based packaging for liquid food in the Haryana area.

Our partly owned subsidiary in India is already exceeding expectations, offering Roll-Fed aseptic cartons under the brand "ALPAK" in various sizes, along with end-to-end service support to customers. The operation has shown impressive growth rates, positioning GLS Elopak ahead of its five-year plan.

GLS Elopak has been established to manufacture and process high-quality fresh and aseptic packaging solutions, which are designed to ensure that liquid food is safe and accessible to consumers. The company will cater to both the fresh and aseptic segments with applications such as dairy, plant-based drinks, juice, water and liquor.

Going forward, the company will introduce Pure-Pak® fresh cartons, Pure-Pak® aseptic cartons and complementary solutions.

In May 2022, Ireland's leading dairy company Glanbia delisted its Avonmore fresh milk in PET bottles, and switched to 1 litre and 500ml Pure-Pak® Classic cartons only.

Accelerated plastics to carton conversion

The Pure-Pak® carton has established itself as a natural and convenient alternative to plastic bottles. Slowly, but surely we see that milk and juice producers are converting their brands from plastic bottles to beverage cartons. One such example is Irish Glanbia with their milk brand Avonmore who switched from PET bottles to cartons.

Our D-PAK™ portfolio for liquid non-food household products was heavily promoted in 2022. This portfolio has attracted several high-profile global customers. One such customer is the well-known contract manufacturer McBride, with whom Elopak has entered into an agreement to increase the company's footprint in the household segment and accelerate the conversion from plastic to carton packaging.

The D-PAK™ range showcases Elopak's development and innovation capabilities, incorporating market-leading technology and providing sustainable packaging solutions. The hand soap and detergent refill carton segment represents a significant potential market for sustainable personal care product brands.

Elopak has fine-tuned its system offering for these segments and now includes after-market support and technical service. The results so far have been very positive, with feedback from consumers stating that they appreciate the new carton's user-friendly and environmentally friendly features. This feedback has given us confidence that our development is aligned with market expectations.

To capture potential customers and prospects, a facility has been established for market testing and smaller scale launches.

The freedom to design customer- or brand-specific carton packaging has been proven successful with Elopak's unique label applicator technology. A second generation of technology to make last-minute changes is currently under development, creating a carton pack design that meets all consumer and shopper marketing demands.

Elopak has established a quality process that has been proven effective for each new potential application of the D-PAK™, ensuring that the solution meets all technical and regulatory demands.

Commercial excellence

Margin optimization, value engineering and operational improvements drive resilience.

In 2022, Elopak experienced unprecedented times in terms of inflation, supply chain issues and a volatile macro-economic environment. In order to protect its margins Elopak found itself obliged to increase prices for its products to mainly offset the raw material price inflation.

In terms of plant efficiency, Elopak has a long history of continuous improvements, and the efficiency and quality of the plants are generally high. In 2022, production was impacted by the close-down in Russia and the war in Ukraine, which has led to a challenging environment for the supply chain planning and increased complexity in the remaining plants. Towards the end of the year production stability and reduced waste levels were achieved.

In November, Elopak opened its new High Bay Warehouse in our largest plant in Terneuzen, Netherlands. The high-tech, modern facility offers improved logistics and increased efficiency by replacing storage over multiple sites and automating previously manual processes.

Business performance

2022 was characterized by continued inflation and supply chain constrains, initiated by the pandemic and further accelerated by geopolitical tensions. Despite being affected by both, Elopak proved its resilience by mitigating this changing environment effectively.

Raw materials volatility and general inflation
As a consequence of the pandemic, and further accelerated by the war in Ukraine, supply/demand imbalance occurred in basically all raw materials worldwide. This was also the case for polymers and aluminium, used as barrier materials in packaging and production of closures. LDPE[1] and aluminium prices were already at a high level at the beginning of 2022. In addition, normally less significant input costs like electricity, filling machine parts, and pallets were volatile and at a high level throughout the year.

These are the main features of our raw material exposure
In Europe, liquid board contracts are typically multi-year with fixed prices periodically adjusted for cost inflation. In the Americas, board contracts are also multi-year, with spot prices linked to a range of indexes. Purchased boards in Americas are coated with polymer. Customer contracts in the Americas for blanks are linked to similar indexes as the board contracts, and consequently, the raw material exposure is limited. The same mechanics apply to the Americas' closure business.

[1] Low-density polyethylene

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

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

Adapting to inflation

The carton packaging industry is normally relatively stable in terms of prices and raw materials, so the continued inflationary pressures and price volatility are unprecedented. However, the business model of Elopak is robust and has mitigated a large proportion of these challenges. A key focus in 2022 has been to responsibly manage exposure and margins so as to support the financial sustainability of the company as well as that of our customers. During the year we have implemented price increases on products and solutions based on the value we create as well as the increased cost of raw materials. We have actively pushed down manufacturing costs through our operational excellence programs. We will continue to navigate steadily as not all inflationary cost increases have gone through the value chain yet, with paper and board as the most important to consider.

Supply chain disruptions

Another significant challenge in 2022 was the supply chains disruption leading to a continued challenging sourcing situation for packaging raw materials and filling machine parts. Delays in getting goods also occurred due to transport interruptions. The supply chain situation affected Elopak's commissioning of filling machines, as well as overall inventory levels.

Managing the supply chain disruptions

Elopak works diligently to ensure a robust and reliable supply chain. Through the pandemic and the war in Ukraine, the organization was put through a live stress test. The company's purchasing and supply chain team worked proactively throughout the year to mitigate supply issues impacting Elopak's customers and production. In addition to a close dialogue with suppliers, some of the measures used to manage supply chain interruptions were planning of inventory, moving inventory internally, switching supplier plants, and change of suppliers. By proactively identifying and qualifying alternative suppliers and sourcing in different regions, Elopak has built resilience in case of supply interruptions.

Consumption

In 2022, we continued to observe a shift in consumer behaviour towards more environmentally and socially responsible consumption habits. Products such as organic or bio milks and plant-based dairy alternatives continue to grow in popularity as consumers look to reduce their environmental impact and adopt more plant-based or otherwise sustainable diets. Consumer research[1] has shown that shoppers looking to purchase plant-based dairy alternatives also seek out the most sustainable packaging, with brown, unbleached cartons performing better than white ones.

[1] Kantar 2022 "Who Cares? Who Does?"

Following the peak of the pandemic, overall consumption patterns have largely returned to a 2019 status quo. However, this is somewhat disrupted by the continuing trend of working from home, which has lead to more purchases for at home – rather than on-the-go-consumption. The rising cost of living in Europe – caused by the lingering effects of the pandemic and the war in Ukraine – has also impacted consumer behaviour, with an increasing shift towards own-brand (as opposed to branded) products and products with longer shelf lives in order to cut costs and avoid waste.

Committed to the mid-term targets

In 2022, the company delivered a satisfactory EBITDA margin, despite unprecedented and significant raw material headwinds during the year. The revenues grew 20% (11% organically), driven by price increases on our products, growth in Americas, and acquisitions in MENA.

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

Performance vs. mid-term targets

Elopak has committed to the following mid-term targets:

Targets	Mid term 3-5 years	2022	2021	2020
Revenue growth	2-3% organic growth p.a. and selectively pursue M&A opportunities for revenue growth	11%	3.5%	0.3%
EBITDA margin	14-15% adjusted EBITDA margin	11.7%	13.3%	13.5%
Capex	EUR ~50m p.a.	Eur 44m	Eur 37m	Eur 50m
Dividend policy	50-60% pay-out ratio % or adjusted net profit	50%	52%	22%
Capital structure	~2.0x net debt/ adjusted EBITDA mid-term	3.3	2.1	2.5

The numbers presented exclude Russia, both for 2022 and 2021

Key financials

The following table summarizes key financial metrics as they have been reported through the year in the quarterly reports. The main developments in 2022 are described in the following sections of the report.

	Year to date ended		
EUR million	2022	2021	2020
Revenues	1,023.7	855.3	908.8
EBITDA [1]	109.9	103.3	122.9
Adjusted EBITDA [1]	119.4	113.7	122.3
Adjusted EBITDA [1] margin	11.7%	13.3%	13.5%
Profit for the period	34.2	33.8	47.8
Adjusted profit for the period [1]	44.0	35.5	45.3
Leverage ratio [1]	3.3	2.1	2.5
Adjusted basic and diluted earnings per share (in EUR)	0.16	0.14	0.18

[1] Definition of Alternative Performance Measures, including specification of adjustments, at the end of this report. 2020 figures include Russia.

The numbers presented exclude Russia, both for 2022 and 2021

Revenues

Group

For the full year of 2022, Group revenues increased by 20 %, or EUR 168.4 million. Adjusted for currency translation effects and acquisitions, the revenue growth was 11 %.

Revenues by Geography and Product

Revenues EUR million	2022	2021	Change
EMEA	786.0	674.9	16 %
Americas	260.5	192.2	36 %
Corporate and eliminations	-22.8	-11.8	92%
Total revenues	**1,023.7**	**855.3**	**20 %**

Revenues EUR million	2022	2021	Change
Cartons and closures	923.8	752.5	23 %
Equipment	28.6	43.5	-34 %
Service	45.4	42.3	7 %
Other	26.0	16.9	53 %
Total revenues	**1,023.7**	**855.3**	**20 %**

Revenues EMEA by Product

Revenues EUR million	2022	2021	Change
Cartons and closures	671.0	570.6	18 %
Equipment	36.3	38.5	-6 %
Service	46.0	42.8	8%
Other	32.6	23.0	41%
Total revenues	**786.0**	**674.9**	**16 %**

The numbers presented exclude Russia, both for 2022 and 2021

Revenues in EMEA increased by EUR 111.1 million, or 16%. The impact from acquired business in MENA and India was EUR 38.5 million. In EMEA, the main driver of the underlying revenue growth for the full year was price increases on cartons and closures.

In terms of volume, the total number of cartons increased, also when adjusting for acquired business. In Pure-Pak®, fresh volumes decreased mainly due to underlying consumption decline, while aseptic volumes were relatively stable. Our strategic initiative to grow the aseptic dairy business resulted in 8 % volume growth, while the aseptic juice segment decreased, from a very strong 2021 impacted by iced tea sales. The revenue growth in EMEA was also partly driven by higher Roll-Fed volumes.

Revenue from equipment decreased as the company delivered less filling machines than in 2021, partly due to delays at customer site but also due to supply chain challenges.

Revenues Americas by Product

Revenues EUR million	**2022**	**2021**	**Change**
Cartons and closures	256.5	185.2	38 %
Equipment	2.2	5.0	-56 %
Other	1.8	1.9	-5 %
Total renevues	**260.5**	**192.2**	**36 %**

Americas

In the Americas, revenues increased by EUR 68.3 million compared to last year. Currency translation effects had a EUR 32.8 million favorable impact due to a stronger USD against EUR, and the underlying growth was 19 %.

Pure-Pak® revenues increased compared to last year. Qualification of new products and customers contributed to a healthier portfolio of customer contracts. During 2022, Region Americas delivered volume growth, mainly in the juice and plant based segments. Raw material indexing contributed to the revenue growth.

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

Adjusted EBITDA

Annual Adjusted EBITDA (EURm)

Adjusted EBITDA EUR million	**2022**	**2021**	**Change**
EMEA	94.3	97.2	-3 %
Americas	51.5	35.4	45 %
Corporate and eliminations	-26.4	-18.9	40 %
Total adjusted EBITDA	**119.4**	**113.7**	**5 %**

The numbers presented exclude Russia, both for 2022 and 2021

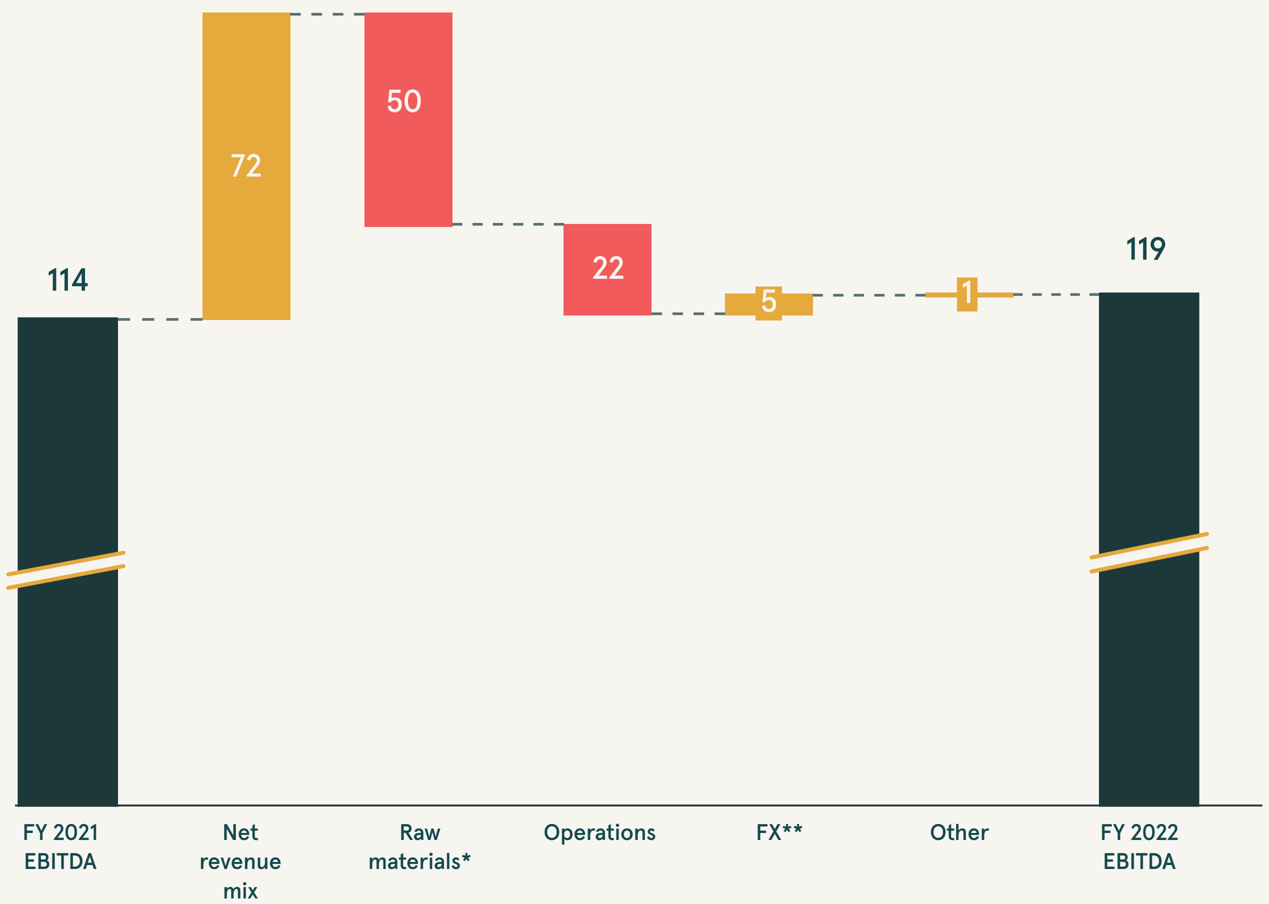
On a full year basis, adjusted EBITDA for the Elopak Group increased by 5 %, or EUR 5.7 million, from EUR 113.7 million in 2021 to EUR 119.4 million in 2022. Adjusting for currency translation effects (EUR to USD) and acquisitions, the EBITDA decreased by 4%, or EUR 4.8 million. The decrease is mainly a result of the inflationary pressure in Europe.

EMEA

In EMEA, adjusted EBITDA for the full year decreased by EUR 2.9 million, from EUR 97.2 million in 2021 to EUR 94.3 million in 2022. Adjusted EBITDA margin was 12.0%, down from 14.4 % in the comparable period. Adjusting for acquisitions, the adjusted EBITDA decreased by EUR 8.2m. On a full-year basis, the increase in raw material cost had a negative impact of EUR 50 million. This was largely offset by pricing increases but still had a negative impact of 0.8pp. to the EBITDA margin. Further to this, EBITDA decreased as a result of inflationary pressure on other operational expenses and payroll, and to some extent decline in Pure-Pak® carton volumes.

Operations at the coating and converting plants were good during 2022. Elopak has a long history of continuous improvements, and the efficiency and quality of the plants is generally at a high level. These results have been achieved through a structured operational improvement program, Elovation. In 2022, production KPIs have been impacted by the close-down in Russia and the war in Ukraine, which has led to a challenging environment for the supply chain planning and increased complexity in the remaining plants. Towards the end of the year production stability and reduced waste levels were achieved despite fluctuations in demand, both in volume and type. In November, an important milestone was achieved when the High Bay Warehouse in the

Annual Adjusted EBITDA (EURm)



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

largest plant in the Netherlands was opened, leading to higher storage capacity and realization of manning efficiencies.

Americas
In Americas, adjusted EBITDA for the full year increased by EUR 16.1 million, from EUR 35.4 million in 2021 to EUR 51.5 million in 2022. Adjusted EBITDA margin was 19.8 %, up from 18.4 % in the same period last year. Adjusting for currency translation effects adjusted EBITDA increased by EUR 10.9 million.

Pure-Pak® carton volume growth was a key driver of the improved performance. Part of the volume growth was on value added board, enabled by successful onboarding of customers in the juice and plant-based segments. Plant operations contributed positively through reductions of waste and from increasing volumes while keeping manning stable. Another important milestone was achieved when completing an environmental improvement project, setting the stage to emission reductions in 2023. 2022 has been a very successful year in the market for filling machines. A total of 15 machines are ordered, of which a majority of the machines will be delivered in 2023.

The two joint ventures in Americas performed well in 2022, supported by volume growth in the school milk segment. The share of result was EUR 4.4 million, which was an increase of EUR 0.8 million.

Profit

For the full year operating profit decreased by EUR 7.4 million. EUR 4.2 million is due to impairments of non-current assets in Ukraine. EUR 9.8 million is due to increased depreciation and amortization of non-current assets, predominantly related to acquired business in MENA and India. The remaining margin development is a result of the factors explained above in adjusted EBITDA section.

The following table provides a reconciliation from reported operating profit to EBITDA and adjusted EBITDA. For further details and definitions, we refer to the Alternative Performance Measures section in the back of this report.

Reconciliation of EBITDA and adjusted EBITDA

	Year to date ended December 31	
(EUR million)	**2022**	**2021**
Operating profit	41.8	49.2
Depreciation, amortisation and impairment	63.9	54.1
Impairment fixed and long term assets Ukraine	4.2	-
EBITDA	**109.9**	**103.3**
Total adjusted items	5.1	6.8
Share of net income from joint ventures (continued operations) [1) 2)]	4.4	3.6
Adjusted EBITDA	**119.4**	**113.7**

The numbers presented exclude Russia, both for 2022 and 2021

For the full year net financial income and expenses were EUR 0.3 million, an improvement of EUR 7.5 million compared to last year. The main driver is revaluation of interest swaps which had a positive impact of EUR 8.4m.

The underlying net interest expense increased following a higher net debt and increased interest rates.

Income tax expenses for 2022 were EUR 12.2 million, corresponding to an effective tax rate of 26%. (2021 EUR 15.3m, or 34%). The expected effective tax rate for the Elopak Group is approximately 24%, depending on the relative mix of profits and losses taxed at varying rates in the jurisdictions in which Elopak operates.

The main reasons for deviation from the anticipated effective tax rate are variations in the distribution of taxable profit within the Elopak Group and impact from the difference in local and functional currency. The year-to-date currency effects for 2022 decreased the tax expense by EUR 2.2 million and increased the 2021 tax expense by EUR 1.7 million.

Profit from continuing operations in 2022 increased by EUR 3.9 million from EUR 30.3 million to EUR 34.2 million.

The Russian entity was deconsolidated as of July 15, 2022. Until the transaction was closed, the fair value of the shares in the company were presented as other current assets in the Consolidated statement of financial position. The fair value reflected considerations of credit risk, settlement risk and the payment profile over 5 years. Year to date profit from discontinued operations was EUR -23.6 million. The negative result reflects ordinary business until operations were suspended in March and the following impairments of assets as presented in the first and second quarter. On February 22, 2023, Elopak announced that the sale of all Elopak's shares in its former Russian subsidiary has been completed. For further details please refer to note 19 and 33.

Cash flow and capital structure

Cash flows

For the full year 2022, cash flow from operations was EUR 25.1 million. Cash from operations is impacted by tax payments and changes to working capital. Tax payments in 2022 were in line with the previous year, while cash from operations was negatively impacted by increased working capital, as a result of the 20 % top line growth. Inventories increased by EUR 39 million following inflationary pressure and delayed placement of filling machines.

Net cash flow used in investing activities was EUR -126.0 million. The main investments were the acquisitions of Naturepak and GLS Elopak. See note 11 for details. In the legacy business, investments were EUR 44 million, consisting of filling machine projects in Europe and manufacturing plant projects in Europe and Americas. This is EUR 6 million higher than in the same period last year but in line with normal levels. The American joint ventures did not distribute dividends during 2022, while a dividend at EUR 5 million was distributed in 2021, this despite improved financial results The key reason for holding back dividends is the inflationary pressure that has caused a higher working capital.

Net cash flows from financing activities were EUR 102.6 million, reflecting an increase in bank loans. The increase is predominantly due to the funding of acquisitions.

Capital structure

As of December 31, 2022, net interest-bearing bank debt has increased to EUR 300.8 million from EUR 160.1 million at year end 2021. The main reason for the increase is funding of the acquisitions, as explained in the cash flow section Lease liabilities increased from EUR 80.6 million to EUR 90.7 million following the addition of the High Bay Warehouse in Terneuzen. Consequently, the Leverage Ratio as of December 31, 2022 was 3.3x.

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

Equity decreased by EUR 1.1 million, from EUR 269.1 million as of December 31, 2021 to EUR 268.0 million as of December 31, 2022. Total comprehensive income for the full year 2022 was EUR 9.6 million. A dividend at EUR 19.6 million was paid on May 19, 2022. As part of the acquisition of GLS Elopak, a non-controlling interest in equity was established at EUR 9.2 million, reflecting our partner GLS' 50 % share of the equity in the consolidated Indian entity.

Business risks

Elopak's Board and Management have a strong focus on risk management to ensure an adequate level of risk exposure. It is of the Board and management's opinion that Elopak has taken appropriate measures to ensure an acceptable and appropriate level of risk exposure through its business model, procedures, and actions.

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

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

In 2022, Elopak conducted a climate risk analysis to establish a framework for identifying and assessing both physical risks and transition risks such as regulations and technological developments. The climate risk analysis will be implemented in both operational and strategic planning processes and will serve as a foundation for mitigating climate risk in Elopak moving forward.

See note 34 related to climate risk and impairment testing.

As part of Elopak's compliance with e.g. the Norwegian Transparency Act (2022), the organization conducted a high-level human rights assessment of its operations, supply chain and business relationships. The Elopak Group's Human Rights Policy was developed and Elopak established a common framework for managing human rights risks.

The following is a consolidated overview of what Elopak considers its main strategic risk factors. Market risk, credit risk and liquidity risk are discussed further in Note 25 of the Group Consolidated Financial Statements.

The climate risk assessment and the human rights risk assessment is further described in our Sustainability Report.

