

# Årsredovisning

för

## DeLaval Holding AB

556258-6981

Räkenskapsåret

2021-01-01 - 2021-12-31

### Fastställelseintyg

Undertecknad verkställande direktör i DeLaval Holding AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 1 april 2022. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Tumba den 1 april 2022



Paul Löfgren

# Årsredovisning

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## DeLaval Holding AB

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2021-01-01 - 2021-12-31

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Styrelsen och verkställande direktören för DeLaval Holding AB avger följande årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31.

Årsredovisningen är upprättad i Euro.

## Förvaltningsberättelse

### Information om verksamheten

DeLaval Holding AB är moderbolag för industrikoncernen DeLaval inom Tetra Laval koncernen. DeLaval Holding AB äger till 99,99% DeLaval Holding B.V. (02060609) med säte i Assen, Nederländerna; ett holdingbolag som i sin tur, direkt eller indirekt, äger samtliga DeLaval-bolag i världen.

DeLaval koncernens verksamhet är att utveckla, tillverka och bedriva handel med utrustning och anläggningar för företrädesvis mjölkproduktion och husdjursskötsel.

Bolaget bedriver ingen operativ verksamhet. Företaget har sitt säte i Botkyrka.

### Väsentliga händelser under räkenskapsåret

Under året har bolaget erhållit EUR 20.000.000 i utdelning från sitt helägda dotterbolag.

Under året har bolaget lämnat EUR 67.200.000 i utdelning till Tetra Laval International S.A.

### Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Verksamheten för 2022 förväntas bli oförändrad jämfört med 2021, dvs enbart bestå av innehav av aktier i dotterbolag.

Flerårsöversikt (kEUR)	2021	2020	2019	2018
Nettoomsättning	0	0	0	0
Resultat efter finansiella poster	19 705	30 038	9 005	24 995
Avkastning på eget kap. (%)	25	24	7	20
Erhållen utdelning	20 000	30 000	9 000	25 000
Balansomslutning	125 116	125 083	125 066	127 502
Soliditet (%)	62	100	100	95
Antal anställda	0	0	0	0

### Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	12 026
årets vinst	19 732 450
	<b>19 744 476</b>
disponeras så att	
till aktieägare utdelas (0,00 EUR per aktie)	0
i ny räkning överföres	19 744 476
	<b>19 744 476</b>

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

## Resultaträkning

	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Övriga rörelseintäkter		19 218 <b>19 218</b> 19 218	18 606 <b>18 606</b> 18 606
<b>Rörelsens kostnader</b>			
Övriga externa kostnader		-471 <b>-471</b>	-420 <b>-420</b>
<b>Rörelseresultat</b>		<b>18 747</b>	<b>18 186</b>
<b>Resultat från finansiella poster</b>			
Resultat från andelar i koncernföretag	3	20 000 000	30 000 000
Övriga ränteintäkter och liknande resultatposter		0	19 733
Räntekostnader och liknande resultatposter	4	-313 923 <b>19 686 077</b>	0 <b>30 019 733</b>
<b>Resultat efter finansiella poster</b>		<b>19 704 824</b>	<b>30 037 919</b>
<b>Resultat före skatt</b>		<b>19 704 824</b>	<b>30 037 919</b>
Skatt på årets resultat	5	27 626	-18 774
<b>Årets resultat</b>		<b>19 732 450</b>	<b>30 019 145</b>

## Balansräkning

Not

2021-12-31

2020-12-31

### TILLGÅNGAR

#### Anläggningstillgångar

##### *Finansiella anläggningstillgångar*

Andelar i koncernföretag  
Uppskjuten skattefordran

6, 7

124 500 865

124 500 865

54 694

27 068

**124 555 559**

**124 527 933**

#### Summa anläggningstillgångar

**124 555 559**

**124 527 933**

#### Omsättningstillgångar

##### *Kortfristiga fordringar*

Aktuella skattefordringar  
Övriga fordringar

0

37 247

664

781

**664**

**38 028**

##### *Kassa och bank*

559 445

516 578

#### Summa omsättningstillgångar

**560 109**

**554 606**

### SUMMA TILLGÅNGAR

**125 115 668**

**125 082 539**

## Balansräkning

Not

2021-12-31

2020-12-31

### EGET KAPITAL OCH SKULDER

#### Eget kapital

8, 9

#### *Bundet eget kapital*

Aktiekapital (5 005 000 aktier)

53 810 257

53 810 257

Reservfond

4 060 256

4 060 256

**57 870 513**

**57 870 513**

#### *Fritt eget kapital*

Balanserad vinst eller förlust

12 026

37 192 881

Årets resultat

19 732 450

30 019 145

**19 744 476**

**67 212 026**

#### **Summa eget kapital**

**77 614 989**

**125 082 539**

#### **Kortfristiga skulder**

Skulder till koncernföretag

47 200 000

0

Upplupna kostnader och förutbetalda intäkter

10

300 679

0

#### **Summa kortfristiga skulder**

**47 500 679**

**0**

### **SUMMA EGET KAPITAL OCH SKULDER**

**125 115 668**

**125 082 539**

## Rapport över förändringar i eget kapital

	Aktie- kapital	Bundna reserver	Fritt eget kapital	Summa eget kapital
<b>Ingående eget kapital 2020-01-01</b>	<b>53 810 257</b>	<b>4 060 256</b>	<b>67 192 881</b>	<b>125 063 394</b>
Utdelning			-30 000 000	-30 000 000
Årets resultat			30 019 145	30 019 145
<b>Ingående eget kapital 2020-12-31</b>	<b>53 810 257</b>	<b>4 060 256</b>	<b>67 212 026</b>	<b>125 082 539</b>
Utdelning			-67 200 000	-67 200 000
Årets resultat			19 732 450	19 732 450
<b>Utgående eget kapital 2021-12-31</b>	<b>53 810 257</b>	<b>4 060 256</b>	<b>19 744 476</b>	<b>77 614 989</b>

## Noter

### Not 1 Redovisnings- och värderingsprinciper

#### Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

#### Omräkning av poster i utländsk valuta

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

Redovisningsprinciperna är oförändrade jämfört med föregående år.

#### Intäktsredovisning

Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränta redovisas som intäkt enligt den så kallade effektivräntemetoden. Royalty periodiseras i enlighet med den aktuella överenskommelsens ekonomiska innebörd. Utdelning redovisas som intäkt när företagens rätt till betalning är säkerställd.

#### Låneutgifter

De låneutgifter som uppkommer då företaget lånar kapital kostnadsförs i resultaträkningen i den period de uppstår.

#### Skatt

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

#### Aktuell skatt

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

### **Uppskjuten skatt**

Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstads. Uppskjutna skattefordringar reduceras till den del det inte är sannolikt att den underliggande skattefordran kommer att kunna realiseras inom en överskådlig framtid. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

### **Fordringar, skulder och avsättningar**

Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

### **Ersättningar till anställda**

Bolaget har inte haft några anställda under räkenskapsåret eller föregående räkenskapsår.

### **Koncernbidrag**

Erhållna och lämnade koncernbidrag redovisas som bokslutsdispositioner.

### **Koncernredovisning**

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning.

### **Koncern tillhörighet**

Närmast överordnade moderföretag som upprättar koncernredovisning i vilken företaget ingår är Tetra Laval International S.A. UID CHE-198.253.298 med säte i Pully, Schweiz.

### Nyckeltalsdefinitioner

Rörelsemarginal

Rörelseresultat i procent av nettoomsättningen

Justerat eget kapital

Eget kapital med tillägg för obeskattade reserver som reducerats med uppskjuten skatt

Resultat efter finansiella poster

Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter

Avkastning på eget kap. (%)

Resultat efter finansiella poster i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt).

Balansomslutning

Företagets samlade tillgångar.

Soliditet (%)

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

### Not 2 Arvode till revisorer

Bolaget revideras av Ernst & Young AB. Bolagets revisionskostnader betalas, kostnadsförs och redovisas av DeLaval International AB.

### Not 3 Resultat från andelar i koncernföretag

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Erhållna utdelningar	20 000 000 20 000 000	30 000 000 30 000 000

### Not 4 Räntekostnader och liknande resultatposter

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Räntekostnader till koncernföretag	-300 679	0
Övriga räntekostnader	-5 587	0
Valutakursdifferenser netto	-7 657	19 732
	<b>-313 923</b>	<b>19 732</b>

### Not 5 Aktuell och uppskjuten skatt

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
<b>Skatt på årets resultat</b>		
Aktuell skatt	27 626	27 068
Justeriing avseende tidigare år		-45 842
<b>Totalt redovisad skatt</b>	<b>27 626</b>	<b>-18 774</b>

### Avstämning av effektiv skatt

		2021-01-01 -2021-12-31		2020-01-01 -2020-12-31
	%	Belopp	%	Belopp
Redovisat resultat före skatt		19 704 824		30 037 919
Skatt enligt gällande skattesats	20,60	-4 059 194	21,40	-6 428 115
Ej bokförda ej avdragsgilla kostnader			21,40	36 234
Justeriing avseende skatter för fg år			21,40	-45 842
Ej bokförda ej skattepliktiga intäkter	20,60	-33 180		
Ej skattepliktig utdelning	20,60	4 120 000	21,40	6 420 000
Förändr. av skattesats på uppskj. skattefordran			20,60	-1 051
<b>Redovisad effektiv skatt</b>	<b>-0,14</b>	<b>27 626</b>	<b>0,06</b>	<b>-18 774</b>

### Not 6 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	124 500 865	124 500 865
<b>Utgående ackumulerade anskaffningsvärden</b>	<b>124 500 865</b>	<b>124 500 865</b>
<b>Utgående redovisat värde</b>	<b>124 500 865</b>	<b>124 500 865</b>

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### Not 7 Specifikation andelar i koncernföretag

Namn	Säte	Kapitalandel	Bokf. värde (kEUR)
	Assen, Nederländerna		
DeLaval Holding B.V.		99,99%	123 736
DeLaval S.A	Argentina	6,00%	765
DeLaval NV	Belgien	0,10%	0
DeLaval Ltda	Brasilien	0,10%	0
DeLaval SA	Chile	0,10%	0
DeLaval Ltda	Colombia	1,00%	0
DeLaval Ltd	Egypten	26,00%	0
DeLaval Private Ltd	Indien	0,10%	0
DeLaval S.A. DE C.V.	Mexico	0,10%	0
DeLaval SAC	Peru	50,00%	0
DeLaval Equipos SA	Spanien	0,20%	0
Totalt andelar i koncernföretag			124 501

### Not 8 Antal aktier och kvotvärde

	Antal aktier	Kvotvärde
Aktier	5 005 000	10,75
	<b>5 005 000</b>	

### Not 9 Disposition av vinst eller förlust

2021-12-31

#### Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel:

balanserad vinst	12 026
årets vinst	19 732 450
	<b>19 744 476</b>
disponeras så att till aktieägare utdelas (0,00 EUR per aktie) i ny räkning överföres	0
	19 744 476
	<b>19 744 476</b>

### Not 10 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	2020-12-31
Skulder till koncernföretag	47 200 000	0
Upplupen räntekostnad	300 679	0
	<b>47 500 679</b>	<b>0</b>

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**Not 11 Ställda säkerheter**

	2021-12-31	2020-12-31
<b>För skulder till kreditinstitut:</b>		
Ställda säkerheter	0	0
	0	0

**Not 12 Eventualförpliktelser**

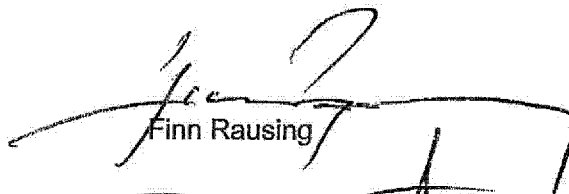
	2021-12-31	2020-12-31
Eventualförpliktelser	0	0
	0	0

**Not 13 Väsentliga händelser efter räkenskapsårets slut**

Inga väsentliga händelser har inträffat efter balansdagen, vilka skulle kunnat påverka resultat- eller balansräkningen för räkenskapsåret.