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

RISK FACTOR	MITIGATING ACTION
RAW MATERIAL AND ENERGY – AVAILABILITY AND PRICE	
Elopak's primary raw materials are boards, plastic resin and aluminium foil. In addition, Elopak consumes energy, primarily power in the production process. The cost and availability fluctuate due to economic, weather, and industry conditions. Prices for raw materials have fluctuated significantly since the start of the Covid-19 pandemic, from historically low points in 2020 to record high prices in 2022. The conflict in Ukraine had a significant impact on both raw material and energy prices. Elopak is highly dependent on third-party suppliers for the supply of key raw materials. The price fluctuations of both material and energy reflects the instability of supply chains, force majeures, variability in demand/supply balance and geopolitical uncertainties. If Elopak's supply agreements terminate or expire or contracted agreements are not met, Elopak may be forced to obtain deliveries from different suppliers or, in the worst case, to not being able to supply its customers.	Elopak has price adjustment mechanisms in place in some customer agreements, adjusting pricing based on the price development of certain raw materials and energy. To manage pricing volatility in Europe, Elopak also has a hedging strategy for LDPE, aluminium and energy. To mitigate the risk of availability of key raw materials, Elopak aims for long-term relationships with multiple suppliers and when possible, having several suppliers prequalified. As an example, boards are purchased under multi-year contracts. Some of the measures for managing supply chain interruptions are planning of inventory, moving inventory internally, and changing supplier, among others. By proactively identifying and qualifying alternative suppliers and sourcing, Elopak has built resilience in case of supply interruptions. The risk of both energy price movements and supply is reduced by operating in multiple geographies. Furthermore, Elopak is utilizing external expertise to manage energy price risk in key locations.
INFLATIONARY PRESSURE AND UNEVEN RECOVERIES OF ECONOMIES	
From 2021 to 2022, the annual inflation rate was 8.3% in the EU and 6.5% in USA, far above the inflation target of both the ECB and Federal Reserve. After experiencing high raw material price increases in 2021, 2022 started with continued increases following the conflict in Ukraine. This together with higher energy prices has led to higher and a more widespread inflation. Forecasting and predicting continues to be challenging – there is still high uncertainty related to when and how increased interest rates will impact future inflation and the macro economy in different regions. Uneven recoveries across the globe may lead to slower or lower recovery of demand for some products and markets.	Continued focus on both innovation and cost discipline are prerequisites when managing inflation. Further, price increases are necessary with the current economic conditions and are largely accepted in line with inflation levels in the overall macro economy. See mitigating actions on Raw Material – Availability and Price, as well as Market Dynamics – Consumption. With legal entities operating in more than 30 countries across the globe, Elopak has a natural spread of operational risk both towards emerging and developed economies.

RISK FACTOR	MITIGATING ACTION
CURRENCY EXPOSURE	
Elopak's business is exposed to fluctuations in exchange rates. Although Elopak's reporting currency is Euro ("EUR"), several of the Elopak Group's subsidiaries have other functional and/or underlying currencies. Elopak is mainly exposed to exchange rate fluctuations between EUR and United States Dollar ("USD"), in addition to Norwegian kroner ("NOK") and Moroccan Dirham ("MAD"). Elopak also has certain investments in foreign operations whose net assets are exposed to currency exchange risk.	Elopak aims to minimize the exposure related to currency exchange rate fluctuations by aligning the underlying currency in its commercial agreements, so called natural hedging. Local businesses have access to funding in local currencies as well as EUR through the multi-currency cash pools set up with Elopak's banking partners. Where unable to achieve natural hedging, Elopak enters derivative agreements to hedge the outstanding exposures to an acceptable level. Nevertheless, exchange rate fluctuations may increase or decrease Elopak's reported revenue and expenses.
MARKET DYNAMICS – CONSUMPTION	
Following rising energy prices, rising food prices have continued to fuel inflation. Downward pressure in dairy and juice consumption can be observed, following "less spending by buying less" consumer tactics. Consumers have and will adapt their behavior further. After the pandemic, focus has shifted from convenience to affordability and value for money, while health and wellness remain top of mind. Polarization in consumer behavior has accelerated, increasing medium-term volatility in or between market pockets.	Elopak has strong and long-lasting customer relationships and enough breadth of portfolio to mitigate medium-term market volatility risk. Medium to long term, Elopak's growth strategy is a mix of conventional product-focused growth strategies, i.e. expand the market for the Pure-Pak® solution globally, make acquisitions to gain market share, and create efficiencies. In addition, Elopak pursues demand innovation, creating new growth and new value by expanding the boundaries of our traditional markets.
CYBER SECURITY RISK	
Elopak is vulnerable to security breaches, including unauthorized access to systems including operation technology (OT) and other cyber threats that could have a security impact. Elopak may not be able to prevent cyber-attacks, such as phishing and hacking, or prevent breaches caused by employee error. If such events occur, unauthorized persons may access or manipulate confidential information, destroy data or systems, or cause interruptions in operations of Elopak and/or third parties.	Elopak has cyber security measures to safeguard its data and operations, also considering its employees as critical factors. Elopak increased several security measures last year on technology and employee awareness. Elopak is constantly monitoring safeguards and has a continuous improvement approach to consider the increasing sophistication of cyber-crime. Elopak has an insurance policy covering consequences of cybercrime. However, these may not cover unlimited consequences of cybercrime and/or incidents.

RISK FACTOR	MITIGATING ACTION
COMPLIANCE AND INTEGRITY RISK	
Elopak acts with integrity and in accordance with acceptable ethical standards and complies with international and local laws and regulations. With increased global presence and heightened regulatory and stakeholder requirements related to responsible business conduct, Elopak has a higher risk exposure associated with corruption, anti-competitive practices, sanctions and trade restrictions, human and labor rights violations, and environmental breaches, amongst others. Potential consequences include fines, contractual, litigation and reputational risk, loss of licenses, and suspension or closure of operations.	Elopak's Code of Conduct is approved by the Board and represents a framework for managing ethics and compliance risks. The Code of Conduct sets out requirements and key principles within various compliance and business integrity areas. Through Elopak's global compliance program, the Code of Conduct and its supplementary policies and procedures outline how the principles are operationalized in the organization. Risks are managed through regular risk assessments and accompanied by mandatory training in compliance and integrity topics, with a focus on bribery and corruption, business partner integrity due diligence, sanctions, fair competition, and human and labor rights.
ENVIRONMENTAL AND CLIMATE RELATED RISKS	
As a global industrial player, Elopak is exposed to various environmental and climate related risks. Both physical risks and governmental mitigation plans like the European Green Deal, political action plans, directives, and taxes on plastic could affect the demand for Elopak's products positively and negatively. Future legislation with specific requirements for renewable materials and recyclability could also limit the use of different types of packaging. Increasing demand for raw materials with reduced carbon footprint might impact both price and availability.	As part of the climate risk analysis performed in 2022, a set of mitigating actions were defined to address the key climate risks. The methodology from the analysis will also serve as a foundation when Elopak implements climate risk assessment as part of the operational and strategic planning process. Elopak has a proactive approach to managing the shifting landscape in the industry, and we welcome new regulations and legislation for circularity and renewability, promoting sustainable packaging. Elopak focuses on developing packaging solutions to meet new regulations and requirements and drive new sustainable innovations to the market to improve the competitiveness of our offering. This is further elaborated in our Sustainability Report.
GEOPOLITICAL AND MARKET PRESENCE RISK	
In 2022, Elopak had operating legal entities in 40 countries, production in ten locations and sales to customers in more than 70 countries. Some of the countries in which Elopak operates are subject to political, social, and economic instability that may affect business performance. A major incident in 2022, was the conflict in Ukraine that escalated throughout the year. As a result, Elopak's Russian business was divested to local management while the Ukrainian operations continued despite very challenging circumstances. See other related risks under risk factors on Compliance and Integrity risk.	Due to having an international presence, Elopak monitors and assesses material risks in all geographical areas that are relevant to business operations. Corruption risks are managed through compliance and ethics mandatory training and process for integrity due diligence (IDD) of our business partners. Incorporated in this process are country risk assessments, including evaluation of sanctions and trade compliance, corruption, rule of law, and human rights. For the extraordinary situation in Ukraine, a dedicated risk response team is working on managing and mitigating risks, continuously assessing the impact on Elopak's people, business and assets, in line with the company's risk management principles.

RISK FACTOR	MITIGATING ACTION
INVESTMENT AND INTEGRATION	
In 2022, Elopak completed two strategic acquisitions. Consequently, the key focus has been, and continues to be, ensuring a successful integration of the newly acquired businesses. Completing and integrating acquisitions involves various risks, such as complying with new laws and regulations, new value chains, unexpected liabilities, incorporating acquired products into Elopak's product line, retaining key employees in the acquired business, and failing to achieve the anticipated results. Political and regulatory factors also pose a significant risk in developing markets. Elopak may consider acquiring other companies, assets, and product lines that may further complement or expand the Group's existing business.	Through its daily business, Elopak has shown the capability and capacity to manage geographical and cultural diversity through our global presence and a diversified product portfolio. Elopak typically requires the sellers in acquisitions to indemnify the Elopak Group against certain undisclosed liabilities. Throughout the investment processes and integration stages, Elopak is committed to high quality and adequate risk assessment and does not hesitate to involve external support from experts when considered necessary. Elopak's Board and Management closely monitor all significant investment assessments and decisions.
CAPABILITY RISK	
Elopak's long term aspirations are well defined in our vision, mission and strategy. Despite seeing a decline in some of our traditional core segments, we also see promising "new demand/opportunities" to deliver long term value creation. Ensuring the right capabilities as well as the ability to scale our organization in a sustainable way, are key challenges that must be actively addressed. Internal capability constraints linked to new skillset requirements, infrastructure, and an aging workforce, as well as the external dimensions of a heated labor market, post pandemic trends and inflation, all showcase a risk of knowledge and resource drain.	Elopak's strategic ambitions lead to increased requirements related to skills and capacity. We are working on expanding our talent pipeline, enhancing succession planning as well as activities to ensure retention of existing employees and attraction of new ones. We recently developed our employee value proposition and will launch targeted campaigns going forward. In addition, we continue to anchor strong leadership and culture as well as focus on continuous improvements of our infrastructure.

The Elopak share

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

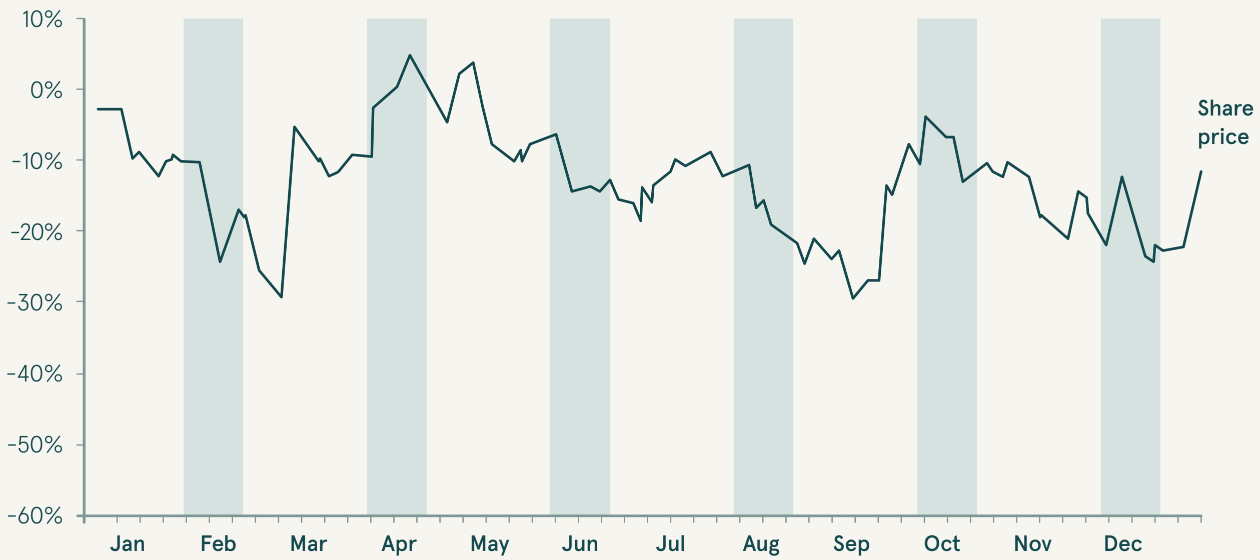


Figure 1. Elopak share price development 2022 from IPO date to 31.12.2022

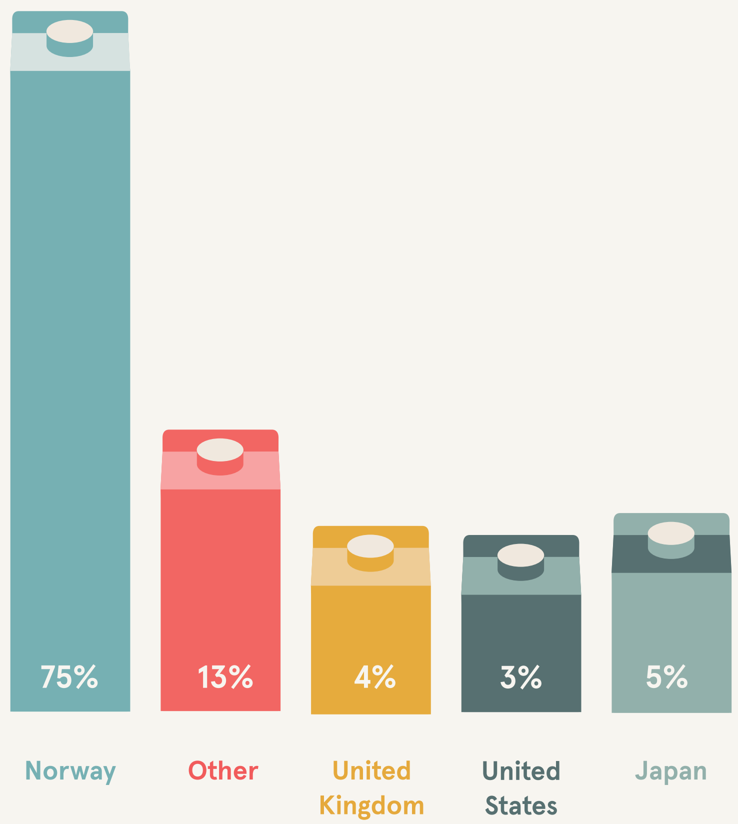


Figure 2. Geographic split of Elopak's shareholder base, as of 31.12.2022

Market capitalization and turnover

The Elopak share is listed on Oslo Børs under the ticker code ELO. All shares have equal rights and are freely transferable. The market capitalization of Elopak as of December 31, 2022 was NOK 6.7 billion, down from 7.2 billion at the end of 2021. The average daily volume of ELO shares traded on Oslo Børs was 0.2 million, down from 0.3 million in 2021. Elopak will endeavor to increase trading volume and liquidity during 2023.

Dividend policy

Elopak has a dividend policy and guidance to distribute 50-60% of adjusted net profit as an annual dividend. Shareholders should expect a competitive return on their investment over time through a combination of dividends and an increase in the share price. The Board proposes to pay a dividend of NOK 0.86 per share for the 2022 financial year. The dividend will be paid out on May 24, 2023 to shareholders of record on the date of the Annual General Meeting.

2023 Annual General Meeting

The Annual General Meeting will take place at 14:00 (CEST) on Thursday May 11, 2023. Information about how to register for the Annual General Meeting will be published on www.elopak.com no later than 21 days prior to the event, including information on how to register attendance or vote.

Analyst coverage

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

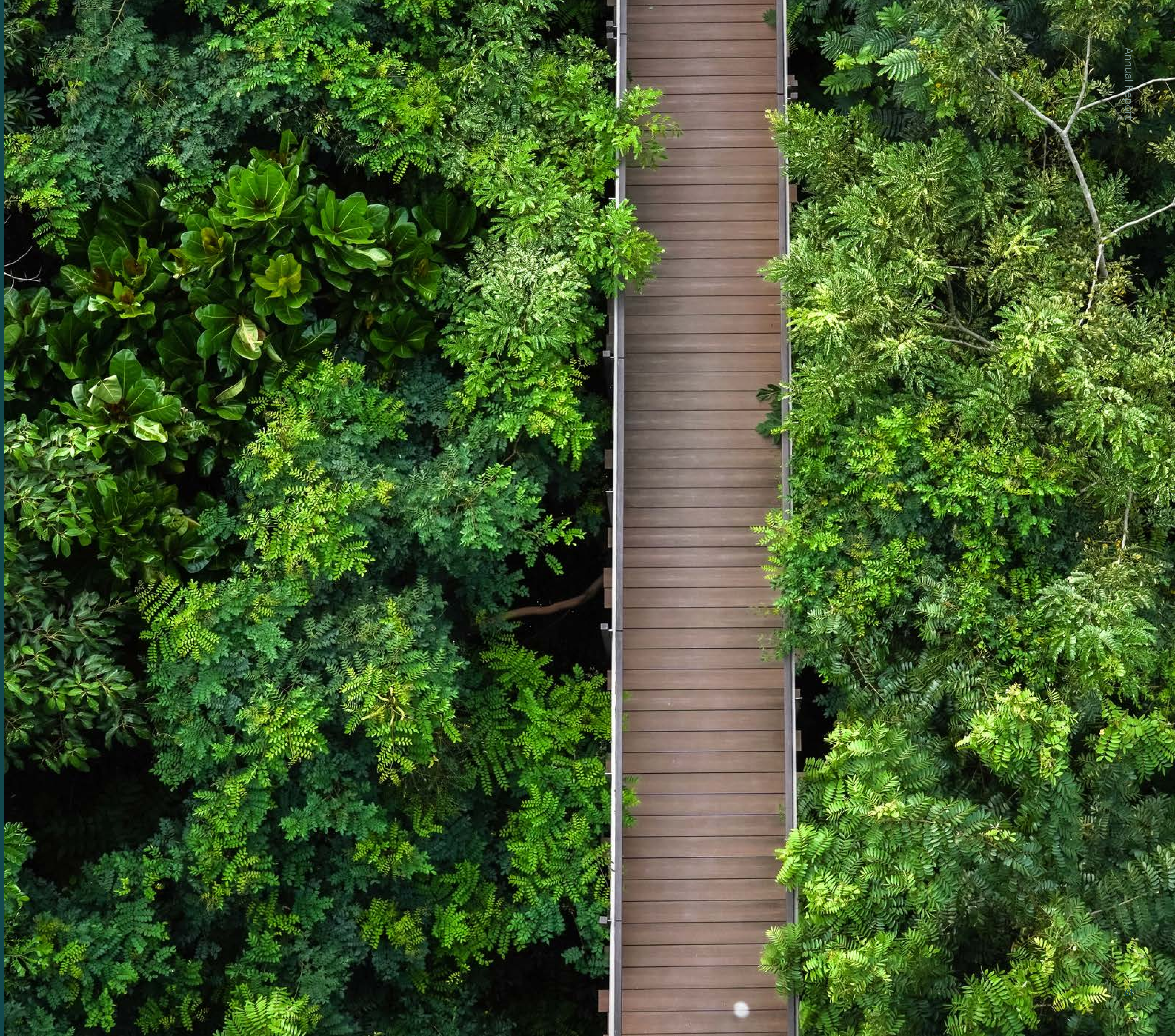
Broker	Analyst	Contact
ABG Sundal Collier	Martin Melbye	martin.melbye@abgsc.no
Carnegie	Robin Santavirta	robin.santavirta@carnegie.fi
DNB	Niclas Gehin	niclas.gehin@dnb.no
Goldman Sachs	Moomal Irfan	moomal.irfan@gs.com
SEB	Håkon Fuglu	hakon.fuglu@seb.no

Financial Calendar

Date	Event
May 4, 2023	Quarterly report – Q1
May 11, 2023	Annual General Meeting
May 12, 2023	Ex-dividend day
May 24, 2023	Payment of dividend
August 17, 2023	Half-yearly report
November 2, 2023	Quarterly report – Q3

Top 20 shareholders as of December 31, 2022

Shareholder		# Shares Dec 22	% S/O Dec 22
# 1	Ferd As	161,079,280	59.83 %
# 2	Nippon Paper Industries Co., Ltd.	13,460,950	5.00 %
# 3	Artemis Investment Management Llp	9,076,899	3.37 %
# 4	Folketrygdfondet	8,879,709	3.30 %
# 5	Morgan Stanley Europe SE	7,356,462	2.73 %
# 6	Pareto Asset Management AS	5,029,041	1.87 %
# 7	Handelsbanken Fonder AB	3,331,164	1.24 %
# 8	DNB Asset Management AS	2,730,062	1.01 %
# 9	Pictet Asset Management SA	2,722,642	1.01 %
# 10	Skagen AS (Investment Management)	2,126,041	0.79 %
# 11	Fidelity Investment Advisors UK Ltd	1,869,244	0.69 %
# 12	Oddo BHF Asset Management SAS	1,787,394	0.66 %
# 13	Arctic Fund Management As	1,714,930	0.64 %
# 14	Fondsfinans Kapitalforvaltning AS	1,550,000	0.58 %
# 15	Forsvarets Personellservice	1,524,100	0.57 %
# 16	T.D. Veen As	1,469,193	0.55 %
# 17	Ubs Asset Management Switzerland AG	1,282,862	0.48 %
# 18	Mfs International (Uk) Ltd.	1,248,311	0.46 %
# 19	Sp-Fund Management Co. Ltd.	1,185,456	0.44 %
# 20	Wenaasgruppen AS	917,391	0.34 %



Resilience in changing climates

From the start in 1957, Elopak has enabled vital nutrition for generations. As times have changed, products, tastes and demand have evolved, but our Pure-Pak® cartons continue to be the preferred choice among customers and consumers alike.

From the Boardroom

Proving resilience and continuing to deliver on strategic initiatives in a demanding year

– a message from The Board

For Elopak, 2022 was an eventful year that comprised a combination of crisis management and strategy execution. While managing completely new challenges that the company has never been exposed to before, Elopak delivered organic growth in Americas, as well as two acquisitions to broaden the company's footprint in line with the sustainability-driven growth strategy.

Responding to the new environment of inflationary pressures on raw materials as well as most other costs, Elopak implemented extraordinary price increases in 2022. The full effects from these price increases could be seen in the second half of the year, putting Elopak in a structurally good position for future business scenarios. Also, the company's Americas business has done very well both in terms of growth and profitability, adding to the strategic deliveries in 2022 and contributing to building a resilient Elopak further.

In 2022, the acquisition and integration of Naturepak was completed, and Elopak is now fully focused on delivering on the growth plan in the region.

In the spring of 2022, the Board approved a long-term strategic partnership with GLS to deliver sustainable packaging solutions to consumers across India under a new partly owned subsidiary: GLS Elopak. The new company has strong ambitions to grow into one of the biggest players for sustainable packaging solutions in the South-Asian market. Elopak is happy to welcome both Naturepak and GLS to the Elopak family.

During the year, Elopak has observed with great concern and sadness the situation in Ukraine and have wholeheartedly condemned the violence being carried out in this region. Elopak's over-riding concern has been for the safety and wellbeing of the company's employees. A group crisis Team was established, which monitored the situation almost daily in close dialogue with the management teams in Ukraine and Russia, in Ukraine to support Elopak employees and to help keep them and their families safe. Elopak also made financial donations to Red Cross, supported local authorities in their work with refugees, and helped Elopak employees financially during 2022. As providers of packaging solutions for liquid food and beverages and part of a vital supply chain, Elopak worked hard to keep supplying the company's customers across the region so long as it did not compromise the safety of people, and in compliance with all relevant sanctions. In March 2022, Elopak suspended all activities in Russia, a decision that led to the divestment process that was approved in February 2023.

In a year where the entire world saw increased geo-political uncertainties, unexpected supply chain challenges and significant inflationary pressures Elopak delivered solid financial results. Revenue grew by 20%, or 11% organically, and a 5% higher EBITDA. The margins were naturally impacted and were lower than the year before, as the Company is still adapting to the new reality. Despite a challenging and extraordinary year, Elopak proved its resilience in changing climates.

Looking forward, Elopak expects the volatile environment experienced through 2022 to continue and make it challenging to predict the short-term impacts on results, as both suppliers, customers and consumers are adjusting to new realities. Some parts of the world where Elopak operates are significantly affected by the recession and macro-economic uncertainties affecting consumption. This can affect the company for a period, but Elopak is in a structurally good position, diversified markets, and solid financial position. Elopak expects the ongoing, strategic initiatives to continue to grow the top-line and strengthen the results.

Company overview

Elopak is a leading global supplier of carton packaging and filling equipment, using renewable, recyclable, and sustainably sourced materials to provide innovative packaging solutions. Elopak was founded in 1957. The head office is in Oslo, and the Elopak Technology Center is based in Spikkestad, Norway. Elopak has ten production plants in Europe and the Americas, including two joint ventures, and operates in more than 40 countries through market units and associates.

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

Governance

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

Elopak's shares are listed on Oslo Børs, and thus we are bound by the Norwegian Code of Practice for Corporate Governance. We are committed to complying with all recommendations in the Norwegian Code of Practice for Corporate Governance.

Elopak has two sub-committees of the Board of Directors: the Board Audit and Sustainability Committee (BASC) and the Compensation Committee, in accordance with the Norwegian Private Limited Companies Act.

The Board rolled out an updated Code of Conduct in 2022 to reflect the fact that Elopak is a listed company but also to reflect a higher ambition and expectations from employees, investors, and society at large.

A sustainability-driven growth strategy

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

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

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

Three principles, in the form of mutual promises, align the organization on how to deliver on the strategy and guide leaders and employees in fulfilling the mission and realizing the vision. These are "Empower," "Unite," and "Accelerate" – all key features critical to successful strategy implementation. The Board, Management and Leaders were actively engaged in the process of developing, communicating and implementing the three principles in a structured and engaging way.

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

In this way the Board believes that Elopak builds alignment: connecting vision and mission to strategy and ultimately execution; uniting the whole organization; and defining how to deliver together through our promises.

People

At the end of 2022, Elopak had 2,000 employees (including joint ventures 2,600). Our workforce consists of more than 50 nationalities with various background, expertise, culture, and experience. We embrace diversity in all its forms to ensure competitive and sustainable growth as a strategic asset. We also believe that diversity creates energy for an inspiring and healthy work environment.

In 2021 we redefined our vision, mission and the base component of the Elopak culture – our promises. These behaviors capture the essence of the culture we believe supports strategy achievement as well as forming a sustainable and attractive workplace. We launched various initiatives in 2022, including global leadership program to support the implementation, and will continue in 2023. We conducted a Pulse Survey late 2022, where employees ranked Elopak as a "good place to work (eNPS = 5)". Our strength is in Empowering people, especially ensuring they have the authority to do what is required. The feedback shows that we have room for improvement in "Unite" and "Accelerate".

We sustain and develop Elopak as an attractive employer for current and new employees through several measures. We offer flexible working options, supportive people policies, and annual performance dialogues with individual development plans. We focus on retention and development of future talent, and in 2022 we enhanced efforts on succession planning. EloPeople, our global HR platform, offers a single collection point for all global learning programs and contains a wide range of courses. The platform allows us to track training, ensuring compliance with our Code of Conduct & Anti-Corruption Policy, GDPR, Safety requirements, and other relevant training courses.

To further strengthen our attractiveness as an employer, we launched a new Employee Value Proposition “Make it real” in 2022. We asked for input from employees from all over the world on ‘what truly defines Elopak as a workplace’ and our employees answered: We create something that is real and tangible.

We respect all applicable laws, rules, regulations, and industry standards concerning working hours, minimum wages, and rules related to the working environment, in line with human rights as defined by the United Nations. Elopak will publish a statement of due diligence assessments in accordance with the Transparency Act on https://www.elopak.com/other-reports-presentations/ before June 30, 2023.

Our employment model reflects universal human and labor rights standards, and employment conditions are in line with local (national) mid-market conditions. Good working conditions are maintained through policies, procedures, guidelines, and training available to all employees. We believe that our “speak-up” culture and whistleblower helpline are tools for promoting and safeguarding a good working environment and the well-being of our employees. In 2022, we have had high focus on working conditions as part of the integration of the acquisition in MENA. We conducted a survey amongst our new employees with the purpose to understand their experience and needs. The result was very positive.

To make Elopak an even safer workplace, we have launched a long-term plan and supportive strategy, providing a framework for safety plans. Key focus areas and tailored initiatives have been implemented in all local safety plans. A program has been initiated to enable leaders to better interact with the organization, understand underlying factors, and ensure understanding of safety issues. Safety reporting is followed up in the organization regularly, as well as in Executive Management and Board level.

Absence due to sickness has increased from 4.0 % in 2021 to 4.3 % in 2022, above our global target of 3 %. The main reason is related to the Covid-19 pandemic, where government regulations and our own recommendations, instructed numbers of days staying at home, as well as the virus and flu variants that Europe has been exposed to, especially during the autumn of 2022. Corrective actions focusing on managing a healthy business environment are carried out in cooperation between the HR and HSE departments, relevant line managers, and local health service providers. We offer our employees programs with individual coaching or collective programs for departments.

In Ukraine, we have faced challenges to uphold a safe and healthy working environment during the war, due to the lack of manning in some departments, limited use of electricity, and among others, lack of gas, fuel, and air alarms. Our employees in Ukraine have remained positive and adapted impressively to the situation.

Elopak is subject to annual corporate social responsibility reporting requirements pursuant to section 3-3c of the Norwegian Accounting Act. The reporting is covered by the separate Sustainability report published on our website.

Planet

Elopak’s sustainability program sets clear targets and KPIs for the Planet dimension, as further described in our 2022 Sustainability Report. We have Science Based Targets to keep global warming below 1.5°C and to be Net-Zero by 2040. We also commit to continue sourcing 100% renewable electricity for all global operations through our RE100 membership. We have an ambitious goal of 100% renewable or recycled materials in cartons on the EU market by 2030.

Renewability and circularity are key to Elopak, aiming to leave the world unharmed. We call this bio-circularity. Our stakeholders confirm the importance of climate action as well as contributing to a circular economy.

In 2022, Elopak was among the first three companies to have our Net-Zero targets approved by the Science Based Targets initiative (SBTi). The Net-Zero standard requires near-term and long-term targets focusing on rapid, deep cuts to emissions across the value chain.

Our near-term targets aim to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 (from a 2020 base year) and reduce scope 3 (value chain) GHG emissions by 25% by 2030 from a 2020 base year. We have also set targets to be Net-Zero by 2050 by reducing GHG emissions across all scopes by 90%.

Elopak works to ensure responsible sourcing of raw materials through the supply chain through third-party certification schemes. We have identified three main certification systems relevant to our products. Through our Raw Material Sourcing Policy, our Global Supplier Code of Conduct, and our Sustainability Program, we secure a consistent approach aligned with our Procurement Team and our Sustainability Team. The certifications are embedded in all relevant areas of the organization, including supply chain, production, design, marketing, and sales.

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

Profit

Elopak delivered 20% top-line growth in 2022 with revenues at EUR 1,024 million, up from 855 million in 2021, (both figures excluding Russia).

The growth was mainly in Europe, and the key drivers were price increases on cartons and closures. In terms of volume, the total number of cartons increased, also when adjusting for acquired business.

Adjusted EBITDA, as reported in the quarterly reports to investors, was EUR 119.4 million in 2022 compared to EUR 113.7 million in 2021. We are satisfied with the overall performance of Elopak, delivering top-line growth and solid results in a very challenging business environment. Raw material prices continued to increase during the year, and although we saw some softening in Q4, they are still at a very high level. During the year, the pricing of polymers and aluminium reached unprecedented levels. In addition, normally less significant input costs were subject to price increases, like filling machine parts, and pallets, as well as utility costs, which reached unprecedented levels and volatility throughout the year.

Operating profit in 2022 decreased by EUR 7.5 million from EUR 49.2 million to EUR 41.8 million. The main reason for this development is higher cost of materials and impairments on non-current assets.

Cash flow from operations was EUR 25 million, compared to EUR 73 million the year before. The working capital level at the end of 2022 was higher mainly due to higher inventories than normal. Net cash flows used in investing activities decreased by EUR 100 million. The main reason was acquisition of subsidiaries in MENA and India. Net cash flows used in financing activities increased by EUR 133 million. The increase is predominantly due to a dividend payment in 2022 and the proceeds of loans from financial institutions.

As of December 31, 2022, net interest-bearing bank debt has increased to EUR 301 million from EUR 160 million at year-end 2021. The main reason for the increase is proceeds of loans from financial institutions. Lease liabilities increased from EUR 81 million to EUR 91 million following entry into new lease for the new High Bay Warehouse in Netherlands. Consequently, the Leverage Ratio as of December 31, 2022, was 3.3x.

Equity was stable at EUR 268 million as of December 31, 2022, down by EUR 1 million. The total comprehensive income in 2022 was EUR 9,6 million. A dividend of EUR 20 million was paid during the second quarter.

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

The net result of the parent company Elopak ASA was EUR 23.5 million, which is an increase from EUR 1.4 million the year before. The main reason for the increase is higher dividends from subsidiaries. The parent company is responsible for sourcing raw materials and production in the European value chain and therefore carries the raw material pricing risk.

Outlook

2022 was characterized by the war in Ukraine, which led to continued high raw material prices, general inflationary pressure in all markets, supply chain issues following the pandemic, and an uncertain macro-economic environment. The supply chain challenges are especially impacting Elopak's filling machine and spare parts business as lead times increase and availability of certain components is constrained. Recently, this challenging environment has affected consumer behavior, leading to a preference towards typically lower-priced private label food and beverage products.

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

Elopak remains optimistic on the longer-term market fundamentals. Elopak sales are mainly to fresh dairy and aseptic dairy and juice customers, which have proven to be resilient market segments.

The volatile environment experienced throughout 2022, continues to make it challenging to predict short-term results as both suppliers, customers and consumers are adjusting to new realities. Increased board cost for Elopak will take effect from end of Q1. Elopak has taken the required mitigating steps to protect margins from increased and volatile raw material and utility prices, including hedging. Elopak has a strong track record of managing margins responsibly over time. However, there are significant inflationary pressures on other input costs, which are expected to continue to impact Elopak's EBITDA margin in 2023.

The Board proposes a dividend to all shareholders of NOK 0.86 per share, in line with dividend policy and the statement in the Q4 report.

Oslo, March 30, 2023
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

Corporate governance report

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

Our objectives and principles

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

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

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

Implementing and reporting on corporate governance

Elopak is subject to annual corporate governance reporting requirements pursuant to section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"), cf. Oslo Børs Rule Book II – Issuers Rules, Section 4; Continuing obligations for issuers of shares.

This report was approved by the Board on March 30, 2023. The report follows the system used in the Code of Practice and describes how Elopak has implemented the Code of Practice in its business. The report covers each section of the Code of Practice, and any deviations are specified and explained under the relevant section.

Elopak has established and the Board has approved a set of corporate governance principles (available on the Elopak website) describing the Company`s main principles for corporate governance. In addition, the Company has prepared a set of guidelines and routines to ensure a clear and productive division of roles and responsibilities between the Board, the executive management and the shareholders, as well as satisfactory control over the Company`s activities. These principles and guidelines ensure good and effective corporate governance and are based on the Code of Practice.

The Board has the ultimate responsibility for the management of the Company, adherence to good corporate governance standards, and will at all times ensure that Elopak complies with the Code of Practice.

Regarding business sustainability, Elopak provides information on sustainability in a separate sustainability report in accordance with the Norwegian Accounting Act, where further details regarding sustainability can be found.

Business

Elopak's business purpose is expressed in the Company`s Articles of Association, section 2:

"The objective of the Company is production and sale of packaging, production and sale of machinery and equipment for packaging, agency and services relating to packaging products and anything connected with this as well as participation in other companies".

The Articles of Association are published on the Company`s website and within the framework of the Articles of Association, Elopak has established goals and strategies for the business. Elopak's objectives and strategies are presented in the annual report in section "Executing our sustainability-driven growth strategy". The evaluation of Elopak's objectives and strategies as well as risk and risk management is described in "From the Board Room".

When defining objectives, strategies, and risk profiles to create value for shareholders in a sustainable manner, the Board takes into account financial, social and environmental considerations. The Board has guidelines for how it integrates considerations related to its stakeholders into its value creation.

The Board evaluates the objectives, strategies and risk profile on an annual basis, at a minimum.

Equity and dividends

Equity

As of December 31, 2022, Elopak had a consolidated equity of EUR 268 million, corresponding to an equity ratio of 28%. The Board considers that Elopak has a capital structure that is appropriate for its objectives, strategy and risk profile.

Dividends

Elopak will initially target a dividend pay-out ratio of approximately 50-60% of the Elopak Group's adjusted net profit.

In deciding whether to propose a dividend and in determining the dividend amount, the Board will comply with the legal restrictions set out in the Norwegian Public Limited Liabilities Companies Act and take into account the Company's capital requirements, including capital expenditure requirements, the Company's financial condition, general business conditions, borrowing arrangements and any other restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility.

Elopak's next dividend payment is expected to be paid out on May 24, 2023 based on the financial year ended December 31, 2022. The Board has proposed to the Annual General Meeting a dividend of NOK 0.86 per share for the year 2022.

Board mandates to increase the share capital

At the annual general meeting of the Company on May 12, 2022 the Board was authorized to increase the share capital of Elopak by up to NOK 35,151,662 in one or more share capital increases through issuance of new shares. The authorization was only to be used to:

- issue shares as consideration in connection with acquisitions;
- issue shares in connection with the employee incentive or share ownership schemes; and
- raise new equity in order to strengthen the Company's financing

The authorization is valid until the annual general meeting in 2023, but in no event later than 30 June 2023.

The Board has not issued any shares in relation to this authorization.

Board mandates to acquire own shares

At the annual general meeting of the Company on May 12, 2022 the Board was authorized to acquire its own shares in the Company on behalf of the Company with an aggregate nominal value of up to NOK 35,151,662.

Consideration may not be less than NOK 1 and may not exceed NOK 250 and the Board determines the methods by which own shares can be acquired or disposed of. The authorization is valid until the annual general meeting in 2023, but in no event later than 30 June 2023. In relation to this authorization, the Board purchased 105,000 shares since the Annual General Meeting on May 12, 2022 and up to the date of this report.

Equal treatment of shareholders and transactions with close associates

The Company's share capital is NOK 376,906,619.60 divided into 269,219,014 shares, each with a nominal value of NOK 1.40.

The Board and the executive management are committed to ensuring equal treatment of all the Company's shareholders and that transactions with related parties take place on an arm's length basis. Note 32 to the consolidated financial statements provides details about transactions with related parties. Financial relationships related to the directors and executive personnel are described in note 32.

In 2022, the Company purchased 105,000 of its own shares at an average price of NOK 16.77 per share on Oslo Børs. The share buyback program was publicly disclosed in a stock exchange announcement on June 8, 2022.

Shares and negotiability

The Articles of Association place no restrictions on owning, trading or voting for shares in Elopak ASA.

There are no general restrictions on the purchase or sale of shares by the Board or members of the Company's executive management as long as they comply with the regulations on insider trading and in the Market Abuse Regulation.

The extraordinary general meeting on November 23, 2022 approved a performance share unit program (Long-Term Incentive plan) and authorization to acquire own shares. For the 2022 performance, Executive Management was granted an annual award of shares from the Company.

Performance KPIs in the new LTI program are the following;

Financial = Adjusted EBITDA less normalized CAPEX, weight 50%
Shareholder Value = Total shareholder return (TSR), weight 30%
ESG = CO_2 emission, weight 20%

The granted shares will be gradually vested during a 3-year period. Graded vesting gives more activity, increased engagement and perceived value. Allocation of shares will be based on and capped at % of base pay (80% for CEO and 50% for Global Leadership Team members).

Other terms and conditions for the new program will be based on market standards. After the expiry of the lock-up period, the Participant shall be free to dispose of the Restricted Shares under certain terms. Futher detials are described in the 2022 Remuneration Report.

General meetings

All shareholders have the right and are encouraged to participate in the general meetings of Elopak ASA, which exercises the highest authority of Elopak. The Board ensures that its shareholders can attend and participate in the general meetings. This year's annual general meeting will take place on May 11, 2023. The Elopak Group's financial calendar is published via Oslo Børs and in the investor relations section at the Elopak's website.

Notice, registration and participation

The full notice for general meetings shall be sent to the shareholders no later than 21 calendar days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient detail in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance, proxy and voting.

The notice and the documents may be sent to or made available for the shareholders by electronic communication, to the extent allowed in the Articles of Association. A shareholder may still request physical copies of the relevant documents to be sent to him or her.

The Chair of the Board and the CEO are present at the annual general meeting (save in case of legal absence), along with the leader of the Nomination Committee and the Company's external auditor, to the extent the agenda items make such attendance relevant. Representatives of the Board will normally be present at general meetings. However, Elopak does not require the entire Board to attend the general meeting. This is a deviation from the Code of Practice which states that it's appropriate that all Board members attend general meetings.

Shareholders who intend to attend a general meeting of the Company shall give the Company written notice of their intention within a time limit given in the notice of the general meeting, which pursuant to the Articles of Association; cannot expire earlier than five days before the general meeting. The deadline for registering attendance is set as close to the meeting as possible. Shareholders, who have failed to give such notice within the time limit, can be denied admission.

Voting and proxy

Shareholders unable to attend a general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period. Shareholders unable to attend a meeting may also vote by proxy. The procedures for electronic voting and the proxy voting instructions are described in the meeting notification and published on the Company`s website.

Chairing meetings

General meetings will normally be chaired by the Chair of the Board. The Board will however evaluate whether it is appropriate to engage an external chairperson to chair the meeting.

Minutes from general meetings are published as soon as practicable via the Oslo Børs' reporting system (www.newsweb.no, ticker code: ELO) and in the investor relations section at the Elopak website.

Nomination Committee

Elopak has a Nomination Committee as laid down in the Company's Articles of Association. The Nomination Committee shall consist of between two to four members, elected by the general meeting. The members of the Nomination Committee should be selected to take into account the interests of shareholders in general, and the majority of the Nomination Committee should be independent of the Board and the executive management of the Company. No Board member or member of the executive management should serve on the Nomination Committee. Members of the Nomination Committee are elected for a term of two years unless otherwise decided by the general meeting.

The current members of the Nomination Committee are Tom Erik Myrland, Terje Valebjørg and Kari Olrud Moen.

The primary responsibilities of the Nomination Committee are to present proposals to the general meeting regarding election of shareholder elected Board members, the Board member`s fees, the election of member`s to the Nomination Committee, the Nomination Committee member`s fees, as well as to propose amendments to the Nomination Committee Charter.

In preparation for possible searches for new members of the Board the Nomination Committee shall have contact with shareholders, members of the Board and the Company`s executive personnel. The Nomination Committee's expenses are covered by the Company.

The Nomination Committee Charter is approved by the general meeting.

Shareholders who wish to contact the Nomination Committee can do so by sending an e-mail to: investors@elopak.com

Board: Composition and independence

Pursuant to the Company`s Articles of Association, the Board shall consist of between 3 and 12 board members, as decided by the general meeting. The Board currently has five shareholder-elected directors, all elected by the general meeting for a two-year term and all independent of the executive management team. Two of the Board members, Jo Lunder and Trond Solberg, are defined as non-independent of the Company's main shareholders.

Jo Olav Lunder | Chairperson | Year of appointment: 2018

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

Shares owned at year-end 2022: 107 142
Record of Attendance: 12

Sid Johari | Board member | Year of appointment: 2017

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

Shares owned at year-end 2022: 17 857
Record of Attendance: 12

Trond Solberg | Board member | Year of appointment: 2008

Trond Solberg has been a board member since 2008. Solberg has more than 20 years of experience from public and private investments. First for 20 years at Ferd AS, including his position as Co-Head of Ferd Capital from 2012 to 2022 and now in, the current position as Investment Director at Farvatn. In addition, Solberg has extensive board experience as chair and board member for multiple companies, including Brav and Fürst. Prior to joining Ferd AS, Solberg was employed within consulting at Accenture. Solberg holds a Master's degree in Economics (Norwegian: Siviløkonom) from BI Norwegian Business School. Current directorships and senior management positions: Farvatn Private Equity AS (Investment Director), Blafre AS (chairperson), Skolo AS (chairperson), RemovAid (chairperson), Seco Invest AS (board member), BVN 22 AS (chairperson).

Shares owned at year-end 2022: 0
Record of Attendance: 12

Anna Belfrage | Board member | Year of appointment: 2021

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

Shares owned at year-end 2022: 0
Record of Attendance: 10

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

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

Shares owned at year-end 2022: 14 285
Record of Attendance: 11

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

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

Shares owned at year-end 2022: 1 071
Record of Attendance: 12

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

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

Shares owned at year-end 2022: 1 071
Record of Attendance: 10

The Board members are encouraged to own shares in the Company.

The composition of the Board is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background as well as in-depth sector understanding and expertise in investment, financing and capital markets. Weight is also given to the Board's ability to make independent judgements of the business in general and of the individual matters presented by the executive management. Consideration has also been given to gender representation and independence of directors from the Company and its management.

The work of The Board

The Board has established and adopted a written instruction "Rules of Procedure for the Board" that regulates areas of responsibility, tasks and the division of roles between the Board and the CEO.

The Board has established an annual cycle which sets out all planned meeting dates, regular Board agenda items, and procedures for Board document preparations. The CEO reports regularly to the Board on operational and financial developments, results, and other material company and industry developments, such as sustainability and compliance topics. The Nomination Committee has held individual discussions with each Board member (both shareholder and employee elected), with the CEO and other key members of the management to evaluate the Board's effectiveness and the manner in which its members function, both individually and as a group.

Pursuant to Elopak's Rules of Procedure for the Board and Elopak's Code of Conduct, all Board members and executive management are committed to making the Company aware of any material interest they may have in items to be considered by the Board. Neither a Board member nor the Company CEO may participate in Board discussions or decisions of such particular significance that the member must be deemed to have a special or prominent personal or financial interest in the matter.

12 board meetings were held in 2022.

Board committees

The Company has, in addition to the Nomination Committee, appointed a Board Audit and Sustainability Committee ("BASC") and a Board Compensation Committee ("BCC"). Both committees are appointed to assist the Board in discharging its oversight responsibilities, work as preparatory bodies for the Board and according to specific mandates approved by the Board.

The Board Audit and Sustainability Committee

The Board nominates the BASC members and the chairperson of the BASC. The BASC consists of at least two members, all of whom are members of the Board and independent non-executive directors of the Company. Members are appointed for a period of two years. The current BASC members are Anna Belfrage (chairperson) and Trond Solberg (committee member).

The BASC oversees the reporting process to ensure the balance, transparency, and integrity of external financial and sustainability reporting. The BASC shall also consider the following:

The effectiveness of the Company's internal control and risk management system

The independent audit process, including recommending the appointment and assessing the performance of the external auditor

The Company's process for monitoring compliance with laws, regulations, internal standards, policies, and expectations of key stakeholders, including customers, employees, and society as a whole

The Board has developed and approved a separate Board Audit and Sustainability Charter.

The Board Compensation Committee

The Board nominates the members and the chairperson of the BCC. The BCC consists of at least two members, all of whom are members of the Board and independent non-executive directors of the Company. Members are appointed for a period of two years. The current members of the BCC are Trond Solberg (chairperson), Jo Lunder (committee member), and Sanna Suvanto-Harsaa (committee member).

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

Discharging the Board's responsibilities relating to the compensation of the CEO and the other members of the executive management team;

Overseeing the administration of Elopak's compensation and benefits plans and preparing and recommending proposals for the Board's statement on executive remuneration under the Norwegian Act on Public Limited Liability Companies section 6-16a and 6-16b.

Risk management and internal control

Risk management

As set out in the Principles for Corporate Governance of Elopak ASA, the Board shall ensure that Elopak has good internal control framework and appropriate systems for risk management given the scope and nature of the Company's business activities. These systems shall be continuously developed in light of the Company's growth and situation.