Tumba den 2 mars 2022

Lars Renström  
Ordförande



Finn Rausing


Jörn Rausing



Paul Löfgren  
Verkställande direktör



Karin Björck  
Arbetstagarrepresentant



Markku Sandelin  
Arbetstagarrepresentant

Vår revisionsberättelse har lämnats den 2 mars 2022

Ernst & Young AB



Jennifer Rock-Baley  
Auktoriserad revisor

**Not 11 Ställda säkerheter**

	2021-12-31	2020-12-31
<b>För skulder till kreditinstitut:</b>		
Ställda säkerheter	0	0
	0	0

**Not 12 Eventualförpliktelser**

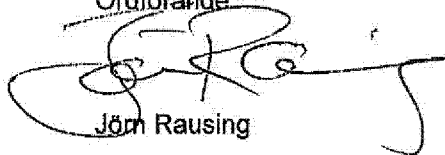
	2021-12-31	2020-12-31
Eventualförpliktelser	0	0
	0	0

**Not 13 Väsentliga händelser efter räkenskapsårets slut**

Inga väsentliga händelser har inträffat efter balansdagen, vilka skulle kunna påverka resultat- eller balansräkningen för räkenskapsåret.

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Markku Sandelin  
Arbetsstagarrepresentant

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Ernst & Young AB

Jennifer Rock-Baley  
Auktoriserad revisor

**Not 11 Ställda säkerheter**

	2021-12-31	2020-12-31
<b>För skulder till kreditinstitut:</b>		
Ställda säkerheter	0	0
	0	0

**Not 12 Eventualförpliktelser**

	2021-12-31	2020-12-31
Eventualförpliktelser	0	0
	0	0

**Not 13 Väsentliga händelser efter räkenskapsårets slut**

Inga väsentliga händelser har inträffat efter balansdagen, vilka skulle kunnat påverka resultat- eller balansräkningen för räkenskapsåret.

Tumba den 2 mars 2022

  
Lars Renström  
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Markku Sandelin  
Arbetsstagarrepresentant

Vår revisionsberättelse har lämnats den 2 mars 2022

Ernst & Young AB

Jennifer Rock-Baley  
Auktoriserad revisor



Building a better  
working world

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## Revisionsberättelse

Till bolagsstämman i Delaval Holding AB, org.nr 556258-6981

### Rapport om årsredovisningen

#### Uttalanden

Vi har utfört en revision av årsredovisningen för Delaval Holding AB för räkenskapsåret 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Delaval Holding ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

#### Grund för uttalanden

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

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

#### Styrelsens och verkställande direktörens ansvar

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

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

#### Revisorns ansvar

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

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

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

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



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## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Delaval Holding AB för räkenskapsåret 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

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

### Grund för uttalanden

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

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

### Styrelsens och verkställande direktörens ansvar

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

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

### Revisorns ansvar

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

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

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

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

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

Stockholm den dag som framgår av vår elektroniska underskrift

Ernst & Young AB

Jennifer Rock-Baley  
Auktoriserad revisor

2022041907380

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"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

**Jennifer Rock Baley**

Auktoriserad revisor

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**Tetra Laval International S.A.**  
**Annual Financial Report 2021**

The annual report 2021 was authorised for issue and approved by shareholders on June 14, 2022.

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## **DIRECTORS' REPORT**

# TETRA LAVAL INTERNATIONAL S.A.

## Directors' report

The Tetra Laval Group delivered a strong performance in 2021, despite significant increases in raw material costs and continued challenges presented by the Covid-19 pandemic.

The industries in which Tetra Laval operates are generally defined as essential and an integral part of the food supply chain and have therefore continued operations in countries otherwise facing significant restrictions. In response to the pandemic, Tetra Pak, DeLaval and Sidel have each implemented comprehensive measures to protect health and safety, while delivering business continuity.

In this context, Tetra Pak's revenues from packaging material, capital equipment and service businesses all increased. DeLaval and Sidel also both grew in their capital equipment and after-market businesses.

### CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Revenue increased by 3.3% to €11,761 million, compared to €11,386 million in 2020, with growth reported by each Industry Group, despite revenues being negatively impacted by the Euro (EUR) strengthening against the Brazilian Real (BRL), the US Dollar (USD) and the Japanese Yen. At comparable rates and scope, revenue increased by 4.6%.

Operating profit increased by €15 million from €1,235 million in 2020 to €1,250 million, despite being negatively impacted by an unprecedented increase in raw material costs and higher logistics costs. The strengthening of the Swedish Krona against the Euro also increased operating costs. Operating profit represented 10.6% of revenue in 2021, compared to the 2020 level of 10.8%.

The Group's investment in Alfa Laval contributed an overall gain of €1,672 million in 2021 (compared to a loss of €9 million in 2020), with €66 million of dividend received (€ nil million in 2020) and a gain of €1,606 million on the revaluation of the Group's investment (loss of €9 million in 2020).

Corporate income taxes decreased from €334 million in 2020 to €279 million in 2021. Overall net profit for the year was €2,516 million (21.4% of revenue compared to 7.6% in 2020).

Cash flow from operating activities decreased by €138 million, from €1,713 million in 2020 to €1,575 million in 2021. The decrease reflects lower net changes in working capital. Overall, net cash flows from operating and investing activities amounted to €1,413 million, compared to €1,267 million in 2020 (after the acquisition of milkrite | InterPuls for an amount of €191 million) due to lower cash outflows on business acquisitions.

### TETRA PAK

Revenue was €9,145 million (2020: €9,043 million), an increase of 1.1% mainly due to the increase in volumes partly offset by the less favourable mix and the weakening of BRL, USD and JPY compared to the Euro. At comparable rates and scope, revenue increased by 2.8%.

Operating profit was €1,083 million, below last year (2020: €1,289 million), reflecting increased raw material and logistics costs.

Cash flow from operating and investing activities of €1,120 million was below the level of 2020 (€1,318 million), mainly due to lower operating profit, partly offset by lower investing activities

### DELAVAL

Revenue increased by 9.4% from €1,115 million in 2020 to €1,220 million in 2021. At comparable rates and scope, revenue increased by 9.7%, with growth in capital equipment and aftermarket businesses.

Operating profit was €113 million (2020: €104 million), reflecting increased gross profit.

The cash flow from operating and investing activities of €67 million, was below the level of 2020 (€153 million before the €191 million acquisition of milkrite | InterPuls), due to increased cash consumed in working capital and higher taxes paid.

### SIDEL

Revenue increased by 13.1%, from €1,251 million in 2020 to €1,415 million in 2021 with increases in both capital equipment and service businesses. At comparable rates and scope, revenue increased by 13.4%.

Operating profit was €27 million (2020: negative €11 million), due to higher gross profit.

Cash flow from operating and investing activities was positive €82 million compared to positive €17 million in 2020, mainly due to increased operating profit and cash generated from working capital, especially down payments on orders received.

# TETRA LAVAL INTERNATIONAL S.A.

## Directors' report

### FINANCIAL POSITION

Shareholders' equity increased by €1,463 million, from €4,905 million in 2020 to €6,368 million in 2021. This principally reflects the profit for the year of €2,499 million (2020: €873 million), offset by the dividends paid of €1,050 million (2020: €350 million) and positive translation effects.

Total borrowings amounted to €1,829 million (2020: €1,893 million), including lease liabilities of €160 million (2020: €165 million). Borrowings under the Group's long-term "T7" credit facility amounted to €262 million (2020: €684 million), other bank borrowings amounted to €870 million (2020: €798 million) and other borrowing with related parties amounted to €537 million (2020: €246 million).

Cash & short-term deposits of €788 million (2020: €734 million) and deposits of €124 million (2020: €100 million) together increased by €78 million compared to 2020. Overall, net borrowings decreased to €917 million at December 31, 2021 compared to €1,059 million in 2020.

### OUTLOOK

The Group will continue to face significant increases in raw material costs, the long-term impacts of the Covid-19 pandemic, and unpredictable macro-economic and political conditions. It also continues to make significant investments to address the challenges of sustainability.

This requires continued focus in all areas of the Group on health & safety, security of the food supply chain, innovation, growth, and productivity.

Tetra Pak's packaging material revenues are expected to grow in 2022. Revenues from its capital equipment and services businesses are also expected to be above the levels achieved in 2021. DeLaval expects revenues in 2022 above 2021, based on a healthy orderbook, despite uncertainty relating to implications of the European Union Common Agricultural Policy. Sidel revenues in 2022 are expected to be similar to 2021, also based on a strong orderbook but reflecting concerns over the lead time for key components.

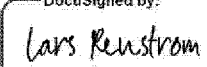
The past year has demonstrated again the strength and resilience of the Group.

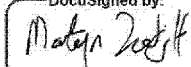
### RISK ASSESSMENT


Tetra Laval International SA and its subsidiaries perform a group-wide internal risk assessment process. It is a bottom-up identification process which is then reviewed by the senior management of each industry groups and Tetra Laval International with a top-down allocation of priorities and the follow up on significant risks through the yearly Control Self-Assessment (CSA) process. The Groupwide internal risk assessment process is a yearly review of the potential risks associated to the respective operations. The procedures and actions to identify the risks and where appropriate remediate are performed by specific corporate functions (Treasury, Legal, Internal audit, Group Financial Control, Risk Officer, Corporate Governance Officer, etc) as well as the divisions of the group. These functions and divisions have the responsibility to support and monitor the Group-wide policies, procedures, guidelines and processes to ensure their effective operation. The risk assessment also covers the specific risk related to Tetra Laval International S.A.

Pully, May 5, 2022

### BOARD OF DIRECTORS

DocuSigned by:  
  
 4F2F59D3A0F54F4...  
 Lars Renström (President)

DocuSigned by:  
  
 8A7D2854E825475...  
 Martyn Zedgitt

DocuSigned by:  
  
 3E6AF0704DFD442...  
 Robert Swan

# **TETRA LAVAL INTERNATIONAL S.A.**

## **CONSOLIDATED FINANCIAL STATEMENTS TETRA LAVAL INTERNATIONAL S.A.**

# TETRA LAVAL INTERNATIONAL S.A.

## Consolidated statement of comprehensive income

For the year ended December 31, 2021	Notes	2021	2020
in millions of Euro			
Revenue	2, 3	11,761	11,386
Cost of sales		-8,375	-7,886
<b>Gross profit</b>		<b>3,386</b>	<b>3,500</b>
Marketing & distribution		-813	-797
Administrative expenses		-856	-849
Research & development		-521	-488
Foreign exchange and hedge result on operating items		27	-127
Restructuring, impairment and other non recurring items	21	27	-4
<b>Operating profit</b>	20	<b>1,250</b>	<b>1,235</b>
Revaluation of investment in Alfa Laval	8	1,606	-9
Dividend income from Alfa Laval	8	66	-
Interest income		6	8
Interest expense		-93	-104
Other financial income (expense), net	22	-40	75
<b>Profit before tax</b>		<b>2,795</b>	<b>1,205</b>
Income tax expense	18	-279	-334
<b>Profit for the year</b>		<b>2,516</b>	<b>871</b>
<i>Item to be reclassified to profit or loss in subsequent periods</i>			
Translation adjustment arising in the period		-1	-9
<i>Items not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gains and losses on defined benefit plans	19	31	-8
Income tax effects	18	-4	1
<b>Other comprehensive income for the year net of taxes</b>		<b>26</b>	<b>-16</b>
<b>Total comprehensive income for the year</b>		<b>2,542</b>	<b>855</b>
<b>Profit attributable to</b>			
Equity holders of the Group		2,499	873
Non-controlling interests		17	-2
<b>Total comprehensive income attributable to</b>			
Equity holders of the Group		2,523	858
Non-controlling interests		19	-3