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

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

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

Internal control

The Board is through the BASC overseeing the internal control routines in the Company. Processes evaluated are including, but not limited to Procurement process, Production & inventory process, Sales process, Payroll process, Period end closing process and IT General control process. Each year, the external auditor performs tests of the Company's internal control routines and presents the findings to the Board. On this basis, the Board reviews managements plan for further development of the Company's internal control system.

Remuneration of The Board

The general meeting determines the Board's remuneration annually, on the basis of recommendations from the Nomination Committee. Remuneration of the Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. Work in sub-committees may be compensated in addition to the remuneration received for Board membership. This is further described in the Elopak's Remuneration Guidelines and Remuneration Report for 2022.

Remuneration of executive personnel

The Board Compensation Committee assists the Board in discharging the Board's responsibilities relating to the compensation of the executive management team. Remuneration of the executive management team is described in Elopak's Remuneration Guidelines and in the Remuneration Report for 2022.

Information and communications

Elopak`s reporting of financial, sustainability and other information is based on transparency and equal treatment of shareholders. Elopak shall provide the public with accurate, comprehensive and timely information, in order to form a good basis for making decisions related to valuation and trade of the Elopak share. All information considered relevant and significant for valuing the Company's shares will be distributed and published in English via Oslo Børs disclosure system, www.newsweb.no, and via Elopak's investor website simultaneously.

Elopak gives weight to maintaining an open and ongoing dialogue with the investor community, hereunder frequent meetings with investors, fund managers, analysts and journalists. The Company is also present at relevant investor conferences and seminars. The CEO, CFO and Head of Investor Relations are responsible for the main dialogue with the investor community, hereunder the Company's shareholders.

Elopak holds public presentations in connection with the announcement of quarterly and annual financial results as well as strategic updates. The presentations are available as live presentations via the internet (webcast) and the presentation material is also made available via Oslo Børs' news site www.newsweb.no and via Elopak's investor website.

Takeovers

The Board has established guidelines for take-over bids.

If a take-over process should occur, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert.

Auditor

The Board has delegated to the BASC to monitor the external auditor, and the BASC reports the outcome of this work to the Board. The external auditor, PWC, annually presents its overall plan for the audit of Elopak for the BASC's consideration. The external auditor's involvement with BASC during 2022 related to the following:

- Presented the main features of the audit work.
- Attended BASC meetings approving the financial statements, reviewing possible significant changes in accounting principles, assessing significant accounting estimates, and considering all possible disagreements between the external auditor and executive management.
- Reviewed Elopak's internal control procedures and systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the Board without the presence of the executive management.
- Confirmed its independence and provided an overview of non-audit services provided to Elopak.
- During 2022, the external auditor attended 6 meetings with BASC in addition to one meeting with the Board.
- Pursuant to the Code of Practice, the Board has established guidelines for Elopak's management use of the external auditor for non-audit services.

The Board reports to the annual general meeting on the external auditor's total fees, split between audit and non-audit services. The annual general meeting approves the auditor's fees for Elopak ASA.

Elopak Management

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

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

Mr Körmendi holds 361,515 shares and 172,953 rights to shares in Elopak.

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

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

Mr Verhelst holds 61,562 shares and 50,556 rights to shares in Elopak.

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

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

Mr Axelsen holds 191,576 shares and 61,289 rights to shares in Elopak.

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

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

Ms Bechmann holds 24,070 shares and 56,980 rights to shares in Elopak.

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

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

Mr Jevne holds 227,411 shares and 60,110 rights to shares in Elopak.

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

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

Mr Buchkremer holds 68,148 shares and 52,453 rights to shares in Elopak.

Dag Grönevik | EVP Equipment & Service | Year of appointment: 2022

Dag Grönevik is the Group's Executive Vice President for Equipment & Service. Grönevik has held the position since March 2022. Grönevik has an educational background as Mechanical Engineer and has more than 30 years of experience from several senior leadership roles within Service and Operations, based in different parts of the world such as Russia, China, Southeast Asia, Oceania and Europe. Prior to joining the group, Grönevik was Managing Director for Service Leaders Matters, a global recruiting firm for senior service leaders. In addition, Grönevik has experience in leading the global service business at Sidel International AG and from various roles at Tetra Pak, recently as Head of Services in Region South and Southeast Asia, Global Director of Operations in Sweden, and Region EMEA head of Services in Switzerland. Previous directorships and senior management positions last five years: Service Leaders Matters (managing director)

Mr Grönevik holds 0 shares and 48,301 rights to shares in Elopak.

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

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

Mr Naumann holds 180,495 shares and 100,560 rights to shares in Elopak.

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

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

Mr Ettedgui holds 78,099 shares and 87,272 rights to shares in Elopak.

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

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

Mr Tørjesen holds 69,171 shares and 53,226 rights to shares in Elopak.

Elopak Group consolidated financial statements 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	Note	Year to date ended December 31 2022	2021
Revenues	5	1,023,696	855,265
Other operating income		157	3
Total income	6	**1,023,853**	**855,268**
Cost of materials		-681,474	-538,124
Payroll expenses	7,8	-176,721	-166,801
Depreciation and amortization expenses	9-13	-61,528	-52,879
Impairment of non-current assets	9-13	-6,599	-1,218
Other operating expenses	14,15	-55,757	-47,023
Total operating expenses		**-982,079**	**-806,044**
Operating profit	6	**41,774**	**49,224**
Financial income and expenses			
Share of net income from joint ventures	16	4,378	3,575
Financial income	17	10,305	2,046
Financial expenses	17	-13,033	-9,660
Foreign exchange gain		2,983	375
Profit before tax from continuing operations		**46,407**	**45,559**
Income tax	18	-12,188	-15,288
Profit from continuing operations		**34,220**	**30,271**
Discontinued operations Russia	19	-23,622	3,538
Profit		**10,598**	**33,809**
Profit for the year attributable to:			
Elopak shareholders		10,856	33,809
Non-controlling interest		-259	-
Basic and diluted earnings per share from continuing operations (in EUR)	20	0.13	0.12
Basic and diluted earnings per share from discontinued operations (in EUR)		-0.09	0.01
Basic and diluted earnings per share attributable to Elopak shareholders (in EUR)		0.04	0.13

OTHER COMPREHENSIVE INCOME

(EUR 1,000) OTHER COMPREHENSIVE INCOME	Year to date ended December 31 2022	2021
Items that will not be reclassified subsequently to profit or loss		
Net value gains/losses (-) on actuarial benefit plans, net of tax	20	-309
Items reclassified subsequently to net income upon derecognition		
Exchange differences on translation foreign operations Elopak shareholders	6,406	8,048
Exchange differences on translation foreign operations non-controlling interest	-467	-
Net value gains/losses (-) on cash flow hedges, net of tax	-6,972	4,218
Other comprehensive income, net of tax	**-1,013**	**11,957**
Total comprehensive income	**9,585**	**45,766**
Total comprehensive income attributable to:		
Elopak shareholders	10,310	45,766
Non-controlling interest	-726	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000) ASSETS	Note	December 31 2022	2021
Non-current assets			
Development cost and other intangible assets	9	71,331	56,862
Deferred tax assets	18	22,414	21,640
Goodwill	10,21	104,958	51,866
Property, plant and equipment	11,13,19,21	201,975	186,426
Right-of-use assets	12,13,19,21	76,784	62,952
Investment in joint ventures	16,22	34,673	27,527
Other non-current assets	23	19,841	13,501
Total non - current assets		**531,976**	**420,775**
Current assets			
Inventory	24	187,207	145,115
Trade receivables	25	102,197	91,533
Other current assets	18, 25	109,214	101,595
Cash and cash equivalents		25,883	24,262
Total current assets		**424,502**	**362,506**
Total assets	6	**956,479**	**783,279**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)		December 31	
EQUITY AND LIABILITIES	**Note**	**2022**	**2021**
EQUITY			
Share capital	**20**	50,155	50,155
Other paid-in capital		69,987	70,236
Currency translation reserve		-27,477	-33,883
Cash flow hedge reserve		-2,758	4,215
Retained earnings		169,584	178,330
Attributable to Elopak shareholders		259,491	269,054
Non-controlling interest		8,477	-
Total equity		**267,967**	**269,054**
LIABILITIES			
Non-current liabilities			
Pension liabilities	**26**	2,668	2,563
Deferred taxes	**18**	17,240	11,488
Non-current liabilities to financial institutions	**28**	304,033	169,433
Non-current lease liabilities	**12,28**	73,536	62,342
Other non-current liabilities		1,867	2,900
Total non-current liabilities		**399,344**	**248,726**
Current liabilities			
Current liabilities to financial institutions	**28**	21,682	14,420
Trade payables		124,038	119,574
Taxes payable	**18**	2,198	4,335
Public duties payable		22,682	24,077
Current lease liabilities	**12**	17,139	18,261
Other current liabilities	**29**	101,429	84,832
Total current liabilities		**289,167**	**265,499**
Total liabilities		**688,512**	**514,226**
Total equity and liabilities		**956,479**	**783,279**

Skøyen, 30 March 2023
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	Note	Year to date ended Dec 31 2022	2021
Profit before tax from:			
Continuing operations		46,407	45,559
Discontinued operations	19	-22,825	4,423
Profit before tax (including discontinued operations)		**23,583**	**49,982**
Interest to financial institutions	17	5,658	1,553
Lease liability interest	12,17	4,575	4,773
Profit before tax and interest paid		**33,815**	**56,309**
Depreciation, amortization and impairment	9-13	76,118	56,450
Write-down of financial assets		500	500
Net unrealised currency gain(-)/loss		2,297	-2,123
Income from joint ventures	16	-4,378	-3,575
Net gain(-)/loss on sale of non-current assets		137	6
Taxes paid	18	-13,683	-19,122
Change in trade receivables		-10,615	-10,054
Change in other current assets		-16,391	-6,937
Change in inventories		-39,175	-5,582
Change in trade payables		4,893	2,998
Change in other current liabilities		-8,117	4,296
Change in net pension liabilities		-307	33
NET CASH FLOW FROM OPERATIONS		**25,094**	**73,200**
Purchase of non-current assets	23	-43,714	-37,381
Proceeds from sales of non-current assets		1,232	15
Proceeds from sales of business		-	-
Acquisition of subsidiaries and joint ventures	21	-88,262	-
Dividend from joint ventures	16	-	4,965
Change in other non-current assets		4,735	6,179
NET CASH FLOW FROM INVESTING ACTIVITIES		**-126,009**	**-26,222**
Proceeds of loans from financial institutions	28	1,178,067	728,843
Repayment of loans from financial institutions	28	-1,030,217	-775,640
Interest to financial institutions	17	-5,658	-1,553
Dividend paid		-19,623	-9,988
Capital increase	20	-241	47,523
Lease payments	12	-19,770	-19,969
NET CASH FLOW FROM FINANCING ACTIVITIES		**102,558**	**-30,784**
Foreign currency translation on cash		-22	1,625
Net increase/decrease in cash		1,621	17,819
Cash at beginning of year		24,262	6,443
Cash at end of period		25,883	24,262

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)

Year to date ended December 31, 2022	Note	Share capital	Other paid-in capital	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Non-controlling interest	Total equity
Total equity 01.01		**50,155**	**70,236**	**-33,883**	**4,215**	**178,330**	**0**	**269,054**
Profit for the period		-	-	-	-	10,856	-259	10,598
Other comprehensive income for the period net of tax		-	-	6,406	-6,972	21	-467	-1,013
Total comprehensive income for the period		**-**	**-**	**6,406**	**-6,972**	**10,877**	**-726**	**9,585**
Dividend paid		-	-	-	-	-19,623	-	-19,623
Settlement of share-based bonus 2021		-	-330	-	-	-	-	-330
Provision for share-based bonus 2022		-	89	-	-	-	-	89
Acquisition of GLS Elopak	21	-	-	-	-	-	9,202	9,202
Treasury shares		-1	-9	-	-	-	-	-10
Total capital transactions in the period	**20**	**-1**	**-250**	**-**	**-**	**-19,623**	**9,202**	**-10,672**
Total equity 31.12		**50,155**	**69,987**	**-27,477**	**-2,758**	**169,584**	**8,477**	**267,967**

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

NOTES

Note 1 — General information

Elopak ASA is a public limited company incorporated in Norway. Elopak is a global supplier of liquid carton packaging and filling equipment, catering to both the fresh and aseptic segments. The principal activities of the Company and its subsidiaries are described in Note 5. The address of the registered office and principal place of business is Industriveien 30, 3430 Spikkestad, Norway. Elopak ASA is listed on Oslo Børs. The Board of Directors and the CEO authorized these consolidated financial statements of Elopak ASA and its subsidiaries for the year ended December 31, 2022, for issue on March 30, 2023.

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

Note 2 — Basis of preparation

The consolidated financial statements of Elopak ASA and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies adopted have been applied consistently to all of the years presented. Elopak also provides disclosures in accordance with requirements in the Norwegian Accounting Act (Regnskapsloven). New and amended standards adopted by Elopak do not have a material impact on the consolidated financial statements. The Elopak Group consists of Elopak ASA and its subsidiaries as set out in Note 22.

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

Note 3 — Material accounting policies

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

Foreign currencies

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

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

Impairment of non-financial assets excluding goodwill

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

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

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

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

A reversal of an impairment loss is recognized immediately in profit or loss.

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

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

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

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

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

Adoption of new and revised International Financial Reporting Standards
A number of new standards are effective for annual periods beginning after January 1, 2022, and earlier application is permitted.

Elopak has early adopted amendments to Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments at present, to IAS 8) standards in preparing these consolidated financial statements.

Amendments to IFRS that are mandatorily effective for an accounting period that begins on or after January 1, 2022 have been adopted. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant, and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020

The following new and amended standards are not expected to have a material impact on Elopak's consolidated financial statement:
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

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

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

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

Business combinations

In a business combination, the assets acquired and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual value in this allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities incl. goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

The useful lives of the intangible assets acquired in a business combination are assessed as either finite or indefinite and may in some cases involve considerable judgements. Intangible assets acquired with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

According to IFRS 3, goodwill is to be allocated at the acquisition date, to each of the acquirer's CGUs, or groups of CGUs, which are expected to benefit from the business combination. This can include existing CGUs of the acquirer irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The identification of CGUs may require significant judgement by management.

Elopak has acquired 50% of the shares in GLS Elopak and consolidates the company as a subsidiary in Elopak's consolidated financial statements. The shareholder agreement provides Elopak with exposure to variable returns and power to affect the returns from GLS Elopak, which means that Elopak has control of GLS Elopak in accordance with IFRS 10.

War in Ukraine

In March 2022, Elopak suspended all activities in Russia and restarted operations in Ukraine after a temporary close-down. Due to the ongoing nature of the crisis, there is estimation uncertainty involved in the assessment of impairment in Ukraine and fair value of the shares in AO Elopak Russia. Impairment in Ukraine is presented in note 13 and discontinued operations in Russia is presented in .

Deferred tax assets

Management has exercised judgment in assessing the recognition of tax loss carryforward for Elopak's various entities and the resulting deferred tax asset. The judgment is based upon the entities' assessed ability to generate future cash flows that will enable the entities to do so. The assessments imply a degree of uncertainty relating to such future events. Tax expenses and deferred tax assets are presented in Note 18.

Tax disputes

In tax disputes, Elopak accounts for tax costs according to decisions made by local tax authorities or according to subsequent tax rulings in the actual case or similar cases. Where transfer pricing adjustments have been made, mutual agreement procedures (MAP) between the affected countries are normally available. A successful MAP procedure, as intended in the double tax treaties between countries, would result in a corresponding tax adjustment in a group company, thus removing the tax cost for Elopak. Where a MAP process is available, Elopak recognizes tax costs according to the probability of the outcome of the MAP process. If tax authorities within the EU do not agree, taxpayers have the right to demand arbitration. Details regarding ongoing tax disputes are described in Note 18.

Note 5 — Revenues

Accounting Policy

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

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

Sale of cartons and closures

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

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

Sale of filling equipment

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

Sale of service

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

Trade discounts, volume rebates and other incentives

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

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

Contract liabilities

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

Contract assets

Contract assets consist of prepaid support (rebate) to customers which will be offset against contracted future purchases of carton and features. The prepaid support is allocated to the different performance obligations, hereunder filling equipment and cartons/closures. Contract assets include over time revenue for cartons before the right to payment becomes unconditional. See Note 25 for disclosure of contract assets.

Remaining Performance Obligations

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

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

Revenues specified by geographical area

(EUR 1,000)	Year to date ended December 31 2022	2021
USA	193,839	141,246
Germany	161,629	146,790
Canada	68,778	51,417
Netherlands	56,215	51,530
Norway	25,645	24,769
Other	517,589	439,514
Total revenues	**1,023,696**	**855,265**

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

Revenues by product and operating segment

(EUR 1,000)

Year to date ended December 31, 2022	EMEA	Americas	Other and eliminations	Total
Cartons and closures	671,025	256,522	-3,797	923,750
Equipment	36,307	2,183	-9,907	28,583
Service	46,036	-	-669	45,367
Other	32,608	1,830	-8,442	25,996
Total revenues	**785,976**	**260,535**	**-22,815**	**1,023,696**

Year to date ended December 31, 2021	EMEA	Americas	Other and eliminations	Total
Cartons and closures	570,565	185,246	-3,307	752,503
Equipment	38,477	5,015	-4	43,488
Service	42,823	-	-495	42,329
Other	22,996	1,904	-7,954	16,945
Total revenues	**674,862**	**192,166**	**-11,760**	**855,265**

Note 6 – Operating segments

Information reported to the Group's chief operating decision makers, the Group Leadership Team, for the purpose of resource allocation and assessment of segment performance is focused on two key geographical regions – EMEA and Americas. GLS Elopak is included in EMEA. Key figures representing the financial performance of these segments are presented in the following note. Refer to Note 11 for disclosure of fixed assets specified by geographical area.

Operating segments

(EUR 1,000)

Year to date ended December 31, 2022	EMEA	Americas	Other and eliminations	Total
Total revenue and other operating income	786,133	260,535	-22,815	1,023,853
Operating expenses [1]	-693,984	-213,558	-6,410	-913,952
Depreciation and amortization	-51,564	-7,164	-2,800	-61,528
Impairment	-6,338	-261	-	-6,599
Operating profit	**34,247**	**39,551**	**-32,024**	**41,774**
EBITDA [2]	92,149	46,976	-29,224	109,901
Adjusted EBITDA [2]	94,283	51,466	-26,336	119,413
Total assets	945,626	157,111	-146,258	956,479
Purchase of non-current assets during the year	45,006	5,657	-6,949	43,714

Year to date ended December 31, 2021	EMEA	Americas	Other and eliminations	Total
Total revenue and other operating income	674,868	192,166	-11,760	855,268
Operating expenses [1]	-577,764	-160,598	-13,590	-751,949
Depreciation and amortization	-43,589	-6,644	-2,646	-52,879
Impairment	-1,218	-	-	-1,218
Operating profit	**52,297**	**24,924**	**-27,996**	**49,224**
EBITDA [2]	97,103	31,568	-25,351	103,320
Adjusted EBITDA [2]	97,407	35,391	-19,083	113,715
Total assets	604,126	134,656	44,497	783,279
Purchase of non-current assets during the year	25,445	8,815	3,121	37,381

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

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

(EUR 1,000)	Year to date ended December 31, 2022	Year to date ended December 31, 2021
Salary	140,957	132,489
Social security	22,173	20,800
Pension defined benefit plans (Note 26)	84	36
Pension defined contribution plans (Note 26)	9,597	9,851
Other benefits	3,911	3,625
Total	**176,721**	**166,801**
Man-year Elopak employees (excl. equity investees)	2,100	1,883

Executive management compensation for the year ended December 31, 2022 is disclosed in the Remuneration Report which is presented on the Elopak website.

Note 8 Share-based payments

In November 2022 the Group introduced a new long-term incentive program for eligible employees. PSUs (Performance Share units) of the parent are granted to members of the Global Leadership Team members (GLT). One PSU (instrument) equals one share. The eligible employees will be granted an annual award of shares from the Company if certain performance criteria are met. This arrangement replaces former long term-incentive plans.

The key terms and conditions related to the grants are as follows:

KPI Categories	Weighted	Metric
Financial targets	50 %	Ajdusted EBITDA less normalized capex
People & Planet targets	20 %	Environmental target (Co2 emission)
Shareholder value targets	30 %	Total shareholders return (TSR)

The granted PSUs will be gradually vested during a 3-year period. Allocation of PSUs will be based on % of base pay (with maximum allocation of 80% for CEO and 50% for Global Leadership Team members).

The exercise price of the PSUs is equal to the market price of the underlying shares on the date of grant. The fair value of the PSUs is estimated at the grant date through Monte Carlo simulation. However, the above performance condition is only considered in determining the number of PSUs that will ultimately vest.

The PSUs can be exercised up to two years after the three-year vesting period and therefore, the contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these PSUs. The Group accounts for the PSUs as an equity-settled plan.

Note 8 Share-based payments continued

Reconciliation of outstanding Performance share units

	Year to date ended December 31, 2022	
Number of instruments in thousands (PSU)	**Number of options**	**Weighted average exercise price**
Outstanding at January 1	–	–
Granted during the year	744	–
Performance adjusted	-45	–
Forfeited during the year	–	–
Exercised during the year 1)	–	–
Expired during the year	–	–
Outstanding at December 31	**699**	**–**
Exercisable at December 31 (vested)	**–**	**–**

[1] No shares have been exercised in 2022.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 was 2.52 years.
The weighted average fair value of PSU granted during 2022 was € 2,32

The following tables list the inputs to the models used for the years ended 31 December 2022:

Assumptions and inputs in model	Year to date ended December 31, 2022
FV per instrument*	2.32
Dividend yield*	0.00
Expected volatility*	7.95 %
Interest rate (IRR)*	0.928%
Risk-free interest rate*	3.09%
Contractual life*	2.63
Expected lifetime*	0.03
Weighted average share price (€)	2.32
Model used	Monte Carlo

*Weighted average parameters at grant of instrument

Expected volatility has been based on an evaluation of the historical volatility of the Parents share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Components of share-based payments employee benefit expenses	Year to date ended December 31, 2022
Share based payment	89
Social security contribution	9
Total expenses related to share-based payments	**98**

Note 9 – Development cost and other intangible assets

Accounting Policy

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

Development cost and other intangible assets

(EUR 1,000)

2022	Customer relations and other	Development costs	IT-software	Total
Cost at 1.1	–	44,183	76,579	120,762
Business combinations	26,824	–	–	26,824
Additions	–	3,643	3,211	6,853
Disposals	–	–	-430	-430
Reclassification	–	–	–	–
Currency translation	-641	-12	142	-510
Cost at 31.12	**26,183**	**47,814**	**79,502**	**153,499**
Acc. amortization and impairment losses at 1.1	–	21,740	42,160	63,900
Current year amortization charge	6,035	4,007	8,510	18,552
Current year impairment charge	–	–	287	287
Amortization disposals	–	–	-362	-362
Impairment disposals	–	–	–	–
Reclassification	–	–	–	–
Currency translation amortization	-337	–	130	-207
Currency translation impairment	–	–	-3	-3
Accumulated amortization at 31.12	**5,698**	**25,748**	**50,155**	**81,600**
Net accumulated impairment at 31.12	**–**	**–**	**568**	**568**
Carrying amount 31.12	**20,485**	**22,066**	**28,780**	**71,331**
Economic life	0-8 years	5-10 years	3-7 years	
Amortization method	Linear	Linear	Linear	

Note 9 – Development cost and other intangible assets continued

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

Customer relations and other includes fair value of customer and supply contracts from the acquisition of GLS Elopak and Naturepak Beverage Packaging Ltd in 2022. Customer relations have an estimated economic life of 8 years while the other contracts are fully amortized in 2022. See note 21 for further details.

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

The majority of IT-software are additions related to investments in IT system for management of materials flow and finances. The system roll out started in 2017 and continued throughout 2022.

Research and development

The cost of research and development not eligible for capitalization which have been expensed in 2022 amounts to EUR 12,501 thousand. Comparable amount in 2021 was EUR 15,708 thousand.

Note 10 – Goodwill

Accounting Policy

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

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

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

Goodwill

(EUR 1,000)	2022	2021
Cost at 1.1	58,089	58,511
Business combinations (note 21)	57,089	–
Currency translation	-3,997	-422
Cost at 31.12	**111,181**	**58,089**
Accumulated impairment 1.1.	6,223	6,220
Current year impairment charge	–	–
Currency translation impairment	–	3
Accumulated impairment at 31.12	**6,223**	**6,223**
Carrying amount 31.12	**104,958**	**51,866**

Note 10 – Goodwill continued

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

Cash generating units
The goodwill items from 2021 (cost 1.1. 2022) are related to acquisition of Elopak Denmark A/S, Elopak AB, Elofin OY and Variopak and are allocated to the cash generating unit Europe, which consist of Elopak's European markets, including the internal production and supply organization.

Following from business combinations in 2022 Goodwill has increased by EUR 3,591 thousand from acquisition of GLS Elopak and EUR 53,498 thousand from acquisition of Naturepak Beverage Packing Co. Ltd. Operations in GLS Elopak are mainly in India and is allocated to a separate CGU. Naturepak Beverage Packing Co. Ltd is integrated in the Elopak European value chain and is allocated to the CGU of Elopak Europe (renamed to Elopak EMEA).

The basis to consider Elopak EMEA as one cash generating unit is the inherent structure of the EMEA market. Customers are merging across borders and are increasingly treating EMEA as one market. The historical requirement from customers to source from specific plants is no longer present. Elopak is adapting to this trend by allocating production flexibly to the plants in EMEA in order to optimize logistics and production cost. According to this development, the margins along Elopak's value chain will be subject to change from one year to another, and therefore the appropriate way to assess indicators for impairment for the EMEA business is as one unit.

Impairment test and assumptions
Recoverable amount for the cash generating units Elopak EMEA and GLS Elopak are calculated based on values in use. The cash flows that are basis for the impairment tests are based on

Note 10 – Goodwill continued

assumptions about future sales volumes, selling prices and direct costs. These are uncertain factors. These assumptions are based on historical experience from the relevant markets, adopted budgets and the Group's expectations of market changes and other financial impacts from climate risks. Upon completion of the impairment tests in 2022 and 2021 the Group does not expect significant changes in current trade in EMEA and expected future cash flows there are mainly a continuation of observed trends. GLS Elopak is in a start-up phase, hence a significant increase of sales and profit is expected in 2023 followed by an estimate of 0% growth the years after.

Calculated recoverable amounts in the impairment tests are higher than carrying amounts, and based on the tests, it is concluded that there is no impairment in 2022 or 2021.

Determined cash flows are discounted with discount rates presented in the table below.

Detailed description of the assumptions used:

	Discount rate after tax		Discount rate before tax		Growth rate 2-5 years		Long-term growth rate	
	2022	2021	2022	2021	2022	2021	2022	2021
Elopak EMEA	7.7 %	3.6 %	11.0 %	5.2 %	0.0 %	0.0 %	0.0 %	0.0 %
GLS Elopak	12.5 %		17.9 %		0.0 %	0.0 %	0.0 %	0.0 %

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

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

Investment costs necessary to meet expected future growth are taken into account. Based on management's assessment, the estimated investment costs do not include investments that

Note 10 – Goodwill continued

improves the assets performance. The related cash flows are treated correspondingly.

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

Note 11 – Property, plant and equipment

Accounting Policy

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

Note 11 – Property, plant and equipment continued

Property, plant and equipment

(EUR 1,000)

2022	Land and buildings	Machinery and plant	Office and transport	Total
Cost at 1.1	41,524	532,615	20,724	594,863
Business combinations (note 21)	10,184	11,305	135	21,623
Additions	227	37,940	304	38,471
Disposals	-176	-6,153	-476	-6,805
Discontinued operations ()	-296	-24,273	-2,082	-26,651
Transfer to/from inventory / reclassification	1,581	-6,367	868	-3,918
Currency translation	-344	11,813	918	12,387
Cost at 31.12	**52,701**	**556,880**	**20,390**	**629,971**
Acc. depreciation and impairment losses at 1.1	27,314	364,715	16,410	408,438
Current year depreciation charge [1]	1,530	25,831	1,697	29,057
Current year impairment charge [1]	868	5,272	173	6,312
Depreciation disposals	-169	-4,514	-427	-5,110
Discontinued operations ()	-271	-19,493	-1,737	-21,501
Impairment disposals	-	-319	-3	-322
Depreciation transferred to inventory / reclassification	-	-1,138	-	-1,138
Impairment transferred to inventory / reclassification	-	-346	-	-346
Currency translation	104	11,602	900	12,606
Acc. depreciation and impairment losses at 31.12	**29,375**	**381,609**	**17,012**	**427,997**
Carrying amount 31.12	**23,326**	**175,271**	**3,378**	**201,975**
Economic life	0-40 years	3-15 years	3-12 years	
Amortization method	Linear	Linear	Linear	
[1] Depreciation charge for the year excludes following amounts ()	7	899	64	970
Impairment charge for the year excludes following amounts ()	18	5,535	280	5,833

Note 11 – Property, plant and equipment continued

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

The lease revenues and commitments for carton filling machines rented to customers as well as the lease expenses and commitments for equipment leased and used in our production are disclosed in Note 12.

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

Property, plant and equipment specified by geographical area

(EUR 1,000)	2022	2021
Canada	28,485	26,738
Denmark	25,940	27,947
Germany	69,025	68,550
India	9,944	-
Morocco	6,508	-
Netherlands	44,547	42,765
Norway	3,097	4,131
Russia	-	7,290
Saudi Arabia	3,555	-
Ukraine	3,281	8,566
United Kingdom	7,325	237
Other	267	203
Total	**201,975**	**186,426**

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

Note 11 – Property, plant and equipment continued

Other off-balance sheet commitments and contingencies

(EUR 1,000)	2022	2021
Commitments for the acquisition of property, plant and equipment	1269	2,145

Note 12 – Leases

Accounting Policy

The Group as a lessee

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

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

The Group as a lessor

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

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

Note 12 – Leases continued

1. The Group as lessor – operating leases

The Group leases out filling machines under operating leases. Rental income was EUR 9,326 thousand in 2022, compared to EUR 9,168 thousand in 2021. Lease terms are between 1 year to 10 years. Options to extend the lease term or purchase the leased asset reflects market conditions at the time of exercising the option.

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

(EUR 1,000)	2022	2021
Due within year 1	11,242	7,679
Due within year 2	9,159	6,700
Due within year 3	7,863	5,150
Due within year 4	6,519	4,106
Due within year 5	4,509	2,971
Due after year 5	8,330	6,505
Total	**47,621**	**33,113**

2. The Group as lessor – finance lease receivables

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

Amounts receivable under finance leases (undiscounted)

(EUR 1,000)	2022	2021
Due within year 1	2,648	4,843
Due within year 2	1,870	2,178
Due within year 3	1,302	1,378
Due within year 4	1,213	833
Due within year 5	804	754
Due after year 5	2,345	1,770
Total receivables under finance leases, undiscounted	**10,181**	**11,756**
Unearned finance income	2,162	1,536
Total receivables under finance leases, discounted	**8,020**	**10,220**

Note 12 – Leases continued

There is no impairment loss allowance related to the finance lease receivables in 2022 and 2021. Credit risk related to the filling machine lease agreements is considered insignificant due to right to require return of the machine in case of default. The average effective interest rate contracted is approximately 4.59% per annum.

The Group as lessee

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

Right-of-use assets

(EUR 1,000)

December 31, 2022	Property and buildings	Machinery	Office and transport	Total
Carrying amount 1.1	38,652	12,986	11,314	62,952
Additions and adjustments	22,258	6,307	3,278	31,842
Disposals	-3,956	-28	-100	-4,084
Current year depreciation charge	-4,806	-5,288	-3,823	-13,918
Impairment losses	–	-8	–	-8
Carrying amount at 31.12	**52,148**	**13,968**	**10,668**	**76,784**

December 31, 2021	Property and buildings	Machinery	Office and transport	Total
Carrying amount 1.1	42,502	15,645	11,123	69,270
Additions and adjustments	1,458	3,010	4,162	8,630
Disposals	-233	-164	-213	-610
Current year depreciation charge	-5,075	-5,505	-3,758	-14,338
Carrying amount at 31.12	**38,652**	**12,986**	**11,314**	**62,952**

Note 12 – Leases continued

The Group has no significant purchase options except from one purchase option related to the High Bay warehouse lease agreement commenced in November, 2022. This purchase option can be exercised in 2042 and purchase price is market value at exercise date. An exercise of the purchase option is not considered to be reasonably certain, hence it is not recognised. Net additions in 2022 include EUR -3,955 thousand related to discontinued operations in Russia, other terminations in 2022 and 2021 are less than 1% of the right of use assets. The gross additions to right-of-use assets, excluding adjustments to existing contracts, were EUR 29,388 thousand in 2022 and EUR 4,460 thousand in 2021. The expired and terminated contracts in 2022 were replaced by new leases for similar underlying assets.

Expenses related to short-term leases are EUR 350 thousand in 2022 and EUR 105 thousand in 2021. Expenses related to low value assets are EUR 615 thousand in 2022 and EUR 772 thousand in 2021. Expenses related to variable payments not included in the measurement of lease liabilities are EUR 98 thousand in 2022 and EUR 218 thousand in 2021.

The Group has signed contracts for tethered Cap lines with a lease term of 5 years and a nominal value of EUR 45,284 thousand, which will commence at different stages during 2023 and Q1 2024.

Lease liabilities

(EUR 1,000)		2022	2021
Current Lease liabilities	Note 26,29	17,139	18,261
Non-current lease liabilities	Note 26,29	73,536	62,342
Total		**90,674**	**80,604**

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

(EUR 1,000)	2022	2021
Due within year 1	20,751	18,905
Due within year 2	20,449	14,515
Due within year 3	14,208	15,206
Due within year 4	12,282	8,700
Due within year 5	10,381	7,889
Due after year 5	75,623	41,989
Total	**153,694**	**107,203**

Note 13 – Impairment Ukraine

Due to the war in Ukraine, Elopak suspended all activities in Russia, and restarted operations in Ukraine after a temporary close-down, in March 2022. Consequently, the Group has tested assets in Ukraine for impairment and recognized an impairment loss through the statement of comprehensive income. Ukraine is included in the operating segment EMEA. Total impairment of the Ukraine operations as per December 31 amounted to EUR 7,889 thousand.

The impairment loss is calculated using a weighted average of possible scenarios including continuing operations and closing operations.

The Russian operation is classified as discontinued operations and all assets and liabilities related to the Russian operation were deconsolidated from the Elopak consolidated financial statements due to loss of control on July 15. See Discontinued operations.

Due to the circumstances in Ukraine the impairment assessment has been updated at the end of each quarter. No deferred tax asset is recognized related to the operations in Ukraine. After impairment, the recoverable amount of Property, plant and equipment is EUR 3,111 thousand, while all other non-current assets are written down to recoverable amount of zero.

Effect of impairment

(EUR 1,000)

ASSETS	**December 31, 2022**
Non-current assets	
Development cost and other intangible assets	-26
Deferred tax assets	-1,555
Property, plant and equipment	-4,155
Right-of-use assets	-8
Total non - current assets	**-5,744**
Current assets	
Inventory	-1,883
Trade receivables	-32
Other current assets	-230
Total current assets	**-2,145**
Total assets	**-7,889**

Note 13 – Impairment Ukraine continued

(EUR 1,000)	Year to date ended December 31
Comprehensive income	**2022**
Cost of materials	2,079
Depreciation, amortisation and impairment	4,189
Other operating expenses	67
Operating profit	**6,335**
Income tax	1,554
Profit/loss	**7,889**

Note 14 – Other operating expenses

(EUR 1,000)	Year to date ended December 31 2022	2021
Sales and administration expenses	6,908	5,865
Occupancy and maintenance expenses	4,907	4,033
Travel expenses	8,660	4,835
Losses and changes in allowance for bad debt	920	383
Consultants, auditors, lawyers, etc	17,759	15,643
IT expenses	10,332	11,095
Other expenses	6,271	5,169
Total	**55,757**	**47,023**

Note 15 – Fees to external auditors

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

Expensed fees

(EUR 1,000)	Year to date ended December 31, 2022				
	Audit fee	Other assurance services	Tax services	Other non-audit services	Total
PWC	840	33	7	42	922
Others	117	3	118	-	238
Total	**957**	**36**	**125**	**42**	**1,159**

Note 15 – Fees to external auditors continued

Expensed fees

(EUR 1,000)	Year to date ended December 31, 2021				
	Audit fee	Other assurance services	Tax services	Other non-audit services	Total
PWC	716	396	13	59	1,185
Others	172	13	104	3	292
Total	**888**	**409**	**117**	**62**	**1, 477**

Note 16 – Investment in joint ventures

Accounting Policy

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

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

Note 16 – Investment in joint ventures continued

The investment in the joint ventures specified below have been accounted for in accordance with the equity method of accounting. Lala Elopak S.A. de C.V. is a carton production plant in Mexico selling cartons to Americas. Impresora Del Yaque is a carton production facility in the Dominican Republic also selling cartons to Americas. Elopak Nampak Africa Limited is a sales centre in Kenya, established in 2020, selling cartons to Africa. The investments are joint ventures because the investment partners have the same rights and control in the companies.

Investment in joint ventures

(EUR 1,000)

2022	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Ownership - and voting share	49 %	51 %	50 %	
Carrying amount 1.1	19,390	8,270	-133	27,527
Additions during the year	-	-	-	-
Disposals	-	-	-	-
Income from joint venture companies	2,665	1,824	-112	4,378
Dividend received	-	-	-	-
Recognized to equity	-14	-	-	-14
Currency translation	2,169	613	-	2,783
Carrying amount 31.12	**24,210**	**10,707**	**-244**	**34,673**

(EUR 1,000)

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

Note 16 – Investment in joint ventures continued

Summarized financial information

(EUR 1,000)

2022	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Revenue	78,865	25,471	63	104,400
Operating profit	7,431	4,361	-208	11,584
Profit after tax (loss)	5,440	3,577	-224	8,794
Other comprehensive income that may be reclassified to net income	4,427	1,202	-	5,630
Total comprehensive income	9,867	4,780	-224	14,423
Current assets	40,181	21,572	188	61,940
Non-current assets	15,476	3,459	1	18,936
Current liabilities	10,495	3,208	171	13,874
Non-current liabilities	2,499	0	507	3,006
Equity	42,663	21,823	-489	63,997
Group's share of profit after tax /loss (-)	**2,665**	**1,824**	**-112**	**4,378**

(EUR 1,,000)

2021	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Elopak Nampak Africa Ltd	Total
Revenue	58,996	16,128	-	75,123
Operating profit	6,834	2,602	-274	9,161
Profit after tax (loss)	5,282	2,203	-274	7,211
Other comprehensive income that may be reclassified to net income	2,303	1,571	-	3,874
Total comprehensive income	7,586	3,773	-274	11,085
Current assets	33,055	14,624	106	47,785
Non-current assets	12,907	3,617	1	16,524
Current liabilities	9,750	2,025	112	11,888
Non-current liabilities	2,109	-	260	2,369
Equity	34,102	16,216	-265	50,053
Group's share of profit after tax /loss (-)	**2,588**	**1,123**	**-137**	**3,575**

Note 16 – Investment in joint ventures continued

Voting share

(Ownership/voting share)	2022	2021
Lala Elopak S.A. de C.V.	49 %	49 %
Impresora Del Yaque	51 %	51 %
Elopak Nampak Africa Limited	50 %	50 %

Note 17 – Specification of financial income and expenses

Financial income

	Year to date ended December 31	
(EUR 1,000)	2022	2021
Interest income from bank deposits	782	560
Other interest income	8,459	-241
Finance lease interest income	637	831
Other financial income	428	896
Total	**10,305**	**2,046**

Other Interest Income In 2022 Includes gain from Interest rate derivatives of EUR 8.399 thousand. In 2021 these gains were EUR 1.404 thousand, reducing Interest expenses to financial Institutions.

Financial expenses

	Year to date ended December 31	
(EUR 1,000)	2022	2021
Interest expenses to financial institutions	5,658	1,553
Other interest expenses	347	-59
Lease liability interest	4,575	4,138
Other financial expenses	2,453	4,029
Total	**13,033**	**9,660**

Note 18 – Income tax

Income tax expense

(EUR 1,000)	2022	2021
Current income tax		
Current income tax charge	13,214	13,251
Adjustments in respect of current income tax of previous year	-2,583	-237
Withholding tax	2,337	1,625
Total current income tax	**12,968**	**14,639**
Deferred tax		
Relating to origination and reversal of temporary differences	-1,243	1,340
Adjustments in respect of changes to tax rate and deferred tax of previous year	463	-691
Total deferred tax	**-780**	**649**
Income tax expense reported in the statement of profit or loss	**12,188**	**15,288**

Payable tax

(EUR 1,000)	2022	2021
Payable tax opening balance	-2,616	482
Current income tax	12,968	15,485
Translation	102	538
Net tax paid	-13,638	-19,122
Payable tax closing balance	**-3,185**	**-2,616**

Note 18 – Income tax continued

Reconciliation of tax expense

(EUR 1,000)	2022	2021
Accounting profit before income tax	46,407	45,559
Expected tax at statutory tax rate [1]	11,138	10,934
Adjustments in respect of different local tax rates	1,300	1,957
Non-taxable income/expenses	–	–
Share of results of joint ventures	-1,051	-858
Adjustments in respect of current income tax of previous years	-2,336	-223
Withholding tax, non-refundable	2,337	1,625
Adjustments in respect of changes to tax rates and regulations	564	-706
Currency translation effects	-2,233	1,691
Other differences	2,468	867
Income tax expense at effective income tax rate	**12,188**	**15,288**
Effective income tax rate	**26.3 %**	**33.6 %**

[1] The expected tax at statutory tax rate of 24% (24% in 2021) is based on an estimate of where the Group taxes its profits and the corresponding applicable tax rates

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

(EUR 1,000)	2022	2021
Remeasurement gain/loss on actuarial gains and losses	266	38
Cash flow hedging	-1,957	1,192
Equity transactions	-330	-522
Change in deferred tax on items in Other Comprehensive Income/Equity	**-2,020**	**709**

Note 18 – Income tax continued

Deferred tax

(EUR 1,000)	2022	2021
Revaluation of inventories	13,564	11,431
Payables/receivables	13,977	18,341
Non-current assets	-10,131	-8,258
Fixed assets depreciations	-8,592	-7,649
Liquid assets	-14,302	-13,090
Losses available for offsetting against future taxable income	9,101	5,468
Other differences	1,557	3,910
Total deferred tax	**5,174**	**10,153**
Deferred tax assets	22,414	21,640
Deferred tax liabilities	17,240	11,488
Net deferred assets/liabilities	**5,174**	**10,153**

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

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

Note 18 – Income tax continued

Reconciliation of tax expense

(EUR 1,000)

	After 2025	Indefinite	Total
United States	–	816	816
United Kingdom	–	10,328	10,328
India	871	–	871
Norway	–	27,646	27,646
Other	–	879	879
Total	**871**	**39,670**	**40,541**

Note 18 – Income tax continued

Tax losses carried forward of EUR 18,161 thousand are not recognized as a basis for calculating unused tax losses carried forward in net deferred assets/liabilities. The amount not recognized is mainly related to the United Kingdom.

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

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

Note 19 – Discontinued operations

On 15 July 2022 Elopak and Packaging Management and Investing LLC, a company beneficially owned by management of JSC Elopak, have reached an agreement (the "SPA") for the sale and purchase of all of Elopak's shares in JSC Elopak. This represents a full divestment by Elopak from its existing Russian operations.

Transfer of shares in JSC Elopak will take place under completion of the transaction after approval from the Russian Government. However, the terms of the SPA implies that Elopak lost control of JSC Elopak on the date it was signed, hence the entity is no longer consolidated in the Elopak Group Financial statements. Following from deconsolidation, the shares of JSC Elopak are recognized at fair value measured as the net present value of the agreed purchase price, adjusted for risks of not receiving the payments. The purchase price is payable in five annual instalments, the first of which becomes due shortly after completion of the transaction. In addition to the payments, Elopak has the option to buy back the shares of JSC Elopak. The purchase price in the buy-back option will be the price in the SPA adjusted for inflation, investments, capex, working capital and net debt in the intermediate period, and Elopak is therefore not exposed for variable returns in this period. As of December 2022, the buy-back option is considered to have a fair value close to zero. As per December 31, 2022 the shares in JSC Elopak are measured at EUR 4,829 thousand and the nominal value of the agreed purchase price is EUR 12,534 thousand (RUR 948,339 thousand).

The comparative consolidated statement of comprehensive income profit or loss with notes have been re-presented to show the discontinued operation separately from continuing operations. Until all activities in Russia were suspended in March 2022, the Russian entity purchased raw materials from other entities in the Group, as well as generating some minor revenue. Although intra-group transactions have been fully eliminated in the consolidated financial statements, management has elected to attribute the elimination of transactions between the continued and discontinued operation to the continuing operation. This is to reflect that the Group does not intend to continue similar transactions with Russia, subsequent to the disposal.

Note 19 – Discontinued operations continued

As per date of loss of control, total impairment in 2022 related to JSC Elopak was EUR 20,282 thousand effecting the financial position and EUR 9,201 thousand effecting comprehensive income, the difference is due to fx variances. Loss on sale of discontinued operations reflects accumulated translation differences of EUR -7,086 thousand recycled from equity to profit or loss and the net of deconsolidated equity, redemption of loans from continuing operations to discontinued operations and fair value of the JSC Elopak shares. The fair value of JSC Elopak shares is presented as Other current assets in the consolidated statement of financial position.

In December, 2022 the buyer received an informal approval from the Russian Government and the transaction was completed in February, 2023. See note 33 Subsequent events for further information.

Note 19 – Discontinued operations continued

Discontinued operation	Year to date ended December 31	Year to date ended December 31
(EUR 1,000)	2022	2021
Revenues	18,184	84,984
Total income	**18,184**	**84,984**
Cost of materials	-15,197	-69,789
Payroll expenses	-2,311	-4,864
Depreciation, amortisation and impairment	-9,921	-2,354
Other operating expenses	-1,034	-3,125
Total operating expenses	**-28,463**	**-80,132**
Operating profit	**-10,278**	**4,852**
Net financial income	-2,452	-429
Profit before tax	**-12,730**	**4,423**
Income tax	-797	-885
Results from discontinued operations, net of tax	**-13,527**	**3,538**
Loss on sale of discontinued operations	-10,095	-
Income tax on gain on sale		
Profit/loss from discontinued operations	**-23,622**	**3,538**
Net cash flow from operating activities	1,834	15,039
Net cash flow from investing activities	-	-1,470
Net cash flow from financing activities	-186	-6,821
Foreign currency translations	635	109
Net change in cash and cash equivalents	**2,283**	**6,858**

Note 20– Equity and shareholders information

As of December 31, 2022, the share capital is NOK 376,906,620 (EUR 50,155,321) and the total number of shares outstanding for Elopak ASA is 269,219,014, each with a face value of NOK 1.4 (EUR 0.19). All shares have equal voting rights and all authorised shares are issued and fully paid.

Treasury shares / Share-based bonus:

The provision for share based bonus per December 31, 2021 were settled in the second quarter of 2022 through shares bought in the market and sold to members of the Management. The provision of EUR 330 thousand in other paid-in capital was reversed. As part of the settlement, Elopak repurchased 170,000 shares, and settled the share-based bonus with 164,481 shares. As of December 31, 2022, the balance of treasury shares is 5,519. The treasury share capital is EUR 1 thousand and the treasury share premium is EUR 8 thousand. The new incentive program (see Note 8 for details) represents potential additional shares which could be dilutive.