See accompanying notes to the Consolidated Financial Statements

# TETRA LAVAL INTERNATIONAL S.A.

## Consolidated balance sheet

<b>As at December 31, 2021</b>	<i>Notes</i>	2021	2020
in millions of Euro			
<b>ASSETS</b>			
Property, plant & equipment	4	1,715	1,700
Right-of-use assets	5	151	161
Goodwill and other intangible assets	7	449	434
Other investments	8	4,362	2,752
Long-term receivables	9	370	491
Deferred tax assets	18	286	291
<b>Total non-current assets</b>		<b>7,333</b>	<b>5,829</b>
Inventories	10	1,540	1,311
Trade receivables	11	1,794	1,551
Contract assets	3	184	186
Income taxes receivable	18	269	218
Derivative financial instruments	24	67	104
Other receivables and prepayments	12	891	729
Cash and short term deposits	13	788	734
<b>Total current assets</b>		<b>5,533</b>	<b>4,833</b>
<b>TOTAL ASSETS</b>		<b>12,866</b>	<b>10,662</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Retained Earnings		6,638	5,172
Cumulative translation adjustment		-270	-267
<b>Equity attributable to equity holders of the Group</b>		<b>6,368</b>	<b>4,905</b>
Non-controlling interests		13	3
<b>TOTAL EQUITY</b>		<b>6,381</b>	<b>4,908</b>
Long-term debt	14	349	978
Deferred tax liabilities	18	116	90
Provisions	15	17	13
Deferred income and other non-current liabilities	16	133	172
<b>Total non-current liabilities</b>		<b>615</b>	<b>1,253</b>
Current portion of long-term debt	14	293	65
Bank loans and overdrafts	14	650	604
Loans and overdrafts from related parties	14, 26	537	246
Trade payables		1,511	1,157
Contract liabilities	3	934	601
Provisions	15	231	173
Income taxes payable	18	237	289
Derivative financial instruments	24	145	151
Other payables and accrued liabilities	17	1,332	1,215
<b>Total current liabilities</b>		<b>5,870</b>	<b>4,501</b>
<b>TOTAL LIABILITIES</b>		<b>6,485</b>	<b>5,754</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,866</b>	<b>10,662</b>

See accompanying notes to the Consolidated Financial Statements

# TETRA LAVAL INTERNATIONAL S.A.

## Consolidated statement of cash flows

For the year ended December 31, 2021

in millions of Euro

	Notes	2021	2020
<b>Profit before tax</b>		<b>2,795</b>	<b>1,205</b>
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation and impairment of property, plant and equipment	4	324	329
Amortisation and impairment of intangibles	7	23	5
Depreciation and impairment of right-of-use assets	5	71	70
Adjustment to fair value of and dividends from other investments		-1,674	11
Other non-cash items and reclassification to financing activities	27	187	61
Net changes in working capital	27	181	278
Change in equipment leased to customers		-59	-38
Change in finance lease receivables		115	46
Change in long-term receivables and other long-term liabilities		-53	-8
Income taxes paid	18	-335	-246
<b>Net cash flows from / (used in) operating activities</b>		<b>1,575</b>	<b>1,713</b>
Purchase of property, plant and equipment	4	-274	-326
Proceeds from sales of property, plant and equipment		40	83
Purchase of intangible assets	7	-4	-9
Proceeds from sales of intangible assets		-	1
Dividends from other investments	8	66	-
Acquisition of businesses	28	-5	-198
Proceeds from disposal of other investment		15	3
<b>Net cash flows from / (used in) investing activities</b>		<b>-162</b>	<b>-446</b>
<b>Net cash flows from operating and investing activities</b>	<b>2</b>	<b>1,413</b>	<b>1,267</b>
Interest received		6	9
Interest paid		-84	-116
Payment of lease liabilities	14	-65	-67
Other financial income and expense received (paid)		-27	26
Increase (decrease) of borrowings	14	-395	-238
Increase (decrease) of borrowings from related parties	14	291	-535
Net (increase) decrease in deposits		-30	11
Temporary withholding tax deposit		-	415
Dividends paid to non-controlling interests		-9	-7
Dividends paid to equity holders		-1,050	-350
Other amount paid to previous equity holders		-10	-
<b>Net cash flows from / (used in) financing activities</b>		<b>-1,373</b>	<b>-852</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>40</b>	<b>415</b>
Effect of foreign exchange rate changes on cash and cash equivalents		-1	-16
Cash and cash equivalents, beginning of the year		664	265
<b>Cash and cash equivalents, end of the year</b>	<b>13</b>	<b>703</b>	<b>664</b>

See accompanying notes to the Consolidated Financial Statements

## TETRA LAVAL INTERNATIONAL S.A.

### Consolidated statement of changes in equity

in millions of Euro	Attributable to equity holders of the Group			Non controlling interests	TOTAL EQUITY
	Share Capital <sup>(1)</sup> and Retained Earnings	Cumulative translation adjustment	Total		
<b>Balance at January 1, 2021</b>	<b>5,172</b>	<b>-267</b>	<b>4,905</b>	<b>3</b>	<b>4,908</b>
Profit for the year	2,499	-	2,499	17	2,516
Other comprehensive income	27	-3	24	2	26
<b>Total comprehensive income for the year</b>	<b>2,526</b>	<b>-3</b>	<b>2,523</b>	<b>19</b>	<b>2,542</b>
Dividends	-1,050	-	-1,050	-9	-1,059
Other movement <sup>(2)</sup>	-10	-	-10	-	-10
<b>Balance at December 31, 2021</b>	<b>6,638</b>	<b>-270</b>	<b>6,368</b>	<b>13</b>	<b>6,381</b>

(1) The Group's share capital of €89 thousands, consists of the Tetra Laval International S.A.'s number of shares authorised, issued and paid of 100, with a par value of CHF 1,000 each.

(2) In June 2021, an amount of €10 million was paid by Tetra Pak GmbH & Co KG and Tetra Pak Produktions GmbH KG to their previous equity holders relating to net income earned prior to their acquisition by a subsidiary of Tetra Laval International SA in October 2020.

in millions of Euro	Attributable to equity holders of the Group			Non controlling interests	TOTAL EQUITY
	Share Capital <sup>(1)</sup> and Retained Earnings	Cumulative translation adjustment	Total		
<b>Balance at January 1, 2020</b>	<b>4,565</b>	<b>-259</b>	<b>4,306</b>	<b>104</b>	<b>4,410</b>
Profit for the year	873	-	873	-2	871
Other comprehensive income	-7	-8	-15	-1	-16
<b>Total comprehensive income for the year</b>	<b>866</b>	<b>-8</b>	<b>858</b>	<b>-3</b>	<b>855</b>
Dividends	-350	-	-350	-7	-357
Changes in shareholders' equity (Note 29)	91	-	91	-91	-
<b>Balance at December 31, 2020</b>	<b>5,172</b>	<b>-267</b>	<b>4,905</b>	<b>3</b>	<b>4,908</b>

(1) The Group's share capital of €89 thousands, consists of the Tetra Laval International S.A.'s number of shares authorised, issued and paid of 100, with a par value of CHF 1,000 each.

See accompanying notes to the Consolidated Financial Statements

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

*All amounts shown are in millions of Euro unless otherwise stated*

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### General

Tetra Laval International S.A. (hereafter referred to as the "Company") is a private company with limited liability, located in Switzerland and registered on July 19, 2019 under the laws of Switzerland. The statutory seat is in Pully and established at avenue General Guisan 70, 1009 Pully, Switzerland. The company is active as a holding company and is responsible for the management and control of its investment activities.

#### Nature of operations

The Group (as defined below) consists of operating activities organised in three autonomous industry groups: Tetra Pak, DeLaval and Sidel. Tetra Pak develops, produces and markets complete processing, packaging and service solutions for food products. DeLaval is a full-service supplier to dairy farmers. The company develops, manufactures and markets equipment, systems and services for milk production and animal husbandry. Sidel provides solutions for liquid food packaging and covers three major categories of packaging: glass bottles, plastic and cans.

#### Scope of consolidation

On November 2, 2021, Tetra Pak International S.A. and Tetra Pak Global Supply S.A. (both incorporated in Switzerland) were contributed to the Company by its shareholder. Business combination does not apply, as those two subsidiaries are ultimately controlled by the same parties both before and after the business combination, and the control is not transitory.

The comparative periods are restated as the control existed since before 2020.

The contributed subsidiaries have been preparing IFRS compliant financial reports information for internal purposes in accordance with IFRS since earlier than 2020. Therefore, in preparation of these consolidated financial statements the Company measured the assets and liabilities of these two subsidiaries at the same carrying amounts as in the financial statements of those two subsidiaries (after adjusting for consolidation adjustments), for the full year ended December 31, 2021 and the comparative figures for the year ended December 31, 2020 and January 1, 2020.

The consolidated financial statements include those of Tetra Laval International S.A., Switzerland and its subsidiaries (the "Group"). A list of subsidiaries is included in Note 30.

#### Basis of presentation

The consolidated financial statements are presented in Euro, due to the fact that more of the Group's business is transacted in Euro than in any other currency. The consolidated financial statements have been prepared under the historical cost convention, unless otherwise specified. Items shown as current assets and liabilities are those receivable or due within the Group's operating cycle which is estimated to be one year from the balance sheet date.

Unless otherwise specified, the amounts in the notes to the consolidated financial statements are expressed in millions of Euro.

#### Statement of compliance

The Group's consolidated financial statements for the periods ended December 31, 2021 and 2020 are prepared and presented in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

#### Consolidation principles

Subsidiaries that are controlled by the Group are consolidated. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Generally, there is a presumption that a majority of voting rights results in control. The interests of third parties in the net profit for the year and in the net assets of subsidiaries are shown as non-controlling interests. Divested companies are consolidated up to the date of disposal, i.e. the date that control ceases.

Associates are those companies over which the Group has the ability to exercise significant influence over financial and operating policies, but which it does not control. Investments in associates are accounted for using the equity method.

All intercompany balances, transactions and unrealised profits are eliminated.

#### Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of this report have been updated from January 1, 2021 onwards with all the new IFRSs, interpretations and revised IASs effective on this date.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). Based on the amendments the Company decided to use a practical expedient that all

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

*All amounts shown are in millions of Euro unless otherwise stated*

contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

These amendments had no significant impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### Business combination

The results of acquired subsidiaries are included in the consolidated financial statements from the date on which effective control is transferred to the Group, i.e. the acquisition date. Assets and liabilities of acquired subsidiaries are recorded at their fair values as of the acquisition date and non-controlling interests are stated at the non-controlling interests' portion of the fair value of the net identifiable assets.

Cost of acquisition is measured at the fair value of cash and consideration (including deferred consideration) at date of exchange. The transaction costs of the acquisition are not included in cost of acquisition but are expensed and reported as a non-recurring item.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill is measured in the entity's functional currency.

### Property, plant & equipment

Property, plant & equipment, including investment property and land, are carried at cost less accumulated depreciation and accumulated impairment. Land has an unlimited useful life and therefore is not depreciated. Depreciation is determined using the straight-line method (except for filling equipment leased to customers, for which an accelerated depreciation method is used) over their estimated useful lives, as follows:

Buildings and ground installations	20 - 25 years
Plant and machinery	3 - 10 years
Fixtures and fittings	3 - 10 years
Equipment leased to customers	8 - 12 years

An item of property, plant & equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is calculated in the statement of comprehensive income in the year it is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Leases - Lessee

The Group applies a single recognition and measurement approach for all leases requiring lessees to recognise right-of-use assets and lease liabilities for all leases except for leases of "low-value" assets and short-term leases (i.e. leases with a lease term of 12 months or less). The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term or the cost reflects the exercise of a purchase option, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful lives (see above under Property, plant & equipment) and the lease term. Right-of-use assets are subject to impairment.

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## Notes to the consolidated financial statements – December 31, 2021

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### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset.

Capitalisation of borrowing costs takes place during the development of the asset and ends when the asset is ready for its intended use or sale. All other borrowings costs are expensed in the period in which they occur.

### **Intangible assets**

Goodwill arising on consolidation, which represents the excess of the purchase price over the fair value of the identifiable net assets acquired, is recognised as an asset in the consolidated financial statements and tested annually for impairment, as well as when there are indications of impairment.