Dividend:

The Board approved a dividend of NOK 0.75 per share for the financial year 2021 on May 19, 2022. The dividend payment was EUR 19,623 thousand based on 269 219 014 outstanding shares, of which EUR 11,740 thousand was paid to Ferd AS. The Board of Directors will propose to the Annual general Meeting a dividend of NOK 0.86 per share for 2022.

Note 20 – Equity and shareholder information continued

Share capital

Number of shares

2022	Ordinary shares issued	Treasury shares	Ordinary shares outstanding
Shares at 1.1	269,219,014	-	269,219,014
Treasury shares purchased	-	-170,000	-170,000
Treasury shares re-issued	-	164,481	164,481
Shares at 31.12	**269,219,014**	**5,519**	**269,213,495**

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

Basic and diluted earnings per share

	Year to date ended 31 Dec	
(EUR 1,000, except number of shares)	**2022**	**2021**
Profit attributable to Elopak shareholders	10,856	33,809
Issued ordinary shares at beginning of period, adjusted for share split in the period	269,219,014	250,635,350
Effect of shares issued	-3,024	10,150,955
Weighted-average number of ordinary shares in the period	**269,215,990**	**260,786,305**
Basic and diluted earnings per share (in EUR)	**0.04**	**0.13**

Note 20 – Equity and shareholder information continued

The Group's top 20 shareholders

Shareholder's name	Total shareholding
Ferd As	59.83 %
Nippon Paper Industries Co., Ltd.	5.00 %
Artemis Investment Management Llp	3.37 %
Folketrygdfondet	3.30 %
Morgan Stanley Europe SE	2.73 %
Pareto Asset Management As	1.87 %
Handelsbanken Fonder Ab	1.24 %
Dnb Asset Management As	1.01 %
Pictet Asset Management Sa	1.01 %
Skagen As (Investment Management)	0.79 %
Fil Investment Advisors (Uk) Ltd.	0.69 %
Oddo BHF Asset Management SAS	0.66 %
Arctic Fund Management As	0.64 %
Fondsfinans Kapitalforvaltning As	0.58 %
Forsvarets Personellservice	0.57 %
T.D. Veen As	0.55 %
Ubs Asset Management Switzerland Ag	0.48 %
Mfs International (Uk) Ltd.	0.46 %
Sp-Fund Management Co. Ltd.	0.44 %
Wenaasgruppen As	0.34 %

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

Executive team	Total number of shares
Thomas Körmendi, CEO	361,515
Bent Axelsen, CFO	191,576
Patrick Verhelst, CMO	61,562
Wolfgang Buckhremer, CTO	68,148
Ivar Jevne, EVP MPS & Purchasing	227,411
Stephen Naumann, EVP Region Europe North & CIS	180,495
Finn Tørjesen, EVP Region Europe South & new markets	69,171
Lionel Ettedgui, Market Area Director - North Africa	78,099
Nete Bechmann, Chief Human Resource Officer	24,070
Total	**1,262,047**

Note 21 – Business combination

Accounting policies

A business combination is as a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method, also called purchase price allocation (PPA). The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at acquisition date according to IFRS 13, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units and tested subsequently for impairment.

Note 21 – Business combination continued

Acquisitions of GLS Elopak

Company	Principal activity	Date of business combination	Percentage owned	Acquiring entity
GLS Elopak	Trading and manufacturing	May 13, 2022	50 %	"Elopak BV (49,5%) Elopak UK Limited (0,5%)"

Elopak and GLS signed on April 28, 2022 an agreement in which the two companies will have 50% ownership of a newly formed company, GLS Elopak. The completion date (closing) took place May 13, 2022. The agreement provides Elopak with exposure to variable returns and power to affect the returns from GLS Elopak, which means that Elopak will have control of GLS Elopak in accordance with IFRS 10 and will consolidate the company as a subsidiary in Elopak's financial statements. GLS Elopak will leverage the respective expertise, assets and networks of Elopak and GLS to capitalize on the significant consumer demand in India. The company is being established to manufacture and process high-quality fresh and aseptic packaging solutions, which are designed to ensure that liquid food is safe and accessible to consumers across the globe. The company will cater to both fresh and aseptic segments with applications such as dairy, plant-based drinks, juice, water and liquor.

The transaction is recognized as a business combination in accordance with IFRS 3 and the acquisition date is May 13, 2022.

The acquisition-date fair value of the total consideration transferred was EUR 12,793 thousand in cash. Transaction costs of EUR 340 thousand were expensed and are included in other operating costs. If the transactions had occurred January 1, 2022, GLS Elopak would have contributed EUR 73 thousand revenue and EUR -292 thousand profit before tax. From acquisition date to reporting date GLS Elopak has contributed EUR 5,217 thousand revenue and EUR -713 thousand profit before tax.

Note 21 – Business combination continued

Fair values of the identifiable assets in GLS Elopak at acquisition date

(EUR 1,000)	
ASSETS	
Non-current assets	
Development cost and other intangible assets	29
Deferred tax assets	1
Property, plant and equipment	10,462
Total non-current assets	**10,492**
Current assets	
Inventory	550
Other current assets	797
Cash and cash equivalents	8,419
Total current assets	**9,766**
Total assets	**20,258**
Non-current liabilities	
Deferred tax liability	624
Total non-current liabilities	**624**
Current liabilities	
Trade and other payables	1,106
Other current liablities	124
Total current liabilities	1,230
Total liabilities	1,854
Total identifiable net assets at fair value	18,404
Non-controlling interest (at share of identifiable net assets)	9,202
Purchase consideration	12,793
Goodwill arising from acquisition	**3,591**
Purchase consideration	
Cash consideration paid	12,793
Total consideration	12,793

Note 21 – Business combination continued

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is goodwill. The remaining goodwill comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognized.

None of the goodwill recognized is deductible for income tax purposes.

Analysis of cash flows on acquisition

(EUR 1,000)	
Net cash acquired with the subsidiary	8,419
Cash paid	12,793
Net cash flow from acquisition (included in investing activites)	**-4,374**

Acquisitions of Naturepak

Company	Principal activity	Date of business combination	Percentage owned	Acquiring entity
Naturepak Beverage Packaging Co Ltd	Trading and manufacturing	March 29, 2022	100 %	"Elopak BV (99%) Elopak UK Limited (1%)"

Elopak Arabia Holding Company acquired 100% of the voting shares of Naturepak Beverage Packaging Co Ltd on March 29, 2022. Naturepak Beverage is the leading provider of fresh liquid carton and packaging systems in the MENA region with local production facilities in Morocco and Saudi Arabia, which will be integrated into Elopak's global production network. Present in 16 countries, Naturepak Beverage has an annual production capacity of 2.7 billion cartons across various product sizes and its customers are global blue chip FMCG players and strong regional champions. The acquisition will reinforce Elopak's position in the region and is an important milestone in management's ambitions to target 2-3% organic revenue growth, deliver inorganic opportunities and grow its global footprint by entering new geographies. The transaction is recognized as a business combination in accordance with IFRS 3 and the acquisition date is March 29, 2022.

Note 21 – Business combination continued

The acquisition-date fair value of the total consideration transferred was EUR 85,383 thousand in cash. Transaction costs of EUR 2,110 thousand were expensed and are included in other operating costs. If the transactions had occurred January 1, 2022, Naturepak would have contributed EUR 7,765 revenue and EUR 917 profit before tax. From acquisition date to reporting date Naturepak has contributed EUR 33,422 thousand revenue and EUR -2,527 thousand profit before tax.

Fair values of the identifiable assets in Naturepak Beverage Packaging Co Ltd at acquisition date

(EUR 1,000)	
ASSETS	
Non-current assets	
Development cost and other intangible assets	26,794
Property, plant and equipment	11,162
Right-of-use assets	50
Deferred tax asset	1,459
Other non-current assets	446
Total non-current assets	**39,910**
Current assets	
Inventory	1,480
Trade receivables	4,881
Other current assets	2,644
Cash and cash equivalents	1,495
Total current assets	**10,500**
Total assets	**50,410**

Note 21 – Business combination continued

Fair values of the identifiable assets in Naturepak Beverage Packaging Co Ltd at acquisition date continued

Non-current liabilities	
Deferred tax liability	7,789
Non-current lease liabilities	32
Other non-current liabilities	2,371
Total non-current liabilities	**10,192**
Current liabilities	
Current liabilities to financial institutions	713
Trade and other payables	3,921
Current lease liabilities	47
Other current liablities	3,652
Total current liabilities	**8,333**
Total liabilities	**18,525**
Total identifiable net assets at fair value	31,885
Purchase consideration	85,383
Goodwill arising from acquisition	**53,498**
Purchase consideration	
Cash consideration paid	85,383
Total consideration	**85,383**

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is goodwill. The remaining goodwill comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognized.

None of the goodwill recognized is deductible for income tax purposes.

Analysis of cash flows on acquisition

(EUR 1,000)	
Net cash acquired with the subsidiary	1,495
Cash paid	85,383
Net cash flow from acquisition (included in investing activites)	**-83,888**

Note 22 – Shares in subsidiaries and joint ventures

The following companies are consolidated as subsidiaries in Elopak Group

Company	Percentage owned	Year of acquisition	Country	Principal activity
Elopak AB	100 %	1961	Sweden	Trading
Elopak B.V.	100 %	1968	Netherlands	Manufacturing
Elopak GmbH	100 %	1968	Germany	Trading and manufacturing
Elopak SpA	100 %	1981	Italy	Trading
Elopak Oy	100 %	1982	Finland	Trading
Elopak Systems AG	100 %	1984	Switzerland	Trading
Elopak Inc.	100 %	1987	USA	Trading
Elopak Denmark A/S	100 %	1988	Denmark	Trading and manufacturing
Elopak GesmbH	100 %	1989	Austria	Trading
PrJSC Elopak Fastiv	99 %	1994	Ukraine	Trading and manufacturing
Elopak S.A.	100 %	1994	Poland	Trading and service
Elopak Israel AS	100 %	1998	Norway	Holding
Elopak Canada Inc.	100 %	2000	Canada	Trading and manufacturing
Elofill GmbH	100 %	2000	Germany	Holding
Elopak s.r.o.	100 %	2001	Czech Republic	Trading
Elopak UK Ltd	100 %	2004	United Kingdom	Trading
Elopak BS d.o.o	100 %	2017	Serbia	Service
Elopak Kft.	100 %	2006	Hungary	Trading
Elopak EOOD	100 %	2009	Bulgaria	Trading
Elopak Tunisie SARL	100 %	2017	Tunisia	Trading
Elopak Egypt LLC	100 %	2017	Egypt	Trading
Elopak Algerie SARL	49 %	2018	Algeria	Trading
Elopak Arabia Holding Company LLC	100 %	2022	Saudi Arabia	Holding
Elopak Packaging Company LLC	100 %	2022	Saudi Arabia	Trading and manufacturing
Elopak Morocco Ltd	100 %	2022	Morocco	Trading and manufacturing
GLS Elopak	50 %	2022	India	Trading and manufacturing

Note 22 – Shares in subsidiaries and joint ventures continued

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

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

Note 23 – Other non-current assets

Other current liabilities

(EUR 1,000)	2022	2021
Contract assets (Note 25)	3,775	5,167
Non-current finance lease receivables (Note 12)	5,865	5,656
Financial instruments (Note 30)	6,811	690
Other non-current assets	3,390	1,988
Carrying amount 31.12	**19,841**	**13,501**

Note 24 – Inventory

Accounting Policy

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

Inventory

(EUR 1,000)

2022	Raw materials	Work in progress	Finished goods	Total
Cost 31.12	34,579	84,954	78,549	198,082
Write down 01.01	-307	-	5,142	4,835
Realised	308	-	-615	-308
Write down	3,754	19	2,573	6,347
Write down per 31.12.	**3,755**	**19**	**7,100**	**10,874**
Carrying amount 31.12	**30,824**	**84,934**	**71,449**	**187,208**

Note 24 – Inventory continued

(EUR 1,000)

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

Note 25 – Trade receivables and other current assets

Accounting Policy

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

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

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

Impairment of financial assets

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

Note 25 – Trade receivables and other current assets continued

Trade receivables

(EUR 1,000)	2022	2021
Accounts receivable, gross	106,243	95,764
Allowances	-4,045	-4,231
Carrying amount 31.12	**102,197**	**91,533**

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

Trade receivables

(EUR 1,000)

2022	Gross carrying amount	Loss rate	Expected credit loss
Current	84,354	2.9 %	2,443
Up to 7 days	8,422	0.0 %	-
Up to 30 days	3,677	0.3 %	11
30-60 days	2,558	6.6 %	169
60-90 days	1,416	2.0 %	29
Over 90 days	5,815	24.0 %	1,395
Total	**106,243**	**3.8 %**	**4,045**

(EUR 1,000)

2021	Gross carrying amount	Loss rate	Expected credit loss
Current	77,293	1.4 %	1,084
Up to 7 days	5,157	0.2 %	8
Up to 30 days	5,356	1.3 %	67
30-60 days	1,907	8.9 %	170
60-90 days	1,198	5.2 %	62
Over 90 days	4,853	58.5 %	2,840
Total	**95,764**	**4.4 %**	**4,231**

Note 25 – Trade receivables and other current assets continued

Movement in the allowance for expected credit losses of trade receivables

(EUR 1,000)	2022	2021
As at 1.1	4,231	3,834
Business combinations (note 21)	802	-
Change in provision for expected credit losses	-721	493
Change in write-off	-16	-18
Foreign exchange movement	-251	-78
Carrying amount 31.12	**4,045**	**4,231**

Other current assets

(EUR 1,000)	2022	2021
Project income earned, not invoiced	39,195	36,276
Prepaid support	2,129	2,520
Contract assets [1]	**41,324**	**38,796**
Prepayments and accrued expenses	14,476	9,997
V.A.T. receivable	24,639	19,330
Accrued income tax receivables	5,382	6,951
Financial instruments	999	5,696
Finance leasing receivable short term	2,362	4,564
Current investments of shares	4,829	-
Other current receivables	15,202	16,260
Carrying amount 31.12 1)	**109,214**	**101,595**

[1] Contract assets consist of prepaid rebates to customers which will be offset against contracted future sales of carton and closures. Total of prepaid support was EUR 5,904 thousand in 2022 and EUR 7,687 thousand in 2021. Based on customer knowledge and experience of very few losses, the credit risk related to prepaid support is considered insignificant.

Note 26 – Employee retirement benefit plans

Defined contribution plans

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

Defined benefit plans

The Group also runs pension plans that grant the employees a right to defined future benefits. These defined benefit plans include in total 7 persons, which is one person less than for 2021. The benefits are mainly dependent on years of service, the level of salary at age of retirement and size of contributions from the national insurance. The obligations are partly covered through insurance companies. Elopak has unfunded retiree medical insurance plans for certain of its employees located in the United States.

Pension liability

(EUR 1,000)	2022	2021
Defined benefit obligations	-2,668	-2,580
Fair value of plan assets	–	16
Net pension liability	**-2,668**	**-2,563**

Pension expense

(EUR 1,000)	2022	2021
Defined benefit plans net	84	36
Defined contribution plans	9,597	9,851
Total pension expenses	**9,681**	**9,887**

Defined benefit plans are subject to actuarial calculations. The estimated pension cost for pension benefit plans in 2022 is EUR 84 thousand and in 2021 is EUR 36 thousand.

Note 27 – Capital management

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

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

The financial covenants under Elopak's Revolving Credit Facility are limited to a maximum gearing ratio (Net Interest Bearing Debit/EBITDA) of 4.55x and to hold a minimum equity of EUR 100 million at all times. Furthermore, there is also a "Change of control" ownership clause in place that commits Ferd to hold at least 1/3 of the total shares outstanding.

Note 28 – Interest-bearing loans and borrowings

Accounting Policy

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

Interest-bearing loans and borrowings

	2022		2021	
(EUR 1,000)	Available	Utilised	Available	Utilised
Current liabilities to financial institutions	57,073	21,682	56,804	14,420
Non-current liabilities to financial institutions	400,000	304,033	400,000	169,433
Total		**325,715**		**183,854**

Repayment profile

(EUR 1,000)	2022	2021
2022	-	14,420
2023	21,682	170,000
2024	-	-
2025	305,000	-
Total	**326,682**	**184,420**

Weighted average interest rates on long term loans

	2022			2021	
(EUR 1,000)	Rate	in Ccy	in EUR	in Ccy	in EUR
EUR	2,04 %	305,000	305,000	170,000	170,000
Total			**305,000**		**170,000**

The values above are gross amounts excluding amortised borrowing costs.

The long term loans are drawn under a EUR 400,000 multi currency revolving credit facility. The facility is available until May 2025. Amounts are shown net of prepaid transaction costs. Changes to the Groups debt profile reflect changes in the functional currency of entities within the Group.

Elopak has several bank covenants related to the syndicate loan facility. The main covenants are: i) Net Interest Bearing Debt divided by 12 month rolling EBITDA, and ii) Nominal Equity. Elopak is in compliance with all covenants as of 31 December 2022 and expects to be compliant with all bank covenants under the syndicate loan agreement for the foreseeable future.

Accounts receivables factoring facilities

(EUR 1,000)	Available	2022	Available	2021
Non-recourse	179,275	41,823	130,167	40,034
Total		**41,823**		**40,034**

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

Note 29 - Other current liabilities

Other current liabilities

(EUR 1,000)	2022	2021
Provisions	681	1,452
Accrued expenses	70,547	62,731
Derivatives (Note 30)	4,268	2,189
Prepaid from customers	25,932	18,459
Total	**101,429**	**84,832**

Note 30 – Financial risk management

Accounting Policy

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

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

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

Balance sheet management

The Group manages the balance sheet to ensure a healthy financial position and liquidity. This is done through an annual budgeting process followed by performance management and forecasting updates to ensure adequate financial flexibility and liquidity for the Company. The Group's main bank covenants, especially the net interest bearing debt/ EBITDA, are monitored closely on a continuous basis to ensure compliance at all times.

Financial risk policy

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

Note 30 – Financial risk management continued

CATEGORIES OF FINANCIAL RISK TO OPERATIONAL BUSINESS

1. Market risk

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

Derivatives

	December 31, 2022			December 31, 2021		
(EUR 1,000)	Assets	Liabilities	Total	Assets	Liabilities	Total
Currency derivatives	747	1,280	-534	836	2,079	-1,244
Commodity derivatives	–	3,318	-3,318	5,303	–	5,303
Interest derivatives	7,063	–	7,063	248	2,058	-1,811
Total	**7,810**	**4,598**	**3,212**	**6,386**	**4,138**	**2,249**

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

Where eligible, derivatives used for hedging are designated in cash flow hedge accounting relationships.

Note 30 – Financial risk management continued

Currency risk

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

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

Currency	2022 Assets	2021 Assets	2022 Liabilities	2021 Liabilities
BGN	222	76	238	89
CAD	22,928	9,145	95,182	89,004
CHF	4,337	3,440	4,252	3,420
CZK	57,588	49,460	68,479	50,082
DKK	2,494,348	2,080,113	2,403,598	2,017,377
DZD	-	-	4,577	2,969
EUR	4,910	11,270	3,910	13,611
GBP	26,313	20,198	27,076	20,763
HUF	638,998	481,147	603,176	471,430
NIS	8	861	-	-
JPY	4,091,538	3,364,767	2,077,533	1,868,580
MXN	65,240	62,284	65,645	65,329
NOK	2,093,232	1,702,841	2,089,246	1,689,129
PLN	47,729	33,010	51,036	33,795
RUR	1,344,703	1,932,644	1,344,978	2,759,817
SAR	-	-	3,274	-
SEK	193,612	111,564	194,541	112,517
TND	-	-	57	34
UAH	-	82,796	-	14,468
USD	86,368	65,150	51,649	38,433

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

Note 30 – Financial risk management continued

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

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

Outstanding derivatives

Nominal amount

(EUR 1,000)	December 31, 2022		December 31, 2021	
Currency	**Ccy**	**EUR**	**Ccy**	**EUR**
EUR	-72,633	-72,633	-140,148	-140,148
JPY	9,461,714	67,267	3,927,814	30,126
NOK	255,426	24,294	256,305	25,659
USD	-24,231	-22,718	95,000	83,878
Total nominal value		**-3,790**		**-485**
Total fair value		**-534**		**-1,244**

Positive numbers represent purchases.

Note 30 – Financial risk management continued

Interest risk

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

Outstanding derivatives

Notional amounts and fair values		December 31, 2022		December 31, 2021	
(EUR 1,000)	Currency	Notional EUR	Fair value	Notional EUR	Fair value
Interest	EUR	120,000	7,063	140,000	-1,811
Total			**7,063**		**-1,811**

Positive numbers represent purchases.

Commodity price risk

Elopak's operating activities require a continuous supply of aluminium and polyethylene. Based on a 12-month forecast of requirements the Group manages the commodity price risk by hedging the purchase price of the commodity with the use of commodity price swaps. Hedge accounting is applied for all commodity derivatives. As per December 31, 2022 the hedged amount of Polyethylene derivatives is 36% of expected purchase for the next 12 months.

Outstanding derivatives

Notional amounts and fair values	December 31, 2022		December 31, 2021	
(EUR 1,000)	Metric Tonnes	Fair value	Metric Tonnes	Fair value
Polyethylene	13,000	-2,576	7,800	5,084
Aluminium	8,400	-743	2,700	219
Total		**-3,318**		**5,303**

Positive numbers represent purchases.

Note 30 – Financial risk management continued

Sensitivity

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

Numbers are before tax

	December 31, 2022			December 31, 2021	
(EUR 1,000)	Movement	Effect on profit	Effect on equity	Effect on profit	Effect on equity
Foreign exchange derivatives	+5% -5%	-1,414 213	-8,222 1,638	-4,119 4,289	-8,010 7,933
Commodity swaps	+5% -5%	- -	1,461 -1,461	- -	815 -815
Interest rate swaps	+1% -1%	2,010 -2,093	- -	3,597 -3,773	3,597 -3,773

Positive numbers represent purchases.

2. Liquidity risk

Elopak's objective is to maintain a balance between continuity of funding, and flexibility through the use of bank loans and overdraft facilities.

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

Note 30 – Financial risk management continued

Contractual maturities of financial liabilities, including estimated interest payments

2022

Non-derivaties financial liabilities

(EUR 1,000)	Carrying value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Loans and borrowings (Note 28)	325,715	32,760	319,451	–	–	352,211
Accounts payable	124,038	124,038	–	–	–	124,038
Other liabilities	165,105	78,108	28,708	18,847	39,442	165,105
Total	**614,859**	**2341906**	**348,159**	**18,847**	**39,442**	**641,354**

Derivatives financial instruments

(EUR 1,000)	Carrying value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Foreign exchange	1,280	951	330	–	–	1,280
Commodities	3,318	3,318	–	–	–	3,318
Total	**4,598**	**4,269**	**330**	**–**	**–**	**4,598**

2021

Non-derivaties financial liabilities

(EUR 1,000)	Carrying value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Loans and borrowings (Note 28)	183,854	14,859	169,433	–	–	184,292
Accounts payable	119,574	119,574	–	–	–	119,574
Other liabilities	167,345	78,222	29,562	16,024	43,538	167,345
Total	**470,772**	**212,654**	**198,995**	**16,024**	**43,538**	**471,211**

Derivatives financial instruments

(EUR 1,000)	Carrying value	< 1 year	1–3 years	3–5 years	> 5 years	Total contractual maturities
Foreign exchange	2,079	2,077	2	–	–	2,079
Interest rate swaps	2,058	112	1,928	18	–	2,058
Total	**4,138**	**2,189**	**1,931**	**18**	**–**	**4,138**

Note 30 – Financial risk management continued

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

3. Credit risk

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

4. Hedge accounting

Cash flow hedge accounting is applied to hedges of foreign currency risk and commodity price risk. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair values of cash flow hedging instruments related to hedged transactions that have not yet occurred. Movements in the cash flow hedge reserve are detailed in the table below:

Contracts

	2022			2021		
(EUR 1,000)	Opening position	Movement	Closing position	Opening position	Movement	Closing position
Commodity price hedges	5,303	-8,621	-3,318	35	5,268	5,303
Currency hedges	142	-318	-176	9	132	142
Tax effect	-1,230	1,967	737	-48	-1,182	-1,230
Total	**4,215**	**-6,972**	**-2,758**	**-3**	**4,218**	**4,215**

Note 30 – Financial risk management continued

The movement in the hedge reserve includes gains/(losses) transferred from the cash flow hedge reserve into the income statement during the period. Foreign exchange forwards and commodities hedge maturities are disclosed in note 30.2 Liquidity Risk, which is representative of when the hedge reserve in equity will be recycled to the statement of comprehensive income. These are included in the following line items in the income statement.

Movement in hedge reserve

(EUR 1,000)	2022	2021
Sales	–	–
Cost of goods sold	-7,790	8,035
Other operating expenses	-569	-1,146
Net financial items	–	–
Total	**-8,359**	**6,888**
Movement in hedge reserve due to changes in fair values	1,387	-2,670
Total	**-6,972**	**4,218**

Due to Elopak hedging policy, hedges are entered into based on highly probable future transactions, either per transaction or by applying base layers. All hedges have a hedge ratio 1:1 and hedge in-effectiveness related to differences in timing of settlement in 2022 was insignificant and is not recognised directly to profit and loss. In 2021 the hedge in-effectiveness was EUR 103 thousand, which was recognized directly to profit or loss.

Note 30 – Financial risk management continued

Carrying amount of financial asset and liabilities

December 31, 2022		Categories				Fair value measurement using			
(EUR 1,000)	Notes	Fair value through profit and loss (FVPL)	Fair value through other comprehen-sive income (FVOCI)	Financial instruments at amortised cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level2)	Significant unobserv-able inputs (Level 3)	Total instru-ments measured at fair value
Assets									
Derivaties	30	7,810	–	–	7,810	–	7,810		7,810
Finance lease receivable	23,25	–	–	8,227	8,227	–	–		–
Trade receivables	25	–	–	102,197	102,197	–	–		–
Other current assets	25	–	–	113,018	113,018	–	–		–
Cash and cash equivalents		–	–	25,883	25,883	–	–		–
Total		**7,810**	**–**	**249,325**	**257,135**	**–**	**7,810**	**0**	**7,810**
Liabilities									
Liablities to financial institutions	30	–	–	325,715	325,715	–	–		–
Lease liabilities	12	–	–	–	–	–	–		–
Derivaties	30	4,598	–	–	4,598	–	4,598		4,598
Trade payables, and other payables		–	–	245,417	245,417	–	–		–
Total		**4,598**	**–**	**571,132**	**575,731**	**–**	**4,598**	**–**	**4,598**

Note 30 – Financial risk management continued

Carrying amount of financial asset and liabilities

December 31, 2021		Categories				Fair value measurement using			
(EUR 1,000)	Notes	Fair value through profit and loss (FVPL)	Fair value through other comprehensive income (FVOCI)	Financial instruments at amortised cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level2)	Significant unobservable inputs (Level 3)	Total instruments measured at fair value
Assets									
Derivaties	30	6,386	–	–	6,386	–	6,386	–	6,386
Finance lease receivable	23,25	–	–	10,220	10,220	–	–	–	–
Trade receivables	25	–	–	91,533	91,533	–	–	–	–
Other current assets	25	–	–	98,490	98,490	–	–	–	–
Cash and cash equivalents		–	–	24,262	24,262	–	–	–	–
Total		**6,386**	**–**	**224,506**	**230,892**	**–**	**6,386**	**–**	**6,386**
Liabilities									
Liablities to financial institutions	30	–	–	184,292	184,292	–	–	–	–
Lease liabilities	12	–	–	–	–	–	–	–	–
Derivaties	30	4,138	–	–	4,138	–	4,138	–	4,138
Trade payables, and other payables		–	–	226,848	226,848	–	–	–	–
Total		**4,138**	**–**	**411,140**	**415,277**	**–**	**4,138**	**–**	**4,138**

Fair value of financial assets and financial liabilities are measured using different levels of input.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 31 – Change in obligations from financial activities

2022

(EUR 1,000)	Interest-bearing loans and borrowings (Note 23)	Lease liabilities (Note 12)	Total
1.1	183,853	80,604	264,457
Cash Flows			
Proceeds of loans from financial institutions	1,178,067	–	1,178,067
Repayment of loans from financial institutions	-1,030,217	–	-1,030,217
Interest expenses to financial institutions	-5,658	–	-5,658
Lease payments	–	-19,770	-19,770
Non-cash effects			
Interest expensed	5,258	4,575	9,833
Net additions lease liabilities	–	25,266	25,266
Other non-cash items	-5,588	0	-5,588
31.12	**325,715**	**90,674**	**416,390**
Current	21,682	73,536	–
Non-current	304,033	17,139	–

2021

(EUR 1,000)	Interest-bearing loans and borrowings (Note 23)	Lease liabilities (Note 15)	Total
1.1	228,687	88,175	316,861
Cash Flows			
Proceeds of loans from financial institutions	728,843	–	728,843
Repayment of loans from financial institutions	-775,640	–	-775,640
Interest expenses to financial institutions	-1,553	–	-1,553
Lease payments	–	-19,969	-19,969
Non-cash effects			
Interest expensed	1,953	4,138	6,091
Net additions lease liabilities	–	8,260	8,260
Other non-cash items	1,564	0	1,564
31.12	**183,853**	**80,604**	**264,457**
Current	14,420	62,342	–
Non-current	169,433	18,261	–

Note 32– Related Parties

Transactions with key management

Related party transactions and balances	Transaction values for the year ended		Balance outstanding as of	
(EUR 1,000)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Joint Ventures				
Sales of goods and services	4,877	3,014	1,200	643
Purchase of goods and services	35,781	23,872	2,394	2,260
Dividends received	-	4,965	-	-
Associates				
Sales of goods and services	69	227	-	6
Purchase of goods and services	1,198	4,465	26	819
Loan and related interest	-	-	836	834

Board of Directors: annual compensation and number of shares owned

Related party transactions and balances	Compensation earned		Number of shares	
(EUR 1,000, except number of shares)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Jo Olav Lunder, Chairperson	65	59	107,142	107,142
Sanna Suvanto-Harsaae	43	32	14,285	14,285
Sid Johari	40	40	17,857	17,857
Anna Belfrage	48	36	-	-
Anette Bauer Ellingsen	15	11	1,071	1,071
Erlend Sveva	15	15	1,071	1,071
Marius Wiklund	-	9	1,786	1,786
Per Thau	-	9	-	-
Michael Francis Cronin	-	9	-	-
Marianne Groven	1	-	-	-

Other related party transactions

Loans to employees were EUR 24 thousand in 2022 and EUR 20 thousand in 2021. No guarantees have been provided. None of the Board Members or the CEO have executive loans or guarantees in the Company.

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

Note 33 – Subsequent events

On February 22, 2023, Elopak announced that the sale of all Elopak's shares in its former Russian subsidiary, JSC Elopak has been completed and Elopak has thus finalized its divestment of its Russian operations. Receipt of the purchase price remains pending the due dates for the various instalments.

Note 34 Financial climate impact

Sustainability Framework

Elopak manages the risks related to sustainability. Climate risks, such as the rapidly changing regulatory environment and physical risks are integrated parts of the sustainability framework.

We focus our efforts on monitoring global developments concerning sustainability and/or packaging, such as the EU Taxonomy framework, the Corporate Sustainability due diligence directive, and the EU Packaging & Packaging Waste Directive. See 2022 Elopak sustainability report for more details. The EU Directive 2019/904, also known as Single Use Plastic Directive requires that all single use plastic closures that encompass the carton closures must remain attached during its use, which will come into effect as of July 3, 2024.

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

Elopak sustainability program

Elopak's Group strategy is managed through an annual business planning process where the Company defines some key priorities. Each business unit defines its Must-Win-Battles, which are granulated down to individual targets for employees. This structure entails the entire organization and strategic approach, including the sustainability program. Read more about Elopak's Group

Note 34 Financial climate impact continued

strategy in our Annual Report.

The sustainability program is an embedded part of the overall group strategy, and responsibilities for various sections are placed throughout all business units. The Group Leadership Team (GLT) is the overall steering committee of the program and reviews the performance on a quarterly basis. The Board of Directors is overall responsible for strategy approval and implementation.

Our sustainability program consists of 16 targets divided into our material topics. The targets are linked to specific strategic initiatives owned by relevant business areas. Specific KPIs are defined to measure and report progress and continuously adapted to reflect our ambitions, some of which refer to the GRI framework; others are more specific to our industry and hence self-defined. See 2022 Elopak sustainability report for more details.

Climate Risk

A full climate risk assessment of material adverse physical impacts to the business from climate change was completed in 2022 in accordance with TCFD (Task Force on Climate-related Financial Disclosures), a framework organization to publicly disclose climate-related risks & opportunities.

The climate risk is categorized into physical impacts such as extreme weather, floods or droughts and sea level rise and Transition impacts from potential changes in climate policy and market outlooks. In order to comprehensively map and analyze risks and opportunities associated with climate change, information and insights are obtained on the following three parameters: Impact, likelihood and time horizon. A combination of these parameters provides an overall assessment of which risk and opportunities are especially relevant for Elopak.

Financial climate impacts

Based on the sustainability framework, the defined sustainability program targets and the result of the climate risk assessment, Elopak has considered the impacts of climate change in preparing the 2022 consolidated annual financial statements. The table below summarizes the climate risk financial impact assessments from Elopak 2022 sustainability report:

Note 34 Financial climate impact continued

Climate risk	Annual Impact (EUR million)	Time horizon	Category
Regulatory risk: Competition from other low-carbon packaging alternatives	More than 80	short	revenue
Regulatory risk: Changing landscape for packaging regulations	More than 80	short	revenue
Opportunity: Offering low-carbon and circular alternatives	More than 80	short	revenue
Opportunity: Rising costs related to CO_2	Less than 20	short	revenue
Regulatory risk: Constrained access and price fluctuations for low-emission materials	Between 5 and 20	short	cost
Physical risk: Extreme storm events disrupting direct operations for up to one week	Less than 5	medium	cost
Regulatory risk: Technological developments for carton recycling require investment and/or product development	More than 20	medium	cost
Physical risk: Chronic droughts or water shortages in areas of direct operations or upstream value chain	Between 5 and 20	long	cost
Physical risk: Wildfires impacting raw material volumes in the upstream value chain	Between 5 and 20	long	cost

4 risks/opportunities are considered to have a potential of increased revenues at a short time horizon while 5 risks are considered to have a risk of costs at short, medium or long time horizons. Long time horizon varies from up to 2030 for regulatory risks and until 2100 for physical risks.

Impact on capital expenditure commitments:

- Targets related to reduced emissions are mainly met by replacing old production line components with new, more energy-effective components. Most of the replaced parts are already fully depreciated.
- Due to the Single Use Plastic Directive the existing Caps lease contracts have been reassessed with a reduced useful life in preparation for the changing legislation Elopak has signed a contract for Tethered Cap lines and is expecting to expand the offering of tethered cap solutions to customers during 2023. Additionally, Elopak has assessed that the existing lease contracts for separable cap lines should be fully depreciated before the tethering requirement will be in place and has therefore reassessed the respective leases, see Note 15 for further information.

Note 34 Financial climate impact continued

Recognition and measurement of impairments:
Impairments are mainly identified and recognized by determining the recoverable amount based on value in use, which means that the item is measured as a present value of discounted future cash-flows. These cash flows are based on expected revenues, result and capital expenditures in the CGU of which the item is operating within. The climate risk financial impact assessment concludes that the potential of revenues is by far higher than the risk of costs and that the revenues is likely to occur earlier than the costs. In the case that Elopak is faced with increased cost related to the climate risks, this will over time be passed on to the customers, similar to what other packaging companies are expected to do when faced with the same climate challenges. Based on this, we consider the risk of impairment related to climate risk to be low.

Recognition and measurement of provisions and disclosures surrounding contingent liabilities:
Elopak has not identified future costs or losses that meets the definition of provision or contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Inventory is measured at cost and written down to the extent that expected sales price less cost of sales is lower than cost. Inventory items related to sale of cartons and closures have a high turnover, hence it is not expected to be negatively impacted by future climate risk costs. Filling machines and spare parts for filling machines have a lower turnover in inventory, however climate risk assessments have not concluded a specific risk related to these machines.

Besides the specific assessments mentioned above, no financial climate impacts have been identified as material to the 2022 consolidated Annual Financial Statements or the alternative performance measures (APMs).

End of consolidated financial statements.

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for the period January 1 to December 31, 2022 have been prepared in accordance with IFRS adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act, and gives a true and fair view of the Elopak Group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the Board of Directors' Report includes a fair review of significant events that have occurred during the financial year and their impact on the financial statements, any significant related parties transactions and a description of the principal risks and uncertainties for the financial year.

Elopak Group
Consolidated Financial Statements

Skøyen, March 30, 2023
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

Elopak ASA financial statements 2022

STATEMENT OF PROFIT AND LOSS

(EUR 1,000)	Note	2022	2021
Total revenues	2	574,580	532,327
Cost of materials		-508,825	-458,521
Payroll expenses	3.4	-38,190	-38,370
Depreciation, amortization and impairment	5.6	-11,206	-11,120
Other operating expenses		-33,856	-42,457
Total operating expenses		**-592,077**	**-550,469**
Operating profit		**-17,497**	**-18,142**
Financial income and expenses			
Share of net income from subsidiaries and joint ventures	7.8	40,728	17,357
Reversal / write-down of financial fixed assets	8	-13,017	-
Financial income	9	15,100	7,624
Financial expenses	9	-980	-5,391
Net financial items		**41,832**	**19,590**
Profit before taxes		**24,335**	**1,448**
Income tax	10	-818	-16
Net profit or loss		**23,517**	**1,432**
Allocation of net profit			
Transfer from / to other equity		1,496	-18,782
Proposed dividend		22,021	20,214
Total allocation	11	**23,517**	**1,432**

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER

(EUR 1,000)	Note	2022	2021
Assets			
Non-current assets			
Intangible assets	5	42,383	46,356
Deferred tax assets	10	12,468	10,355
Total intangible assets		**54,851**	**56,711**
Land, buildings and other property	6	485	583
Plant and machinery	6	2,561	3,479
Equipment, tools, office machines etc	6	50	69
Total fixed assets		**3,097**	**4,131**
Investments in subsidiaries	8	309,225	214,571
Loans to group companies	12	78,532	59,893
Investment in joint ventures	8	24,251	24,251
Other non-current assets		2,665	699
Total financial fixed assets		**414,674**	**299,414**
Total non-current assets		**472,622**	**360,256**
Current assets			
Inventory	13	90,777	75,502
Trade receivables	12	14,430	14,240
Other current assets	12	101,847	89,971
Total receivables		116,278	104,211
Cash and cash equivalents		14,981	18,000
Total current assets		**222,036**	**197,713**
TOTAL ASSETS		**694,658**	**557,969**

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER

Equity and liabilities			
(EUR 1,000)	Note	2022	2021
Equity			
Share capital (269,219,014 shares at NOK 1,40)	14, 11	50,155	50,156
Other paid-in capital	11	69,952	70,105
Total paid-in equity		**120,106**	**120,261**
Retained earnings	11	43,704	48,651
Total equity		**163,811**	**168,912**
LIABILITIES			
Non-current liabilities			
Pension liabilities	4	2,206	2,320
Total provisions		2,206	2,320
Liabilities to financial institutions	15	304,033	169,433
Liabilities to group companies	15	-	10,087
Other non-current liabilities		330	1,948
Total other non-current liabilities		**304,363**	**181,469**
Total non-current liabilities		**306,569**	**183,789**
Current liabilities			
Liabilities to financial institutions		19,977	13,676
Trade payables	12	81,157	83,680
Public duties payable		13,694	12,759
Taxes payable	10	-	-
Provision dividend	11	22,021	20,214
Other current liabilities	12	87,429	74,940
Total current liabilities		**224,278**	**205,269**
Total liabilities		**530,847**	**389,057**
Total equity and liabilities		**694,658**	**557,969**

Skøyen, 30 March 2023
Board of Directors in Elopak ASA

Jo Olav Lunder
Chairman of the Board

Trond Solberg
Board Member

Anna Belfrage
Board Member

Sid Johari
Board Member

Sanna Suvanto-Harsaae
Board Member

Erlend Sveva
Board Member
(employee representative)

Anette Bauer Ellingsen
Board Member
(employee representative)

Thomas Körmendi
CEO

STATEMENT OF CASH FLOWS

(EUR 1,000)	Note	2022	2021
Profit before taxes		24,335	1,448
Depreciation, amortization and impairment fixed assets	5, 6	11,206	11,120
Depreciation, amortization and impairment financial assets	7	13,017	-
Net unrealized currency gain / loss to equity		-6,967	4,370
Dividend received	7	-40,728	-17,357
Cash flow from profit before tax		**862**	**-420**
Taxes paid	14	-2,251	-4,575
Change in account receivables		-191	-6,412
Change in other receivables		-11,876	-13,490
Change in inventories		-15,275	-10,056
Change in account payables		-2,522	-3,320
Change in other liabilities		13,536	-17,948
Change in net pension liabilities		-182	-46
Net cash flow from operations		**-17,900**	**-56,266**
Purchase and disposal of non-current assets	5, 6	-6,199	-6,482
Dividend received	7	40,728	17,357
Capital changes subsidiaries	7	-95,608	-
Change in other non-current investments		-1,967	-617
Net cash flow from investing activities		**-63,045**	**10,258**
Capital deposits	10	-	49,888
Dividend paid	10	-19,623	-9,919
Change in current liabilities to credit institutions		6,301	-1,875
Change in long-term loans and liabilities		91,239	24,799
Net cash flow from financing activities		**77,917**	**62,893**
Net cash flow		**-3,028**	**16,884**
Liquidity pr 1.1		18,000	1,115
Liquidity pr 31.12		14,981	18,000

Note 1 – Significant accounting policies

General information

The financial statement has been prepared in accordance with the Norwegian Accounting Act, in accordance with Norwegian accounting standards and generally accepted accounting principles in Norway. All numbers are presented in EUR 1.000 unless otherwise stated.

Elopak ASA, including subsidaries and shares in joint ventures as listed in note 8, are consoliated in the Group financial statement for Elopak ASA.

The accounting and presentation currency is EUR, as the majority of underlying transactions are in Euro.

Significant accounting policies

Valuation and classification of assets and liabilities

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

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

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

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

Foreign currency

All monetary balance sheet items denominated in foreign currencies are translated into EUR at the exchange rate prevailing at the balance sheet date.

Note 1 – Significant accounting policies continued

Currency derivatives are valued in the balance sheet at fair value on the balance sheet date.

Revenue

Sale of goods:

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

Sale of services:

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

Cost of sales and other expenses

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

Inventories

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

Note 1 – Significant accounting policies continued

Receivables

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

Intangible fixed assets

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

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

Shares in subsidiaries and joint ventures

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

Pensions

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Payments made to public retirement benefit schemes are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Note 1 – Significant accounting policies continued

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

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

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

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

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

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

Note 2 – Operating revenues

	2022	2021
Sales revenue	556,571	515,295
Management and group services	18,009	17,032
Total	**574,580**	**532,327**

In, 2022, intra-group sales transactions amounts to EUR,538 million.

Geographical distribution of operating revenues is as follows:

	2022	2021
Europe	512,558	505,666
Asia, Middle East	6,722	226
Africa	34,077	19,392
America	21,224	7,043
Total	**574,580**	**532,327**

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

Note 3 – Payroll expenses, number of employees, remuneration, loans to employees etc.

Payroll expenses, number of employees, remuneration, loans to employees etc.

Payroll expenses	2022	2021
Salary	18,678	18,603
Social security costs	2,822	3,175
Hired personnel from group companies	14,839	14,838
Pension cost (see note 4)	1,495	1,259
Other benefits	355	495
Total	**38,190**	**38,370**
Average number of FTE employees	159	167

Note 3 – Payroll expenses, number of employees, remuneration, loans to employees etc. continued

Salaries and remunerations to the Group management	CEO	BoD
Salary (incl bonus)	738	–
Other benefits	49	239

CEO is included in an annual bonus scheme. Targets are reviewed annually. The performance criteria are divided into shared and individual. Shared targets, accounting for 50%, reflects Elopak Group's strategic priorities, profitability, cash flow, foundational as well as ESG value drivers. Individual targets, accounting for 50%, were primarily based on financial, strategic and operational value drivers. In addition to the annual bonus scheme, CEO is also included in a long-term incentive scheme based on the value adjusted equity of Elopak Group.

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

Fees to external auditors

	2022	2021
Audit fee	449	377
Other assurance services	33	386
Tax advisory services	7	5
Other non-audit services	23	42
Total	**512**	**810**

Note 4 – Pension costs, pension assets and pension liabilities

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

All employees are part of a defined contribution plan. In addition, the Company has agreed on a defined benefit plan, individually, with some former employees. The defined contribution plan for 2022 includes 167 employees with a cost of EUR 1,226 million compared to EUR 1,259 million in 2021.

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

Pension costs recognized in profit an loss

	2022	2021
Interest cost on projected benefit obligations	32	20
Return on plan assets	–	–
Accrued social security tax	5	3
Total pension costs recognized in profit an loss	**37**	**23**

Net pension obligations

	2022	2021
	Funded and unfunded obligations	**Funded and unfunded obligations**
Present value pension obligations (incl. payroll tax)	-2,206	-2,337
Fair value of plan assets	–	16
Net pension obligations	-2,206	-2,320

	2022	2021
Changes in estimates recognized directly in equity	-68	-118

Note 4 – Pension costs, pension assets and pension liabilities continued

Financial preconditions:

	2022	2021
Discount rate	2,40 %	1,60 %
Expected salary increase	3,50 %	2,75 %
Social security escalation rate	3,25 %	2,50 %
Expected pension increase	2,60 %	1,75 %
Expected return on plan assets	4,70 %	3,10 %

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

Note 5 – Intangible assets

	Patents and sales rights	IT software	Total Intangible assets
Acquisition cost 01.01.2022	20,687	67,531	88,217
Additions	4,422	2,047	6,469
Disposals	–	362	362
Acquisition cost 31.12.2022	**25,108**	**69,216**	**94,325**
Accumulated amortization 31.12.2022	10,478	41,031	51,510
Accumulated impairment 31.12.2022	–	431	431
Carrying amount 31.12.2022	**14,630**	**27,754**	**42,383**
Current year amortization charge	2,195	8,247	10,442
Current year depreciation/write-down charge	**2,195**	**8,247**	**10,442**
Economic life	3-10 years	3-7 years	
Amortization %	10-33%	14-33%	
Amortization method	Linear	Linear	

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

Note 5 – Intangible assets continued

Expected profit from capitalized research and development cost exceed book values. The Company has also expensed EUR 4 million as research and development costs in 2022. (2021: EUR 14 million)

Note 6 – Fixed assets

	Land and buildings	Machinery and plant	Furniture, tools, office machines and the like	Total fixed assets
Acquisition cost 1.1.2022	5,231	13,589	1,542	20,363
Additions	17	375	–	392
Disposals	–	1,038	135	1,173
Acquisition cost 31.12.2022	**5,248**	**12,926**	**1,407**	**19,582**
Accumulated depreciation 31.12.2022	4,762	10,365	1,356	16,482
Carrying amount 31.12.2022	**485**	**2,561**	**50**	**3,097**
Current year depreciation charge	114	645	4	764
Current year depreciation/write-down charge	**114**	**645**	**4**	**764**
Useful life	7 - 10 years	3 - 10 years	3 - 7 years	
Depreciation %	10-14 %	10-33 %	14-33 %	
Depreciation method	Linear	Linear	Linear	
Operational leases:				
Duration	Over 10 years	3-6 years	1-2 years	
Annual rental amount off-balance sheet	2,830	1,331	559	
Total future lease obligation	53,722	6,102	826	

In 2021 EUR 0.6 million was classified as depreciation in the statement of profit and loss related to recharged depreciation from subsidiaries. In 2022 recharged depreciation from subsidiairies has been classified under other operating expenses.