Patents, trademarks and similar assets which are acquired are amortised by a charge against income computed on a straight-line basis over their estimated useful lives, generally 10 years.

Research expenditure is recognised as an expense when it is incurred. Expenditure incurred during the development phase of a project is capitalised and recognised as an intangible asset if, and only if, it is possible both to (1) identify whether, and the point of time when, there is an identifiable asset that will generate future economic benefits; and (2) determine the cost of the asset reliably. Where either one of these criteria is not fulfilled, development expenditure is recognised as an expense when it is incurred. Where the research phase of a project cannot be distinguished from the development phase, the expenditure is treated as if it were incurred in the research phase only. Development expenditure recognised as an intangible asset is amortised over its useful life, being normally 4 years.

Costs for developing computer software programmes that are clearly associated with an identifiable and unique asset, which will be controlled by the Group and have probable benefits exceeding the costs beyond one year, are recognised as an intangible asset. Associated costs that can be directly attributed or allocated on a reasonable and consistent basis, to developing the software include labour costs of the development team and an appropriate portion of relevant overheads. Expenditure on training staff to operate the software is not capitalised. Expenditure which enhances the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over 4 years, their estimated useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

### **Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an estimate of the asset's recoverable amount is made. The recoverable amount is estimated as the higher of the asset's net selling price (fair value less costs of disposal) and value in use. In assessing value in use, the expected 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. For an asset that does not generate cash inflows largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however, limited to an amount not higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

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## Notes to the consolidated financial statements – December 31, 2021

*All amounts shown are in millions of Euro unless otherwise stated*

Goodwill is tested for impairment, annually at December 31, and when circumstances indicate that the carrying value may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods.

### Equipment leased to customers

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date.

Finance leases, whereby substantially all the risks and rewards incident to the ownership are transferred to the lessee, are treated as outright sales and receivables are recorded at amounts equal to the net investment in the leases. The related lease rentals are treated as repayments of principal and interest income reflecting a constant periodic rate of return on the net investment in the lease.

Equipment leased to customers under operating leases are recognised as property, plant & equipment and depreciated accordingly. Related rental income is included in revenue on a straight-line basis over the lease term.

### Other investments

Other long-term equity investments are valued at fair value, determined on an individual investment basis. Adjustments to fair values are taken to the statement of comprehensive income under the heading "Other financial income / (expense), net", except for Alfa Laval which is separately disclosed under "Revaluation of investment in Alfa Laval".

### Long-term receivables

Long-term receivables are discounted to their net present value, which equals fair value, at the date of inception with subsequent measurement at amortised cost using the effective interest method.

### Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is generally calculated on a moving weighted average basis, except in certain cases where, based upon the nature of the inventories, "First-In-First-Out" (FIFO) is deemed a more appropriate measure. The cost of goods produced includes direct materials, labour and attributable overheads based upon a normal level of activity and taking into account the stage of production of the goods. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### Trade receivables

Trade receivables are valued at their nominal value, less any allowance for expected credit losses (ECLs) or write-offs. Trade receivables are not discounted as they are short-term in nature and the time value of money is not significant.

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are considered in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A loss allowance is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Trade receivables and allowance are derecognised when they are assessed as uncollectible.

### Cash, cash equivalents and borrowings

Cash and cash equivalents include cash at bank, short term, highly liquid deposits due with original maturities of three months or less, recorded at market value, including fixed short-term deposits with related parties due within 3 months. These cash, cash equivalents and borrowings are subject to an insignificant risk of changes in value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents are net of outstanding bank overdrafts, as they are considered an integral part of the Group's cash management.

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## Notes to the consolidated financial statements – December 31, 2021

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When the Group has a legal right of set-off for all related transactions and settlement is intended to take place on a net basis, related financial assets are presented on the balance sheet net of the liability. Amounts borrow from related parties with maturities of less than 12 months are included in fixed short-term borrowing with related parties.

### Provisions

Provisions are recognised when: (1) the Group has a present legal or constructive obligation as a result of past events, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and (3) a reliable estimate of the amount of the obligations can be made.

### Employee benefits

#### *Pension Obligations*

The Group maintains a number of defined contribution and defined benefit pension plans in various countries.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a legally separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods. The Group's contributions to defined contribution pension plans are charged to the operating profit in the year to which they relate.

Defined benefit plans are post-employment benefit funds other than defined contribution plans.

For defined benefit plans, the recognised amount in the balance sheet is determined as the present value of the defined benefit obligation at the reporting date less the fair value of any plan assets. Where this calculation results in a net surplus, the excess of assets is recognised only to the extent that it represents a future economic benefit which is actually available to the Group, for example in the form of refunds from the plan or reduction in future contributions to the plan. When such excess is not available or does not represent a future economic benefit, it is not recognised but is disclosed in the notes.

Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Actuarial gains and losses are not reclassified to profit or loss in subsequent periods.

Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred.

Past service costs are recognised immediately in the operating profit. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognised as an expense in the operating profit.

The present value of the defined benefit obligations and the related service costs are calculated annually by qualified actuaries using the projected unit credit method. The pension obligation is measured as the present value of the estimated future cash outflows using market yields of high-quality corporate bonds in the country concerned or interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

#### *Other post-retirement obligations*

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries.

### Revenue recognition

The revenue is recognised when the goods and services are transferred to the customer, net of turnover taxes and value-added taxes and after deduction of discounts, bonuses and similar items.

Goods and equipment recognised at a point in time consist of packaging material, spare parts and consumables, for which the revenue is recognised at the date of shipment from the final production site to the customer (the Incoterm conditions are reviewed to determine the date of transfer, especially for cross border sales); and sale of equipment and installation combined as a single performance obligation, for which the revenue is recognised once the equipment has been delivered, inspected, installed and accepted by the customer. If the installation is a separate performance obligation, then the equipment is recognised once it has been delivered and accepted by the customer. The related installation is recognised as a service when the equipment has been installed and installation is accepted by the customer.

Equipment recognised over time consists of equipment, which are dependent on design, technology or complexity to customer specificities or requirements. For this equipment, the performance obligation is satisfied over time and then the revenue is recognised over time. The Group has an enforceable right to payment, from the customer, for performance completed to date. The revenue is recognised over time by measuring the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of a performance obligation is calculated by using the percentage of completion method which is the proportion of contract costs incurred for work performed compared to estimated total contract costs.

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## Notes to the consolidated financial statements – December 31, 2021

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Rental equipment leased to customers consists of equipment leased to customers under operating leases, recognised as property, plant & equipment and for which the rental income is included in revenue on a straight-line basis over the lease term contracts (between 3 and 8 years).

Services consist principally of maintenance contracts, for which the revenue is recognised over time at delivery date.

### **Interest income and expense**

Interest on cash, deposits and borrowings are included in "Interest income" and "Interest expense". Interest on other items, including the amortisation of discounted receivables and payables, is included in "Administrative expenses".

### **Income taxes**

Tax expense is the aggregate amount taken to the statement of comprehensive income of the period in respect of current tax and deferred tax.

Current tax includes all income taxes based upon taxable profits or tax losses for the period. These taxes are calculated in accordance with the regulations in the countries in which they arise.

Deferred tax liabilities and assets are recognised for taxable and deductible temporary differences arising between the tax basis of assets and liabilities and their carrying value for financial reporting purposes. Deferred taxes are also recognised for the carry forward of unused tax losses and unused tax credits and for irrecoverable withholding taxes on undistributed earnings of subsidiaries to the extent that their future distribution is expected. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary difference or the unused tax losses/credits can be utilised. Deferred taxes are measured at the tax rates that are expected to apply to the period when the assets are realised, or the liabilities are settled, based upon the tax legislation that is enacted or substantially enacted at the balance sheet date. These rates are those of the countries in which the related temporary differences or tax losses/credits arise.

### **Recognition and derecognition of financial instruments**

All financial instruments are recognised in the balance sheet at fair value as soon as the Group is committed to a contract (trade date). Financial assets are derecognised as soon as the Group has realised the rights to benefits specified in the contract, the rights expire, or the Group surrenders those rights. Financial liabilities are derecognised as soon as the obligation specified in the contract is discharged, cancelled or expires.

### **Foreign currencies**

The accounting records of consolidated subsidiaries are maintained in their respective functional currencies. Assets and liabilities of entities using functional currencies other than the Euro are translated at the exchange rates at the balance sheet date, while the statement of comprehensive income and cash flows are translated at rates approximating those in existence at dates of transaction. Differences resulting from the use of these different exchange rates are recognised directly in "Translation adjustment arising in the period" in the statement of comprehensive income. The same foreign currency translation principles are applied to the net asset value and share in result of associated companies.

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the statement of comprehensive income.

The effects of changes in exchange rates on cash, deposits and borrowings are included in "Other financial income (expense), net". The effects of changes in exchange rates on other items are included in "Administrative expenses".

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

**Exchange rates used for major currencies**

Euro :	Year-end rates			Average rates		
	2021	2020	Var	2021	2020	Var
USD	1.13	1.23	-8.0%	1.18	1.14	3.7%
SEK	10.24	10.09	1.5%	10.15	10.49	-3.3%
MXN	23.15	24.44	-5.3%	23.98	24.36	-1.6%
JPY	130.22	126.74	2.7%	129.87	121.70	6.7%
CNY	7.21	8.01	-9.9%	7.62	7.87	-3.2%
BRL	6.30	6.38	-1.3%	6.37	5.81	9.6%
GBP	0.84	0.90	-7.0%	0.86	0.89	-3.3%
CHF	1.03	1.08	-4.6%	1.08	1.07	1.0%

**Derivative financial instruments**

Derivative financial instruments used by the Group include foreign exchange contracts, interest rate swaps, interest rate options, currency options, forward rate agreements, cross currency swaps, commodity swaps and options.

The Group enters into derivative transactions with banks and counterparties to manage foreign currency interest rate exposures and commodity price exposures arising from its operating, investing and financing activities. All derivatives are recognised in the balance sheet at cost as soon as the Group is committed to a contract and are subsequently measured at their fair values. The fair value of a derivative is the equivalent of the unrealised gain or loss from adjusting to market value the derivative using valuation techniques with market observable inputs (inputs hierarchy Level 2). Derivatives with positive market values (unrealised gains) and derivatives with negative market values (unrealised losses) are classified as "Derivative financial instruments" in the consolidated balance sheet.

Hedge accounting is allowed by IFRS only if a number of specific criteria are complied with. As a general rule, the Group does not apply hedge accounting and the changes in fair values of derivatives are recognised in the statement of comprehensive income. Realised gains or losses on derivatives related to operating items are included in "Foreign exchange and hedge result on operating items". Realised gains or losses on derivatives related to net borrowings, as well as all unrealised results on outstanding derivatives are included in "Other financial income (expenses), net".

**Key accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate mainly to goodwill, income tax and employee benefits.

Impairment of non-financial assets, such as property, plant and equipment, right-of use assets and goodwill (see Notes 4, 5 and 7)

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the business plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that could enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model, the expected future net cash-inflows, the margin and the growth rate used for projections beyond the initial five-year period.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 7.

**Income taxes (see Note 18)**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining income tax liabilities and deferred tax assets. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group establishes provisions, based on best estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such

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### **Notes to the consolidated financial statements – December 31, 2021**

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differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### *Employee benefits (see Note 19)*

The Group has defined benefit plans, which are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The risk is, however, decreased by the Group reducing the number of defined benefit schemes due to the fact that many of these defined benefit schemes are replaced by defined contribution schemes.

In determining the appropriate discount rate, the interest rates of corporate bonds in the respective currency with at least AA rating are considered, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases, and pension increases are based on expected future inflation rates for the respective country.

Estimates and assumptions have also been applied in areas such as provisions, determination of percentage of completion in work in progress, inventory obsolescence, recoverability of accounts receivable and probabilities in connection with business risks.

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

### 2. SEGMENT AND GEOGRAPHICAL DATA

The Group manages its business primarily in three segments, Tetra Pak, DeLaval and Sidel. Corporate and other include Holding and Finance activities managed by Tetra Laval International.

The segment results for the years ended December 31, 2021 and 2020 were as follows:

	December 31, 2021					<u>Total Group</u>
	Tetra Pak	DeLaval	Sidel	Corporate and Other	Consolidation adjustments	
Revenue	9,145	1,220	1,415	10	-29	11,761
<b>Operating profit/Segment result</b>	<b>1,083</b>	<b>113</b>	<b>27</b>	<b>27</b>	<b>-</b>	<b>1,250</b>
Revaluation of investment and dividend income from Alfa Laval						1,672
Interest income						6
Interest expense						-93
Other financial income (expense), net						-40
<b>Profit before tax</b>						<b>2,795</b>
Income tax expense						-279
<b>Profit for the year</b>						<b>2,516</b>

	December 31, 2020					<u>Total Group</u>
	Tetra Pak	DeLaval	Sidel	Corporate and Other	Consolidation adjustments	
Revenue	9,043	1,115	1,251	10	-33	11,386
<b>Operating profit/Segment result</b>	<b>1,289</b>	<b>104</b>	<b>-11</b>	<b>-147</b>	<b>-</b>	<b>1,235</b>
Revaluation of investment and dividend income from Alfa Laval						-9
Interest income						8
Interest expense						-104
Other financial income (expense), net						75
<b>Profit before tax</b>						<b>1,205</b>
Income tax expense						-334
<b>Profit for the year</b>						<b>871</b>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

The segment assets and liabilities at December 31, 2021 and 2020 were as follows:

	December 31, 2021					<b>Total Group</b>
	<b>Tetra Pak</b>	<b>DeLaval</b>	<b>Sidel</b>	<b>Corporate and Other</b>	<b>Consolidation adjustments</b>	
<b>Segment operating assets</b>	<b>4,960</b>	<b>869</b>	<b>900</b>	<b>373</b>	<b>-109</b>	<b>6,993</b>
Taxes						555
Cash & deposits						912
Investment in Alfa Laval						4,344
Derivatives and other financial assets						62
<b>Total assets</b>						<b>12,866</b>
<b>Segment operating liabilities</b>	<b>2,737</b>	<b>358</b>	<b>703</b>	<b>329</b>	<b>-41</b>	<b>4,086</b>
Taxes						353
Borrowings						1,829
Derivatives and other financial liabilities						217
<b>Total liabilities</b>						<b>6,485</b>
<b>Segment net assets</b>	<b>2,223</b>	<b>511</b>	<b>197</b>	<b>44</b>	<b>-68 <sup>(1)</sup></b>	<b>2,907</b>
Net tax asset						202
Net borrowings						-917
Investment in Alfa Laval						4,344
Net derivatives and other financial items						-155
<b>Net assets</b>						<b>6,381</b>

(1) Tetra Pak segmental operating assets included Goodwill of €68 million, which are adjusted on consolidation.

	December 31, 2020					<b>Total Group</b>
	<b>Tetra Pak</b>	<b>DeLaval</b>	<b>Sidel</b>	<b>Corporate and Other</b>	<b>Consolidation adjustments</b>	
<b>Segment operating assets</b>	<b>4,717</b>	<b>756</b>	<b>815</b>	<b>286</b>	<b>-95</b>	<b>6,479</b>
Taxes						509
Cash & deposits						834
Investment in Alfa Laval						2,738
Derivatives and other financial assets						102
<b>Total assets</b>						<b>10,662</b>
<b>Segment operating liabilities</b>	<b>2,141</b>	<b>305</b>	<b>562</b>	<b>249</b>	<b>-26</b>	<b>3,231</b>
Taxes						379
Borrowings						1,893
Derivatives and other financial liabilities						251
<b>Total liabilities</b>						<b>5,754</b>
<b>Segment net assets</b>	<b>2,576</b>	<b>451</b>	<b>253</b>	<b>37</b>	<b>-69</b>	<b>3,248</b>
Net tax asset						130
Net borrowings						-1,059
Investment in Alfa Laval						2,738
Net derivatives and other financial items						-149
<b>Net assets</b>						<b>4,908</b>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

Key cash flow items, non-recurring items and number of employees for the years ended December 31, 2021 and 2020 were as follows:

	December 31, 2021					<u>Total Group</u>
	Tetra Pak	DeLaval	Sidel	Corporate and Other	Consolidation adjustments	
<u>Key Cash Flow items</u>						
Depreciation, amortisation and impairment	336	50	29	3	-	418
Non-cash expenses and reclassification to financing	95	4	18	70	-	187
Capital expenditure	-236	-19	-21	-2	-	-278
Cash flow from operating and investing activities	1,120	67	82	79	65 <sup>(1)</sup>	1,413
<u>Non recurring items</u>						
Impairment charges	-4	-	-	-	-	-4
Restructuring costs	-55	-1	-7	-	-	-63
Litigation costs and other	92	1	9	-8	-	94
Number of employees	18,743	4,746	5,119	257	-	28,865

(1) Industry groups' segmental Capital expenditure and Cash flow from operating and investing activities, include the payment on lease liabilities of €65 million, which are reclassified in financing activities on consolidation.

	December 31, 2020					<u>Total Group</u>
	Tetra Pak	DeLaval	Sidel	Corporate and Other	Consolidation adjustments	
<u>Key Cash Flow items</u>						
Depreciation, amortisation and impairment	341	31	30	2	-	404
Non-cash expenses and reclassification to financing	47	-15	39	-40	-	61
Capital expenditure	-308	-11	-16	-	-	-335
Acquisition of business	-7	-191	-	-	-	-198
Cash flow from operating and investing activities	1,318	-38	17	-97	67	1,267
<u>Non recurring items</u>						
Impairment charges	-4	-	-	-	-	-4
Restructuring costs	-11	-8	-14	-	-	-33
Litigation costs and other	31	-	2	-	-	33
Number of employees	18,939	4,724	5,266	253	-	29,182

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

Reporting data by geographical area for the years ended December 31, 2021 and 2020 were as follows:

	<b>December 31, 2021</b>			
	<b>Revenue</b>	<b>Total Assets</b>	<b>Capital Expenditure</b>	<b>Number of Employees</b>
Western Europe	2,971	9,096	187	14,214
Central and Eastern Europe	1,221	592	21	3,425
Africa	502	183	3	629
North America	2,173	863	28	3,184
Central and South America	1,378	1,013	20	2,928
East Asia and Pacific	2,540	590	2	2,162
Central Asia and Middle East	976	529	17	2,323
<b>Total</b>	<b>11,761</b>	<b>12,866</b>	<b>278</b>	<b>28,865</b>

	<b>December 31, 2020</b>			
	<b>Revenue</b>	<b>Total Assets</b>	<b>Capital Expenditure</b>	<b>Number of Employees</b>
Western Europe	2,935	7,986	235	14,407
Central and Eastern Europe	1,239	473	27	3,490
Africa	468	151	5	658
North America	2,002	520	32	3,093
Central and South America	1,402	782	17	3,015
East Asia and Pacific	2,417	250	2	2,160
Central Asia and Middle East	923	500	17	2,359
<b>Total</b>	<b>11,386</b>	<b>10,662</b>	<b>335</b>	<b>29,182</b>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

**3. REVENUE**

The disaggregation of revenue by timing of revenue recognition and major businesses as at December 31, 2021 and 2020 were as follows:

	<b>Tetra Pak</b>	<b>DeLaval</b>	<b>Sidel</b>	<b>Corporate and elimination</b>	<u>2021</u>
Goods and equipment recognised at a point in time	7,928	1,163	590	-	9,681
Equipment recognised over time	769	-	726	-27	1,468
Rental, equipment leased to customers	107	-	-	-	107
Services recognised when delivered	341	57	99	8	505
<b>Revenue</b>	<u>9,145</u>	<u>1,220</u>	<u>1,415</u>	<u>-19</u>	<u>11,761</u>

	<b>Tetra Pak</b>	<b>DeLaval</b>	<b>Sidel</b>	<b>Corporate and elimination</b>	<u>2020</u>
Goods and equipment recognised at a point in time	7,723	1,070	532	-	9,325
Equipment recognised over time	877	-	637	-32	1,482
Rental, equipment leased to customers	122	-	-	-	122
Services recognised when delivered	321	45	82	9	457
<b>Revenue</b>	<u>9,043</u>	<u>1,115</u>	<u>1,251</u>	<u>-23</u>	<u>11,386</u>

Management expects that 63% of the transaction price allocated to the open contracts as at December 31, 2021 will be recognised as revenue by December 31, 2022. The remaining will be recognised by December 31, 2023 for 27% and by December 31, 2024 for 10%.

Contract assets consisted of the following balances as at December 31, 2021 and 2020:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
Accrued income on revenue recognised over time		178	175
Accrued income on revenue recognised over time with related parties	26	1	2
Accrued income on revenue recognised at a point in time		5	9
		<u>184</u>	<u>186</u>

The contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

Contract liabilities consisted of the following balances as at December 31, 2021 and 2020:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
Deferred income on revenue recognised over time		85	99
Deferred income on revenue recognised over time with related parties	26	1	2
Advances from customers on revenue recognised at a point in time		377	294
Advances from customers on revenue recognised over time		392	148
Deferred income on revenue recognised at a point in time		79	58
		<u>934</u>	<u>601</u>

The contract liabilities relate to contracts billed or to the advance consideration received from customers, for which the performance obligation is not yet satisfied, and the revenue is not recognised.

Net sales and cost of sales include items related to sales of systems for the processing, packaging and distribution of liquid food products, management fee and research and development.

Allocation of net sales was as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net Sales	11,636	11,265
Royalties income from related parties	125	121
	<u>11,761</u>	<u>11,386</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***4. PROPERTY, PLANT & EQUIPMENT**

Property, plant and equipment consisted of the following balances and movements for the years ended December 31, 2021 and 2020:

	Land, buildings and ground installations	Plant and machinery	Fixtures and fittings	Equipment leased to customers	Construction in progress and payment on account	<u>2021</u> TOTAL
<b>Historical cost</b>						
Balance at beginning of year	1,167	2,314	613	785	189	5,068
Additions <sup>(1)</sup>	15	103	29	-	145	292
Disposals	-9	-75	-24	-	-13	-121
Transfer to / from inventory	-	-	-	-78	-	-78
Effects of changes in foreign currency exchange rates	17	39	8	23	-1	86
Reclassifications & Other	23	79	9	-	-111	-
Balance at end of year	<u>1,213</u>	<u>2,460</u>	<u>635</u>	<u>730</u>	<u>209</u>	<u>5,247</u>
<b>Accumulated depreciation</b>						
Balance at beginning of year	-609	-1,743	-473	-454	-	-3,279
Depreciation	-34	-160	-47	-62	-	-303
Disposals	5	51	23	-	-	79
Transfer to inventory	-	-	-	117	-	117
Effects of changes in foreign currency exchange rates	-9	-29	-6	-12	-	-56
Reclassifications & Other	-	-2	-	-1	-	-3
Balance at end of year	<u>-647</u>	<u>-1,883</u>	<u>-503</u>	<u>-412</u>	<u>-</u>	<u>-3,445</u>
<b>Impairment losses</b>						
Balance at beginning of year	-7	-42	-1	-36	-3	-89
Charges during year	-1	-3	-	-17	-	-21
Disposals	2	2	-	-	-	4
Transfer to inventory	-	-	-	21	-	21
Effects of changes in foreign currency exchange rates	-	-1	-	-1	-	-2
Reclassifications & Other	-	-3	-	-	3	-
Balance at end of year	<u>-6</u>	<u>-47</u>	<u>-1</u>	<u>-33</u>	<u>-</u>	<u>-87</u>
Net book value at beginning of year	<u>551</u>	<u>529</u>	<u>139</u>	<u>295</u>	<u>186</u>	<u>1,700</u>
Net book value at end of year	<u>560</u>	<u>530</u>	<u>131</u>	<u>285</u>	<u>209</u>	<u>1,715</u>

(1) Includes an increase of €18 million in payables in 2021 (€9 million increase in payables and €9 million increase in advances in 2020).