Note 7 – Transactions with related parties

In 2022, dividends of EUR 40.7 million were recognized from subsidiaries and associated companies. In 2021 the same number was EUR 17.4 million.

See also notes 2, 8, 9, 12 and 15 for more information regarding transactions and items with related parties.

Note 8 – Shares and participations in other companies, etc.

Company	Percentage owned	Acquisition cost	Book value 2022	Equity 2022	Results 2022
Elopak Oy, Finland	100 %	1,862	231	472	176
Elopak Denmark A/S, Denmark	100 %	91,296	66,000	23,200	2,217
Elopak BV, Netherlands	100 %	105,456	105,456	124,898	4,340
Elopak Fastiv, Ukraine	99 %	2,289	2,285	10,387	-5,993
Elopak SPA, Italy	100 %	4,233	880	2,468	46
Elopak Systems AG, Switzerland	100 %	13,560	13,560	14,715	-556
Elopak Inc, USA	100 %	47,405	47,405	35,342	4,835
Elopak Israel AS, Norway	100 %	1,316	1,316	243	-12
Elopak Canada Inc, Canada	100 %	6,942	6,942	38,402	20,087
Elopak GsmbH, Austria	100 %	6,226	5,273	2,887	135
ZAO Russland, Russia	100 %	4,458	4,458	-	-11,597
Elopak S.R.O, Czechia	100 %	197	197	974	58
Elopak UK Ltd, UK	100 %	47,191	-	8,151	2,608
Elopak BS D.O.O Serbia	100 %	160	160	324	70
Elopak AB, Sverige	100 %	10,593	6,820	10,480	233
Elopak KFT, Hungary	100 %	13	13	578	21
Elopak EOOD, Bulgaria	100 %	3	3	121	3
Elopak Poland SA, Poland	100 %	20,388	6,000	4,863	158
Elofill Gmbh, Germany	100 %	42,215	42,215	48,788	-130
Elopak Tunisie SARL, Tunisia*	100 %	3	3	47	11
Elopak Egypt LLC, Egypt*	100 %	6	6	49	7
Elopak Algerie SARL, Algeria	49 %	-	-	33	5
Total shares, subsidiaries		**405,814**	**309,225**		
Envases Elopak S.A. de C.V., Mexico	49 %	24,247	24,247	21,237	2,665
Elopak Nampak Africa Ltd, Kenya	50 %	4	4	-244	-112
Total shares, joint ventures		**24,251**	**24,251**		
Total shares			**333,476**		

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

The percentage owned is equal to the voting share percentage.

Note 8 – Shares and participations in other companies, etc. continued

During 2022, Elopak ASA increased the share capital in Elopak BV in order to finance the acquisition of all voting shares in Naturepak Beverage Packaging Co Ltd and GLS Elopak.

Dividends from subsidiaries and joint ventures of EUR 40.7 million in 2022 (EUR 17.4 million in 2021) have been recognized as financial income.

Impairment tests have been performed on those investments where the book value exceeds the equity in the Company. An impairment of EUR 1 million from Elopak GsmbH, Austria was deemed necessary in 2022.

Note 9 – Net other financial items

	2022	2021
Interest income from companies in the same group	10,732	6,602
Other interest income	795	517
Interest costs for companies in the same group	-1,465	-852
Other interest expenses **	2,672	-1,407
Total interest income (+) / expense (-)	**12,733**	**4,860**
Net currency gain/loss *	**3,469**	**442**
Other financial income from enterprises in the same group	105	60
Other financial income	-	2
Other financial cost	-2,186	-3,132
Total other financial income / expense	**-2,081**	**-3,069**
Total other financial income	**15,100**	**7,624**
Total other financial expenses (incl. profit/loss on exchange)	**-980**	**-5,391**

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

Note 10 – Income tax

Income tax expenses:

	2022	2021
Tax cost payable outside Norway	2,251	1,457
Tax payable in Norway ***	-	-38
Change in deferred tax	-1,434	-1,402
Total tax cost	**818**	**16**

Calculation of this year's tax base:

	2022	2021
Profit before tax expenses	24,335	1,448
FX effect on loss carried forward from,2021	2,251	-
Permanent differences*	8,659	11,032
Change in temporary differences	-1,976	-9,997
Non-taxable dividend income	-41,114	-16,940
Differences recognized directly in equity **	-9,392	4,048
This year's tax base	**-17,237**	**-10,409**

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

Note 10 – Income tax continued

Overview of temporary differences:

	2022	2021
Inventory	3,038	2,498
Goodwill	5,539	6,764
Fixed Assets	16,623	16,250
Provisions	4,866	5,089
Pensions	2,206	2,320
Fair value of hedging instruments	-3,243	-2,247
Temporary differences	**29,029**	**30,675**
Tax receivable on taxes paid outside of Norway *	-	5,986
Tax losses carried forward	27,646	10,409
Total	**56,675**	**47,070**
Deferred tax asset	**12,468**	**10,355**
Temporary differences for the calculation of tax payable	29,029	30,675
Tax receivable on taxes paid outside of Norway	-	5,986
Tax losses carried forward	27,646	10,409
Total	**56,675**	**47,070**
Deferred tax asset *	**12,468**	**10,355**

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

Note 10 – Income tax continued

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

	2022	2021
Profit before taxes	24,335	1,448
22% tax on profit before tax	5,354	318
Tax effect of:		
Permanent differences (22%) *	1,905	2,427
Taxes paid outside Norway	2,251	1,130
Change in tax receivable on taxes paid outside of Norway	0	326
Non-taxable dividend	-9,045	-3,727
Currency effect on deferred tax asset	353	-459
Estimated tax expense (- income)	**818**	**16**
Effective tax rate as a percentage of profit before tax.	3.4 %	1.1 %

* Includes non-deductible expenses, taxable income from NOKUS, as well as translation differences.

Note 11 – Equity

Company	**Share capital**	**Other paid-in capital**	**Other equity**	**Total equity**
Equity 01.01.2022	50,156	70,105	48,651	168,912
This year's change in equity:				
Profit for the year	-	-	23,517	23,517
Dividend provision to shareholders	-	-	-22,021	-22,021
Own shares (5.519)	-1	-8	-	-9
Currency effect dividend previous year	-	-	591	591
Provision for share-based bonus	-	-145	-	-145
Change in actuarial gains and losses for pensions	-	-	-68	-68
Change in cash flow hedge reserve	-	-	-6,967	-6,967
Equity 31.12.2022	**50,155**	**69,952**	**43,704**	**163,811**

Note 12 – Balances with companies in the same group, etc.

Non-current liabilities to group companies

	2022	2021
Elopak GmbH	59,000	55,000
Elopak Canada Inc	14,063	–
ZAO Elopak Russia	–	4,651
Elopak Israel AS, Israeli branch	–	242
Elopak South Africa	469	–
Elopak Marocco	5,000	–
Total	**78,532**	**59,893**

Note 12 – Balances with companies in the same group, etc. continued

	Trade receivable		Other current assets	
	2022	2021	2022	2021
Elopak BV	–	–	19,323	31,796
Elopak BV branch office Spain	–	–	185	1,082
Elopak Canada	–	–	8,898	2,644
Elopak BS d.o.o.	138	65	2	3
Elopak Denmark AS	–	–	11	–
Elopak GmbH	–	–	50,938	28,501
Elopak Hungary	–	1	–	–
Elopak Inc.	–	–	–	4
Elopak Israel AS branch office	28	240	–	–
Elopak Poland S.A.	–	–	1	–
Elopak EOOD, Bulgaria	1	1	–	–
Elopak UK Ltd	–	47	4,088	1,960
ZAO Elopak Russia	–	4,019	0	844
Elopak Ukraine	–	–	3	0
Elopak Fastiv	4,224	802	–	–
Elopak Algeria	–	26	–	–
Elopak India	2,083	0	–	–
Elopak South Africa	917	0	15	–
Elopak Marocco	2,816	0	81	–
Elopak Czek	–	–	166	–
Elopak US	–	–	9	–
Intra-group positions	**10,206**	**8,943**	**83,719**	**71,621**
External positions	4,224	5,297	18,128	18,350
Total	**14,430**	**14,240**	**101,847**	**89,971**

Note 12 – Balances with companies in the same group, etc. continued

	Trade payables		Other current liabilities	
	2022	2021	2022	2021
Elofill GmbH	–	–	2,542	20,321
Elopak AB	204	172	2,147	1,975
Elopak BV	–	–	2,867	8,366
Elopak BV branch office Spain	–	–	3	7
Elopak BV branch office France	11	8	617	11,044
Elopak Canada	24	417	403	565
Elopak BS d.o.o.	74	47	73	19
Elopak Denmark AS	–	–	1,906	6,381
Elopak Fastiv	36	8	–	–
Elopak Gesmbh	–	18	5,647	5,932
Elopak GmbH	–	–	12,280	2,754
Elopak Hungary	–	–	576	372
Elopak Inc.	–	856	19,402	10,131
Elopak Israel AS	–	0	219	240
Elopak OY	10	4	563	396
Elopak Poland S.A.	-114	40	4,966	4,839
Elopak S.p.A	–	0	2,925	2,630
Elopak s.r.o.	–	–	1,135	942
Elopak EOOD, Bulgaria	–	–	114	13
Elopak Systems AG	–	–	8,187	5,899
Elopak UK Ltd	–	–	–	149
ZAO Elopak Russia	–	353	–	145
Intra-group positions	**246**	**738**	**66,572**	**61,643**
External positions	80,911	82,942	20,857	13,297
Total	**81,158**	**83,680**	**87,429**	**74,940**

Note 13 – Inventory

	2022	2021
Raw materials	22,603	15,555
Semi-finished products	24,853	18,940
Filling Machines	15,087	17,932
Finished goods	28,234	23,076
Total	**90,777**	**75,502**

Note 14 –Share capital and shareholder information

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

Elopak ASA is listed on Oslo Børs - Euronext. Elopak ASA owned 5.519 treasury shares at 31.12.2022.

Shareholders holding 1% or more of the total 269.219.014 shares issued as of 31 December 2022 are according to information from Euronext:

Name	Number of shares	Holding (%)
Ferd AS	161,079,280	59.83 %
Nippon Paper Industries Co., Ltd.	13,460,950	5.00 %
Artemis Investment Management Llp	8,997,614	3.34 %
Folketrygdfondet	8,879,709	3.30 %
Morgan Stanley Europe SE	7,356,462	2.73 %
Pareto Asset Management AS	5,029,041	1.87 %
Total	**204,803,056**	**76.07 %**

Note 15 – Other non-current liabilities and non-current liabilities to group companies

The external long-term loans are drawn under a EUR 400 million multi-currency revolving credit facility. The facility is available until 31.05.2025.

Non-current liabilities to financial institutions

	2022	2021
EUR	305,000	170,000
Total	**305,000**	**170,000**

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

As of 31.12.22, Elopak ASA has met all covenants related to the syndicate loan facility.

Non-current liabilities to Group companies

	2022	2021
ZAO Elopak Russia	-	10,087
Total	–	**10,087**

Note 16 – Guarantee obligations

	2022	2021
Guarantees issued for subsidiaries and associated companies	16,050	33,219
Other guarantees	2,010	2,456
Total	**18,060**	**35,675**

Note 17 -Commitments and contingencies

	2022	2021
Commitments for acquisition of goods	18,692	22,866
Total commitments	**18,692**	**22,866**

Note 18 – Financial risk management

Currency risks

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

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

Elopak ASA is registered as a borrower for the Group's long-term loan facility of Euro 400 million (see note 15).

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

Currency contracts at the end of the year

	2022		2021	
Currency	**Forward position in currency**	**Forward position in EUR**	**Forward position in currency**	**Forward position in EUR**
NOK	255	24	256	26
JPY	9,462	67	3,928	30
	Net purchases	92	Net purchases	56
	Net sales	-	Net sales	-
		92		**56**

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

Note 18 – Financial risk management continued

At the end of 2022, the fair value of Elopak ASA's currency derivatives amounts to a liability of EUR 0,5 million (a liability of EUR 0,6 million in 2021).

Interest rate risk

As mentioned under currency risk, Elopak ASA is registered as a borrower for the Group's long-term loan facility of EUR 400 million (see note 15). The loan has a floating interest rate. The Company's interest rate risk is mainly related to movements in the interest rate on the external loan. To manage this risk, Elopak ASA has entered into interest rate swap agreements.

Outstanding derivatives

	Currency	Nominal value	2022 Real value EUR	Nominal value	2021 Real value EUR
	EUR	120,000	7,063	140,000	-1,811
Total			**7,063**		**-1,811**

Positive values represent an asset.

Credit risk

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

Commodity price risk

Elopak ASA's business needs ongoing supplies of aluminium and polyethylene. Based on 12 months' expected consumption included Elopak ASA commodity price contracts to manage this risk.

Outstanding derivatives

	2022 Tons	2022 Real value EUR	2021 Tons	2021 Real value EUR
Aluminium	8,400	(743)	2,700	219
Polyetylen	13,000	(2,576)	7,800	5,084
Total		**(3,319)**		**5,303**

Positive values represent an asset ; negative values represent a liability.

– Subsequent events

On February 22, 2023, Elopak announced that the sale of all Elopak's shares in its former Russian subsidiary, JSC Elopak has been completed and Elopak has thus finalized its divestment of its Russian operations. Receipt of the purchase price remains pending the due dates for the various instalments.

To the General Meeting of Elopak ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company Elopak ASA (the Company), which comprise the statement of financial position pr 31 December 2022, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Elopak ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2022, and the consolidated statement of comprehensive income, other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 10 April 2019 for the accounting year 2019.

Key Audit Matters

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

Customer contracts – Point in time vs over time was identified as a key audit matter during the 2021 audit and is also considered a key audit matter this year. We also focused on *Accounting for business acquisition* and *Accounting for divestment* as these are non-recurring events which may be complex and require application of management judgment.

Key Audit Matters	How our audit addressed the Key Audit Matter
Customer contracts – Point in time vs over time	
The majority of the Group's revenues and profits are derived from customer contracts for sale of cartons. The Group recognises revenue upon transfer of control of a performance obligation. Revenue is recognised over time in situations where the customer simultaneously receives and consumes the services provided, or where goods are produced without alternative use and the Group has an enforceable right to payment for work performed. Whether transfer of control is satisfied over time or at a point in time rely on complex assessments of accounting, contractual terms and legal regulations in each country the Group operates. Due to this complexity, we assessed this to be a key audit matter. We refer to note 5 Revenues, to the consolidated financial statements, where management explains their accounting policies for revenue recognition.	We understood, evaluated, and tested internal control activities related to whether the transfer of control is satisfied over time or at a point in time. We tested management's assessment of whether the cartons had alternative use and whether there was an enforceable right to payment by way of sampling new and amended customer contracts. This included testing whether customers' specifications for printing and labelling are defined in the customer contract. If so, this resulted in the view that no alternative use of such cartons was deemed possible. It also included testing of whether the contracts contained cancellation provisions and whether legal regulations in the relevant countries allowed cancellation. If so, this resulted in the view that an enforceable right to payment existed. Revenue for cartons with no alternative use should be recognised over time. We tested whether such cartons had been appropriately recognised over time by sampling whether finished goods were included in inventory. We found no material errors through our testing. Finally, we considered the adequacy of disclosures in the notes and found them appropriate.
Accounting for business acquisition	
During the past year, Elopak ASA has made two business acquisitions, of which the acquisition of Naturepak Beverage Packaging Co Ltd was the most significant.	We reviewed and evaluated the acquisition analysis and focused on how management identified goodwill and other intangible assets. To challenge management's judgement, we performed, among other, the following audit procedures:

For each business combination, management prepared an acquisition analysis in which the difference between net assets in the acquired company and purchase price was allocated to identified assets in the acquired company. Customer relationships and order backlog were among the identified assets, as well as goodwill.

To determine the value of the identified intangible assets, management used judgement and performed complex calculations based on estimates and forecasts of the acquired companies' future development. Customer relationships, unlike goodwill, are written off over their expected useful lives. An incorrect distribution of surplus values in the acquisition analysis may have a significant impact on the financial statements.

Company acquisitions can be complex in nature and the reporting of such events depends on how the acquisition agreement is designed and usually on the use judgement from management, which is why we focus on this area.

The Group's disclosures and principles for business combination are described in note 4 and note 21 to the consolidated financial statement.

- Obtained the acquisition agreements and evaluated the terms of the agreements from an accounting perspective.
- Examined management's methods and assumptions for identifying intangible assets such as customer relationships, and order backlog, and the allocation of surplus values to these.

Additionally, we confirmed the paid purchase price against bank account statements.

We also considered whether the information provided in the notes to the annual report met the requirements in current accounting standards.

Accounting for divestment

In July 2022, Elopak ASA announced that it had entered into an agreement (SPA) to sell JSC Elopak to Packaging Management and Investing LLC. This company is beneficially owned by management of JSC Elopak. The completion of the sale is subject to local governmental approval and was not completed in 2022.

Management applied judgement to evaluate the accounting treatment, as the SPA terms imply that Elopak ASA lost control of JSC Elopak on the date it was signed and that the completion of the sale is subject to local governmental approval. The Russian entity was deconsolidated and classified as discontinued operations on the date of signing the SPA. The financial statements report the "Discontinued operations Russia" in the income statement which comprises the Results from discontinued operations, net of tax up to the date of disposal, together with the Loss on sale.

Until the completion of the sale, the fair value of the shares in JSC Elopak are presented as other current assets in the consolidated statement of financial position. Management applied judgement to estimate the fair value as it reflects considerations of credit risk, settlement risk and the payment profile over 5 years.

Upon reclassifying the assets and liabilities as Shares in JSC Elopak, management has performed an impairment assessment of the Russian operations. As the estimated fair value was lower than the carrying value, an impairment charge of EUR 20 282 thousand was recorded as per date of loss of control.

We considered the divestment, including the impairment charge recorded, the control assessment and the loss from discontinued operations to be a key area of focus due to the amounts and detailed calculations involved, as well as the judgements applied by management to arrive at the appropriate accounting treatment.

See further information in notes 4 and 19 where management explains the impairment and discontinued operations and how they have accounted for them in the financial statements.

We obtained the documents supporting the divestment to understand the transaction. To further deepen our understanding, we held discussions with management about the details and terms in the agreement.

Our discussions included an understanding of management's assessment of lost control in JSC Elopak according to IFRS 10 following the signing of the SPA, the deconsolidation and whether the Russian business meets the definition of a discontinued operation given its size and importance to the group.

Our procedures to evaluate management's impairment assessment included challenging key assumptions such as the different possible scenarios: sale of shares, nationalisation of assets, resuming operations, and winding down operations, and the weighting of these scenarios.

We tested and recalculated management's calculation of the loss on disposal, including the impairment charge recorded as per date of loss of control, based on our understanding of the supporting documentation and considered whether management's calculations appropriately reflected the terms of the sale and purchase agreement in respect of the agreed consideration from the purchaser. We also tested and recalculated management's calculation of the fair value as it reflects considerations of credit risk, settlement risk and the payment profile over 5 years.

We found no material errors through our testing. Finally, we considered the adequacy of disclosures in the notes and found them appropriate and in accordance with the requirements in current accounting standards.

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Elopak ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 529900BIDQN2AOKV6N08-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation

(EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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

Oslo, 30 March 2023
PricewaterhouseCoopers AS

Vidar Lorentzen
State Authorised Public Accountant

Alternative Performance Measures (APMs)

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

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

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

EBITDA

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

Adjusted EBITDA

Adjusted EBITDA is a measure of EBITDA adjusted for certain items affecting comparability (the Adjustment items) and further including the Group's share of net income from joint ventures (continued operations) presented as part of financial income and expenses. The

Group presents this APM because management considers it to be an important supplemental measure for understanding the underlying profit generation in the Group's operating activities and comparing its operating performance with that of other companies.

Adjusted profit attributable to Elopak shareholders

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

Adjusted basic and diluted earnings per share (Adjusted EPS)

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

Net debt

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

Net debt/adjusted EBITDA (Leverage ratio)

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

Adjusted EBITDA

Items excluded from adjusted EBITDA

(EUR 1,000)	Year to date ended December 31 2022	Year to date ended December 31 2021
Impairment fixed and long term assets Ukraine	4189	-
Impairment short term assets Ukraine	2146	-
Onerous contracts	100	-
Transaction costs	2888	6,820
Total adjusted items	**9,322**	**6,820**
Calculatory tax effect [1]	165	-1,637
Total adjusted items net of tax	**9,487**	**5,183**

[1] Calculatory tax effect on adjusted items at 24%

Reconciliation of EBITDA and adjusted EBITDA

(EUR 1,000)	Year to date ended December 31 2022	Year to date ended December 31 2021
Operating profit	21,774	49,224
Depreciation, amortisation and impairment adjusted	63,938	54,097
Impairment fixed and long term assets Ukraine	4189	-
EBITDA	**109,901**	**103,320**
Total adjusted items with EBITDA impact	5134	6820
Share of net income from joint ventures (continued operations) [2] [3]	4,378	3,575
Adjusted EBITDA	**119,413**	**113,715**

[2] Share of net income and impairment on investment from joint ventures included in adjusted figures

[3] See reconciliation of net income from joint ventures

Adjusted profit attributable to Elopak shareholders

(EUR 1,000)	Year to date ended December 31 2022	Year to date ended December 31 2021
Profit from continuing operations	34,478	30,271
Total adjusted items net of tax	9,487	5,183
Adjusted profit	**43,966**	**35,454**

Net debt and leverage ratio

(EUR 1,000)	Year to date ended December 31 2022	Year to date ended December 31 2021
Bank debt [1]	305,000	170,000
Overdraft facilities	21,682	14,420
Cash and equivalents	-25,883	-24,262
Lease liabilities	90,674	80,604
Net debt	**391,473**	**240,762**

[1] Bank debt is excluding amortised borrowing costs of EUR,967 thousand as of December 31,,2022 and EUR,567 thousand as of December 31,,2021

Leverage ratio [2]	**3,3**	

[2] Leverage ratio per December 31,,2022 is calculated based on last twelve months adjusted EBITDA of EUR,119,413 thousand

Adjusted earnings per share

(EUR 1,000 except number of shares)	Year to date ended December 31 2022	Year to date ended December 31 2021
Weighted-average number of ordinary shares	269,215,990	260,786,305
Profit from continuing operations	34,478	30,271
Adjusted profit	43,966	35,454
Basic and diluted earning per share (in EUR)	0.13	0.12
Adjusted basic and diluted earning per share (in EUR)	**0.16**	**0.14**

Reconciliation of net income from joint ventures

(EUR 1,000)	Year to date ended December 31 2022	Year to date ended December 31 2021
Lala Elopak S.A. de C.V.	2,665	2,589
Impresora Del Yaque	1,824	1,124
Elopak Nampak Africa Ltd	-112	-137
Total share of net income joint ventures	**4,378**	**3,575**

Additional Information

CONTACT INFORMATION

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FINANCIAL CALENDAR

May 4, 2023 Quarterly Report – Q1
May 11, 2023 Annual General Meeting
August 17, 2023 Half-Yearly Report
November 2, 2023 Quarterly Report-Q3

Elopak reserves the right to alter dates.

Cautionary note

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

ELOPAK