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

	Land, buildings and ground installations	Plant and machinery	Fixtures and fittings	Equipment leased to customers	Construction in progress and payment on account	2020 TOTAL
<b>Historical cost</b>						
Balance at beginning of year	1,151	2,322	619	994	141	5,227
Acquisition of business	14	33	2	-	-	49
Additions	13	130	35	-	148	326
Disposals	-4	-103	-28	-	-29	-164
Transfer to / from inventory	-	-	-	-98	-	-98
Effects of changes in foreign currency exchange rates	-28	-110	-23	-111	-	-272
Reclassifications & Other	21	42	8	-	-71	-
Balance at end of year	<u>1,167</u>	<u>2,314</u>	<u>613</u>	<u>785</u>	<u>189</u>	<u>5,068</u>
<b>Accumulated depreciation</b>						
Balance at beginning of year	-585	-1,688	-465	-557	-	-3,295
Depreciation	-33	-160	-47	-73	-	-313
Acquisition of business	-4	-25	-2	-	-	-31
Disposals	2	50	26	-	-	78
Transfer to inventory	-	-	-	119	-	119
Effects of changes in foreign currency exchange rates	13	77	17	56	-	163
Reclassifications & Other	-2	3	-2	1	-	-
Balance at end of year	<u>-609</u>	<u>-1,743</u>	<u>-473</u>	<u>-454</u>	<u>-</u>	<u>-3,279</u>
<b>Impairment losses</b>						
Balance at beginning of year	-6	-40	-2	-44	-5	-97
Charges during year	-1	-3	-	-12	-	-16
Disposals	-	2	1	-	-	3
Transfer to inventory	-	-	-	17	-	17
Acquisition of business	-1	-	-	-	-	-1
Effects of changes in foreign currency exchange rates	-	1	-	3	-	4
Reclassifications & Other	1	-2	-	-	2	1
Balance at end of year	<u>-7</u>	<u>-42</u>	<u>-1</u>	<u>-36</u>	<u>-3</u>	<u>-89</u>
Net book value at beginning of year	<u>560</u>	<u>594</u>	<u>152</u>	<u>393</u>	<u>136</u>	<u>1,835</u>
Net book value at end of year	<u>551</u>	<u>529</u>	<u>139</u>	<u>295</u>	<u>186</u>	<u>1,700</u>

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

*All amounts shown are in millions of Euro unless otherwise stated*

Equipment leased to customers as at December 31, 2021 and 2020, amounted to €285 million, and €295 million, respectively, mainly consisted of filling and distribution equipment which the Group has leased to customers under various operating lease arrangements. In general, these operating lease contracts have a life of between 3 and 8 years and are automatically extended for a period of 12 months if the parties do not terminate the agreement at the expiry of the rental term (90 days prior written notice). There is no purchase option for the customer at the end of the lease term. As at December 31, 2021 land, buildings and ground installations included approximately €1 million (2020: €1 million) of buildings which the Group has leased to third parties under operating lease arrangements.

Impairment losses included €17 million (2020: €12 million) related to filling equipment leased to customers. The impairment related to equipment leased to customers is reported in cost of goods sold. The impairment charge was calculated as the difference between the recoverable amount and the net book value. The recoverable amount was based on the value in use of the filling equipment concerned, which corresponds to the net present value of the rental fees plus the residual value of the equipment at the end of the lease term, less any removal costs to be incurred by the Group that cannot be recharged to the customer. When packaging material and equipment revenue are part of the same cash generating unit, packaging material revenue, with a high level of realisation certainty has been included in the impairment test.

Included under land, buildings and ground installations are investment properties with a net book value of €1 million (2020: €1 million) and a fair value of €47 million (2020: €45 million), which was based on the discounted future net cash inflow for leased investment properties. A discount rate of 8.5% has been used for the calculation (2020: 7.3%).

### Future minimum lease receivables – where the Group is lessor

Future minimum lease receivables under non-cancellable operating leases to customers were as follows:

	<u>2021</u>	<u>2020</u>
No later than one year	101	104
Between one and five years	295	279
Later than five years	53	86
	<u>449</u>	<u>469</u>

Contingent rent included as income was approximately €1 million for the year ended December 31, 2021 (2020: €4 million).

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***5. RIGHT-OF-USE ASSETS**

Right-of-use assets consisted of the following balances and movements for the period ended December 31, 2021 and 2020:

	Land & Buildings	Transport equipment	Production machines & Other	2021 TOTAL
<b>Historical cost</b>				
Balance at beginning of year	168	95	15	278
Additions	35	32	2	69
Disposals	-24	-21	-2	-47
Effects of changes in foreign currency exchange rates	4	1	-	5
Reclassifications & Other	-	-	-1	-1
Balance at end of year	<u>183</u>	<u>107</u>	<u>14</u>	<u>304</u>
<b>Accumulated depreciation &amp; Impairment losses</b>				
Balance at beginning of year	-67	-43	-7	-117
Depreciation	-33	-35	-3	-71
Disposals	18	18	2	38
Effects of changes in foreign currency exchange rates	-1	-1	-1	-3
Reclassifications & Other	-	-1	1	-
Balance at end of year	<u>-83</u>	<u>-62</u>	<u>-8</u>	<u>-153</u>
Net book value at beginning of year	<u>101</u>	<u>52</u>	<u>8</u>	<u>161</u>
Net book value at end of year	<u>100</u>	<u>45</u>	<u>6</u>	<u>151</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

	Land & Buildings	Transport equipment	Production machines & Other	2020 TOTAL
<b>Historical cost</b>				
Balance at beginning of year	152	83	16	251
Additions	28	31	2	61
Disposals	-12	-16	-1	-29
Acquisition of business	7	-	-	7
Effects of changes in foreign currency exchange rates	-9	-3	-2	-14
Reclassifications & Other	2	-	-	2
Balance at end of year	<u>168</u>	<u>95</u>	<u>15</u>	<u>278</u>
<b>Accumulated depreciation &amp; Impairment losses</b>				
Balance at beginning of year	-38	-27	-4	-69
Depreciation	-34	-32	-4	-70
Acquisition of business	-5	-	-	-5
Disposals	7	14	1	22
Effects of changes in foreign currency exchange rates	3	1	-	4
Reclassifications & Other	-	1	-	1
Balance at end of year	<u>-67</u>	<u>-43</u>	<u>-7</u>	<u>-117</u>
Net book value at beginning of year	<u>114</u>	<u>56</u>	<u>12</u>	<u>182</u>
Net book value at end of year	<u>101</u>	<u>52</u>	<u>8</u>	<u>161</u>

Lessee amounts recognised in the profit or loss for the period ended December 31, 2021 and 2020 included:

	Notes	2021	2020
Depreciation on right-of-use assets	20	-49	-49
Employee benefit expenses - Depreciation on right-of-use assets	19	-22	-21
Interest expense on lease liabilities	23	-6	-7
Rent expense - leases of low-value assets <sup>(1)</sup>	20	-15	-15
Rent expense - variable lease payments <sup>(1)</sup>	20	-2	-3
		<u>-94</u>	<u>-95</u>

<sup>(1)</sup> Included in line "Rental and leases".

The impact of lease liabilities can be found in Note 14.

**6. COMMITMENTS****Capital commitments**

At December 31, 2021, the Group had capital commitments for inventories of €9 million (2020: €5 million), for the purchase or construction of property, plant and equipment of € nil million (2020: € nil million) and for other capital commitments of €3 million (2020: €2 million).

At December 31, 2021, the Group reported €120 million for commercial guarantees (2020: €143 million) and €191 million for guarantees for taxes (2020: €180 million).

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

**7. GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill and other intangible assets consisted of the following balances and movements for the years ended December 31, 2021 and 2020:

	Goodwill	Patents and trademarks	Capitalised software development costs	Other intangibles	<u>2021</u> TOTAL
<b>Historical cost</b>					
Balance at beginning of year	1,413	21	289	79	1,802
Additions	-	-	1	3	4
Effects of changes in foreign currency exchange rates	5	1	1	1	8
Reclassifications & Other	-124	63	-2	89	26
Balance at end of year	<u>1,294</u>	<u>85</u>	<u>289</u>	<u>172</u>	<u>1,840</u>
<b>Accumulated amortisation</b>					
Balance at beginning of year	-	-16	-282	-57	-355
Amortisation	-	-6	-4	-13	-23
Effects of changes in foreign currency exchange rates	-	-1	-	-1	-2
Reclassifications & Other	-	-	2	-	2
Balance at end of year	<u>-</u>	<u>-23</u>	<u>-284</u>	<u>-71</u>	<u>-378</u>
<b>Impairment losses</b>					
Balance at beginning of year	-1,009	-1	-1	-2	-1,013
Charges during year	-	-	-	-	-
Reversal during year	-	-	-	-	-
Effects of changes in foreign currency exchange rates	-	-	-	-	-
Reclassifications & Other	-	-	-	-	-
Balance at end of year	<u>-1,009</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-1,013</u>
Net book value at beginning of year	<u>404</u>	<u>4</u>	<u>6</u>	<u>20</u>	<u>434</u>
Net book value at end of year	<u>285</u>	<u>61</u>	<u>4</u>	<u>99</u>	<u>449</u>

Cash flow projections used for impairment tests are based on the relevant cash generating units' budget 2022, business plan up to 2024 and profit before interest and taxes of 6.2% of revenue and a revenue growth of 2.8% for 2025 and subsequent years. The discount rate applied to the resulting cash flow projections is 7.5% (2020: 7.4%). Budget 2022 and business plan up to 2024 have been approved by the management of the Group.

The calculation of value in use is sensitive to assumptions of discount rate, profit before interest and taxes, working capital, and investments.

A profit before interest and taxes and a revenue growth lower by 5 percentage points or a discount higher by 2 percentage points would have no significant impact on the impairment calculation.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

	Goodwill	Patents and trademarks	Capitalised software development costs	Other intangibles	<u>2020</u> TOTAL
<b>Historical cost</b>					
Balance at beginning of year	1,257	19	284	79	1,639
Acquisition of business	168	3	7	3	181
Additions	-	-	2	7	9
Disposals	-1	-	-1	-12	-14
Effects of changes in foreign currency exchange rates	-11	-1	-	-1	-13
Reclassifications & Other	-	-	-3	3	-
Balance at end of year	<u>1,413</u>	<u>21</u>	<u>289</u>	<u>79</u>	<u>1,802</u>
<b>Accumulated amortisation</b>					
Balance at beginning of year	-	-17	-278	-52	-347
Acquisition of business	-	-	-5	-2	-7
Amortisation	-	-	-3	-2	-5
Disposals	-	-	1	1	2
Effects of changes in foreign currency exchange rates	-	1	-	1	2
Reclassifications & Other	-	-	3	-3	-
Balance at end of year	<u>-</u>	<u>-16</u>	<u>-282</u>	<u>-57</u>	<u>-355</u>
<b>Impairment losses</b>					
Balance at beginning of year	-1,009	-1	-1	-13	-1,024
Charges during year	-	-	-	-	-
Reversal during year	-	-	-	-	-
Disposals	-	-	-	10	10
Effects of changes in foreign currency exchange rates	-	-	-	-	-
Reclassifications & Other	-	-	-	1	1
Balance at end of year	<u>-1,009</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-1,013</u>
Net book value at beginning of year	<u>248</u>	<u>1</u>	<u>5</u>	<u>14</u>	<u>268</u>
Net book value at end of year	<u>404</u>	<u>4</u>	<u>6</u>	<u>20</u>	<u>434</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

**8. OTHER INVESTMENTS**

Other investments consisted of the following balances as at December 31, 2021 and 2020:

	<u>2021</u>	<u>Net change in Market Value, translation &amp; other</u>	<u>2020</u>
Alfa Laval AB, Sweden	4,344	1,606	2,738
Other long-term equity investments	18	4	14
	<u>4,362</u>	<u>1,610</u>	<u>2,752</u>

Investment in Alfa Laval

At December 31, 2021, the Group held 122'037'736 shares in Alfa Laval representing 29.1% of the issued share capital.

Based upon the December 31, 2021 and December 31, 2020 market price per share (input hierarchy Level 1) of SEK 364.40 and SEK 226.30 respectively, and EUR SEK exchange rates of 10.24 and 10.09 respectively, the value of the Group's investment in Alfa Laval amounted to €4,344 million and €2,738 million, respectively and has been accounted for at fair value through the profit and loss and included in the balance sheet under "Other investments" as it is considered to be a financial investment, separate from the industrial activities of the Group and managed on a fair value basis.

The revaluation of Alfa Laval shares of €1,606 million gain (2020: €9 million loss) and the dividend received of €66 million (2020: € nil million) are shown in the statement of comprehensive income under "Revaluation of investment in Alfa Laval" and "Dividend income from Alfa Laval", respectively.

**9. LONG-TERM RECEIVABLES**

Long-term receivables consisted of the following balances as at December 31, 2021 and 2020:

	<i>Notes</i>	<u>Maturity</u>		<u>Interest Rates</u>	<u>Carrying amount</u>	
		<u>5 years or less</u>	<u>more than 5 years</u>		<u>2021</u>	<u>2020</u>
Long-term receivables under finance leases		62	18	4.99%	80	184
Receivables on account		122	8	6.27%	130	144
Long-term VAT receivables		67	3	15.31%	70	63
Employee benefit assets	19	2	-		2	4
Blocked deposits		11	1		12	12
Fixed term deposits with related parties	26	-	-	-	-	28
Other long-term receivables		65	11		76	56
					<u>370</u>	<u>491</u>

Fair values of long-term receivables do not differ substantially from their book values as most of the rates are floating and updated on a regular basis to reflect market rates.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

Future minimum finance lease receivables from customers were as follows:

	<u>2021</u>	<u>2020</u>
Gross investment in finance leases	154	274
Less:		
Accumulated allowance for uncollectible receivables	-4	-4
Unearned interest income	-21	-28
	<u>129</u>	<u>242</u>

Net present value of minimum finance lease payments receivable:

	<u>Gross</u> <u>investment</u>	<u>Accum.</u> <u>Allowance</u>	<u>Unearned</u> <u>interest</u> <u>income</u>	<u>2021</u>	<u>2020</u>
No later than one year	55	-3	-3	49	58
Between one and five years	77	-1	-14	62	153
Later than five years	22	-	-4	18	31
				<u>129</u>	<u>242</u>

Equipment leased to customers under finance leases consisted of distribution equipment and filling equipment. These leases have an average life between 5 and 8 years with renewal terms included in the contracts. In general, these finance lease contracts are automatically extended for a period of 12 months if the parties do not terminate the agreement at the expiry of the contract term or exercise the purchase option (90 days prior written notice). In general, the contract includes a purchase option at the end of the lease term.

**10. INVENTORIES**

Inventories consisted of the following balances as at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Raw materials	272	210
Work-in-progress	376	354
Finished goods and goods held for resale	864	733
Payments on account	28	14
	<u>1,540</u>	<u>1,311</u>
Net inventories at the lower of cost and net realisable value		

At December 31, 2021, inventories were shown net of obsolescence provisions amounting to €193 million (2020: €194 million).

During the year ended December 31, 2021 approximately €25 million (2020: €22 million) of obsolescence provisions were released through the statement of comprehensive income.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***11. TRADE RECEIVABLES**

Trade receivables consisted of the following balances as at December 31, 2021 and 2020:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
Trade receivables, gross		1,621	1,443
Trade receivables, gross with related parties	26	410	326
Allowance for expected credit losses		-237	-218
		<u>1,794</u>	<u>1,551</u>

The contractual terms governing the relationships with the customers vary from country to country, although these receivables are collected in approximately one to three months.

Movements on the allowance for expected credit losses of trade receivables consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	218	260
Charge during the year	49	44
Utilised	-9	-30
Unused amounts reversed	-24	-34
Effects of changes in foreign currency exchange rates	3	-22
	<u>237</u>	<u>218</u>

The creation and release of allowance for expected credit losses have been included in "administrative expenses" in the statement of comprehensive income (Note 20).

The ageing of trade receivables consisted of the following balances as at December 31, 2021 and 2020:

	<u>2021</u>		
	Trade receivables, gross	Allowance for expected credit losses	Net trade receivables
Not overdue	1,104	-19	1,085
Overdue	<u>517</u>	<u>-218</u>	<u>299</u>
Overdue < 1 month	123	-4	119
Overdue 1 - 3 months	99	-7	92
Overdue 4 - 6 months	39	-7	32
Overdue 7 - 12 months	82	-33	49
Overdue > 1 year	174	-167	7
	<u>1,621</u>	<u>-237</u>	<u>1,384</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

	2020		
	Trade receivables, gross	Allowance for expected credit losses	Net trade receivables
Not overdue	986	-7	979
Overdue	457	-211	246
Overdue < 1 month	108	-1	107
Overdue 1 - 3 months	78	-4	74
Overdue 4 - 6 months	46	-16	30
Overdue 7 - 12 months	65	-32	33
Overdue > 1 year	160	-158	2
	<u>1,443</u>	<u>-218</u>	<u>1,225</u>

**12. OTHER RECEIVABLES AND PREPAYMENTS**

Other receivables and prepayments consisted of the following balances as at December 31, 2021 and 2020:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
Prepaid expenses		289	230
Prepaid expenses with related parties	26	86	50
VAT receivables		263	244
Current portion of receivables under finance leases		49	58
Cash-in-transit		11	5
Advances to suppliers		44	37
Advances to suppliers with related parties	26	1	8
Other accrued income and quick assets		16	18
Other accrued income and quick assets with related parties	26	8	7
Short-term deposits with original maturities greater than 3 months		5	4
Short-term deposits with original maturities greater than 3 months with related parties	26	119	68
		<u>891</u>	<u>729</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following balances as at December 31, 2021 and 2020:

	<i>Notes</i>	<u>2021</u>	<u>2020</u>
Cash and bank		369	294
Fixed short-term deposits < 3 months		337	375
Fixed short-term deposits < 3 months with related parties	26	25	18
Pooled cash with related parties	26	13	-
Current account with related parties	26	44	47
		<hr/>	<hr/>
Cash and short term deposits		788	734
Bank overdrafts	14	-74	-45
Cash pool overdraft with related parties	14, 26	-	-20
Current account with related parties	26	-11	-5
		<hr/>	<hr/>
Cash and cash equivalents		<u>703</u>	<u>664</u>

Fixed short-term deposits less than 3 months mainly consisted of deposits collectable within 7 to 36 days, with an average effective interest rate of -9.0% (2020: -1.8%). Fixed short-term deposits less than 3 months with related parties earned an average effective interest rate of 1.7% (2020: 1.7%).

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***14. BORROWINGS**

Borrowings as at December 31, 2021 and 2020 consisted of the following balances:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
<u>Long-term debt</u>			
T7 credit facility		241	684
Other bank loans		3	187
Lease liabilities		105	107
		<u>349</u>	<u>978</u>
<u>Current portion of long-term debt</u>			
Current maturities of long-term loans		217	7
Current portion of leases liabilities		55	58
T7 credit facility		21	-
		<u>293</u>	<u>65</u>
<u>Bank loans and overdrafts</u>			
Fixed short-term borrowings		576	559
Fixed short-term borrowings with related parties	26	526	221
Bank overdrafts		74	45
Cash pool overdraft with related parties	26	-	20
Current account with related parties	26	11	5
		<u>1,187</u>	<u>850</u>
Total borrowings		<u>1,829</u>	<u>1,893</u>
Total borrowings excluding lease liabilities		<u>1,669</u>	<u>1,728</u>
Total borrowings excluding lease liabilities, bank overdrafts, cash pool and current account		<u>1,584</u>	<u>1,658</u>
Total borrowings excluding, bank overdrafts, cash pool and current account		<u>1,744</u>	<u>1,823</u>

Fair values of long-term debt do not differ substantially from their book values.

Tetra Laval Finance & Treasury S.A., a subsidiary of Tetra Laval International S.A., is the principal borrower under a multi-currency revolving credit facility (T7) of €3,000 million with a consortium of six banks. On October 6, 2021, the sixth and final one-year extension option was approved by all the lenders, bringing the maturity of the facility to July 22, 2026.

The Company together with related parties (the "Guarantors") has a joint and several liability towards financial institutions for a maximum amount of €3,300 million, for facilities granted to related parties. The total outstanding amount of the Group and the related parties on the facility as at December 31, 2021 is €385 million (2020: €761 million).

The Group drawdown under this facility as at December 31, 2021 amounted to €262 million (December 31, 2020: €684 million).

On October 28, 2019, the Guarantors have agreed among themselves on the apportionment of their joint and several liability so that each of the Guarantors is solely liable for the secured obligations relating to itself and, where applicable, its own subsidiaries. No claims arose from the above-mentioned commitments.

The facility is available for general corporate purposes of the Group and bears interest at a margin of 0.25% over USD LIBOR / EURIBOR / STIBOR. Utilisation fees stand at 0.075% for utilisation of the facility lower than 33%, 0.15% for utilisation between 33% and 66% and 0.30% for utilisation above 66%.

On October 5, 2021, the Group signed an undertaking letter taking the irrevocable commitment not to request advances in any other LIBOR currency than US Dollar unless the Facility Agreement has been amended to provide for alternative benchmark interest rates for the respective LIBOR currencies other than US Dollar. Furthermore, the T7 agreement will be amended by March 31, 2023, at the latest, to agree the new USD reference rate to be used instead of USD LIBOR.

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

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The average effective interest rate on fixed short-term borrowings from related parties of €526 million (December 31, 2020: €221 million) was 0.7% (December 31, 2020: 1.4%).

The average effective interest rate on other fixed short-term borrowings during 2021 of €576 million (December 31, 2020: €559 million) was 6.0% (December 31, 2020: 6.0%).

The average effective interest rate on the other long-term loans outstanding during 2021, excluding lease liabilities, of €220 million (December 31, 2020: €194 million) was 10.4% (December 31, 2020: 4.5%).

The average effective interest rate on lease liabilities of €160 million during 2021 (December 31, 2020: €165 million) was 3.9% (December 31, 2020: 3.9%).

Movement in borrowings excluding bank overdrafts at December 31, 2021 and 2020 consisted of the following:

	<u>Lease liabilities</u>	<u>Borrowings excl. bank overdrafts, cash pool and current accounts</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	165	1,658	1,823	2,830
Additions	69	n/a	69	61
Ended contracts / Cancellations / Write-downs	-9	n/a	-9	-8
Increase (repayment) of borrowings	n/a	-395	-395	-238
Increase (repayment) of borrowings with related parties	n/a	291	291	-535
Acquisition of business	-	-	-	34
Payment of borrowing from acquisition of business	-	-	-	-31
Payment of lease liabilities	-65	n/a	-65	-67
Effects of changes in foreign currency exchange rates	3	32	35	-222
Reclassifications & Other	-3	-2	-5	-1
Balance at end of year	<u>160</u>	<u>1,584</u>	<u>1,744</u>	<u>1,823</u>

Borrowings as at December 31, 2021 and 2020 consisted of the following balances split by major currencies:

	<u>2021</u>	<u>2020</u>
USD	502	746
SGD	310	56
BRL	219	136
EUR	176	366
CNY	150	126
PKR	56	22
INR	47	62
MXN	31	19
COP	31	41
TRY	27	34
ZAR	19	18
SAR	18	5
CLP	18	16
KES	12	11
AUD	11	5
NZD	4	15
ARS	4	14
Other	34	36
Total borrowings excluding lease liabilities	<u>1,669</u>	<u>1,728</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

The maturities of long-term debt outstanding as at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Between one and five years	331	960
Later than five years	18	18
Total long-term debt	<u>349</u>	<u>978</u>

Loans amounting to €117 million at December 31, 2021 (December 31, 2020: €119 million) were secured by assets pledged.

The aggregate scheduled principal contractual repayments of leases liabilities at December 31, 2021 and 2020 were as follows:

	<u>Lease payments</u>	<u>Unbooked finance charge</u>	<u>2021</u>	<u>2020</u>
No later than one year	60	5	55	58
Between one and five years	95	8	87	89
Later than five years	22	4	18	18
	<u>177</u>	<u>17</u>	<u>160</u>	<u>165</u>

**15. PROVISIONS**

The movements in provisions consisted of the following for the years ended December 31, 2021 and 2020:

	Claims & warranty	Restructuring	Litigation	Other	<u>2021 Total</u>	<u>2020 Total</u>
Balance at beginning of year	134	20	19	13	186	192
Acquisition of business	-	-	-	-	-	1
New provisions charged to income statement	113	68	18	15	214	159
Excess provisions reversed to income statement	-11	-5	-2	-	-18	-25
Provisions utilised	-96	-26	-12	-2	-136	-121
Effects of changes in foreign currency exchange rates	2	-	-	-	2	-4
Other	-1	1	1	-1	-	-16
Balance at end of year	<u>141</u>	<u>58</u>	<u>24</u>	<u>25</u>	<u>248</u>	<u>186</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

Expected timing of resulting cash outflows was as follows:

	Claims & warranty	Restructuring	Litigation	Other	<u>2021</u> Total	<u>2020</u> Total
Provisions current	140	58	16	17	231	173
Provisions non-current	1	-	8	8	17	13
	<u>141</u>	<u>58</u>	<u>24</u>	<u>25</u>	<u>248</u>	<u>186</u>

The amount provided corresponds to the best estimate of the obligation of the Group.

As the effect of the time value of money is not material, the provisions have not been discounted.

**Claims and warranty**

Product sales with warranties give rise to a legal obligation. For these warranties taken as a whole, it is probable that the Group will incur expenditures. A provision is recognised for the best estimate of costs related to items sold before the balance sheet date. The amounts are estimated primarily using historical data and past experience of the level of cash outflows related to claims under warranty. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the balance sheet date.

These provisions also include costs remaining on equipment sold and expected losses when it is probable that the total costs of a construction contract will exceed the total revenue.

**Restructuring**

The Group makes a provision for restructuring providing that the events are linked to a business divestment or elimination, a site or an entity closure, or the dismissal of employees that are not going to be replaced as such. In all cases the decision was communicated prior to December 31.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (1) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (2) the employees affected have been notified of the plan's main features.

**Litigation**

Litigation provisions have been recognised to cover legal and administrative proceedings that arise in the ordinary course of business.

**16. DEFERRED INCOME AND OTHER NON-CURRENT LIABILITIES**

Deferred income and other non-current liabilities consisted of the following balances as at December 31, 2021 and 2020:

	Note	<u>2021</u>	<u>2020</u>
Employee benefit liabilities	19	104	138
Deferred leasing income		1	2
Other		28	32
		<u>133</u>	<u>172</u>

Fair values of deferred income and other non-current liabilities do not differ substantially from their book values.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***17. OTHER PAYABLES AND ACCRUED LIABILITIES**

Other payables and accrued liabilities consisted of the following balances as at December 31, 2021 and 2020:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
Accrued expenses		393	385
Accrued expenses with related parties	26	86	67
Accrued customer discounts		111	97
Payables due to employees		341	300
Social benefits and payroll taxes		169	169
VAT payables		95	76
Other current liabilities with related parties	26	39	29
Other		98	92
		<u>1,332</u>	<u>1,215</u>

**18. INCOME TAXES***a) Significant components of tax expense*

	<u>2021</u>	<u>2020</u>
Current tax expense related to current year	284	317
Current tax expense (income) related to prior years	-18	44
Non-recoverable withholding tax on dividends	17	13
Total current tax expense	<u>283</u>	<u>374</u>
Deferred tax expense (income) arising from the recognition / reversal of temporary differences and recognition / utilisation of tax loss carryforwards	-13	-23
Deferred tax expense (income) arising from changes in tax rates	9	-6
Deferred tax income arising from the recognition of previously unrecognised tax loss carryforwards not utilised	-9	-10
Deferred tax expense arising from the write-down (or expiry) of previously recognised tax loss carryforwards	7	1
Deferred tax expense (income) arising from non-recoverable withholding tax on distributable retained earnings of subsidiaries	-2	-1
Other	4	-1
Total deferred tax expense (income)	<u>-4</u>	<u>-40</u>
Income tax expense reported in the statement of comprehensive income	<u>279</u>	<u>334</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

b) *Tax rate reconciliation*

The average effective tax rate percentage of the Group's profit before tax differs from the applicable tax rate, as follows:

	<u>2021</u>	<u>2020</u>
Applicable tax rate	22.1%	25.3%
Tax effect of expenses that are not deductible for tax purposes and of income not subject to tax	1.6%	1.5%
Impact of Alfa Laval investment	-13.6%	0.1%
Benefits of specific tax agreements with local tax authorities	-1.2%	-6.1%
Impact of unrealised (gain) / loss on hedging	0.6%	-0.2%
Losses not giving rise to a tax loss carryforward or a tax benefit	2.0%	1.3%
Impact of current taxes related to prior years	-1.6%	3.7%
Current and deferred non-recoverable withholding tax on dividends	1.3%	1.0%
Effect of changes in tax rates	0.3%	-0.5%
Recognition of previously unrecognised tax loss carryforwards	-0.3%	-1.3%
Write-down (or expiry) of previously recognised tax loss carryforwards	0.5%	0.1%
Other	-1.7%	2.8%
	<u>10.0%</u>	<u>27.7%</u>
Effective tax rate (tax expense divided by profit before tax)		

The applicable tax rate is the average of the standard income tax rates applicable in the countries in which the Group operates, weighted by the profit (loss) before tax of the subsidiaries in the respective countries as included in the consolidated financial statements.

c) *Current income taxes*

The movement of current income taxes was as follows:

	<u>Tax</u> <u>receivable</u>	<u>Tax</u> <u>payable</u>	<u>2021</u> <u>Net tax</u> <u>payable</u>	<u>2020</u> <u>Net tax</u> <u>payable</u>
At beginning of year	218	-289	-71	439
Effect of changes in foreign currency exchange rates	9	-7	2	-5
Taxes paid / (received)	57	278	335	246
Current tax expense	-17	-266	-283	-374
Temporary withholding tax deposit <sup>(1)</sup>	-	-	-	-416
Other movements	2	47	49	39
At end of year	<u>269</u>	<u>-237</u>	<u>32</u>	<u>-71</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated**d) Deferred income taxes*

The following amounts are included in the consolidated balance sheet:

	<u>2021</u>	<u>2020</u>
Deferred tax assets	286	291
Deferred tax liabilities	-116	-90
	<u>170</u>	<u>201</u>

Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilised.

Deferred income tax assets and liabilities are offset when the taxes relate to the same fiscal authority. The Group has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

The movement of deferred income taxes was as follows:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
At beginning of year		201	181
Effect of changes in foreign currency exchange rates		2	-21
Changes due to acquisition of business	28	-34	-
Recognition and reversal of deferred taxes, (charged) credited to income		10	34
Effect of changes in tax rates, (charged) credited to income		-6	6
Recognition and reversal of deferred taxes, (charged) credited to OCI		-4	1
Other movements		1	-
At end of year		<u>170</u>	<u>201</u>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

Deferred taxes were attributable to the following items:

	At beginning of year	Effects of changes in foreign exch. rates	Effects of changes in tax rates (charged) credited to income	Recognition and reversal of deferred taxes to income and OCI	Changes due to acq./disp. of business	Other Movements	At end of year
Property, plant & equipment	-	-2	-5	6	-1	2	-
Goodwill and other intangibles	12	-	-3	3	-34	2	-20
Right-of-use assets	-16	-	-	1	-	-	-15
Receivables	4	-	-3	8	-	-1	8
Inventories	110	-	-	7	-	1	118
Net employee benefit liabilities	14	1	1	-4	-	-2	10
Provisions	15	-	-	2	1	-	18
Tax loss carryforwards	38	-	-	-14	-	-	24
Non-recoverable withholding tax on undistributed retained earnings of subsidiaries	-9	-	-	2	-	1	-6
Accrued bonus/ discounts	3	-	-	-	-	-	3
Employee payables due to employees	5	-	-	3	-	-	8
Net derivative financial instruments	10	-	-	-6	-	-1	3
Lease liabilities	18	-	-	1	-	-	19
Other accrued expenses and deferred income	-3	3	4	-3	-	-1	-
Net deferred income tax asset	201	2	-6	6	-34	1	170

The Group's tax losses available to carry forward against future taxable income and recognised in deferred tax assets, by year of expiry were as follows:

Years of expiry :	Loss carry-forwards			Deferred tax assets
	Total	Not recognised	Recognised	
2022	9	9	-	-
2023	97	13	84	11
2024	5	4	1	-
2025	8	5	3	1
2026	13	10	3	1
Beyond 2026	1,014	973	41	11
	1,146	1,014	132	24

The theoretical value of unrecognised deferred tax on loss carry-forwards was €280 million (2020: €297 million).

There was no income tax consequence related to the payment of dividends in either 2020 or 2021 by the Group to its shareholders.

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

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### 19. EMPLOYEE BENEFITS

The Group has defined benefit commitments to employees and former employees and their survivors. The benefits are referring to old age pension, survivor's pension, disability pension and end of career indemnities.

Apart from legally required social security arrangements, the majority of Group employees are eligible for benefits through pension plans in case of retirement, death in service, disability and in case of resignation. These plans are either defined contribution plans or defined benefit plans. All pension plans comply with local tax and legal restrictions in their respective country, including funding obligations.

Defined benefit plans are in place mainly in Switzerland, France and Germany.

In Switzerland, most of the pension plans are cash balance plans where contributions are expressed as a percentage of the pensionable salary. The pension plan guarantees the amount accrued on the members' savings accounts, as well as a minimum interest on those savings accounts. At retirement date, the savings accounts are converted into pensions. However, members may opt to receive a part of the pension as a lump sum. Increases of pensions in payment are granted on a discretionary basis by the Board of Trustees, subject to the financial situation of the plan.

In France, the defined benefit plans represent "end of career" indemnities where a lump sum is accrued over the career of the employee and then paid when the employee leaves services or retires. There is no pension payable from these plans.

In Germany, the old age pension, survivors' pension and disability pension benefits have all been secured with an insurance. However, legally required increases on these pensions are not secured and are paid for on a year to year basis from the bonuses earned under the insurance. The net pension expense is zero, although the defined benefit obligation and plan assets in the notes include the full liability under the insurance contracts.

Employee benefit expenses incurred during the years ended December 31, 2021 and 2020 were as follows:

	<i>Note</i>	<u>2021</u>	<u>2020</u>
Wages and salaries		2,036	1,999
Termination benefits		5	6
Social security costs		361	342
Pension costs - defined contribution plans		177	153
Depreciation on right-of-use assets		22	21
Wages and salaries, social security costs and defined contribution pension costs		<u>2,601</u>	<u>2,521</u>
Costs for defined benefit retirement plans		17	17
Costs for other post-employment defined benefit plans		1	1
Other long-term employee benefits		1	1
Employee benefits expenses	20	<u>2,620</u>	<u>2,540</u>
Average number of persons employed by the Group during the year		<u>28,958</u>	<u>29,342</u>

In Sweden, employees are covered by a multi-employer plan which, in substance, is a defined benefit plan. The pension provider is unable to allocate the value of plan assets per legal entity. For this reason, the employer's contributions to the plan are reported as prescribed by IAS19, as if the plan is a defined contribution plan.

The Group expects to make regular contributions to multi-employer plans reported as defined contribution plans of €57 million in 2022.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

The following amounts are included in the consolidated balance sheet:

	<u>2021</u>	<u>2020</u>
Employee benefit liabilities	104	138
Employee benefit assets	-2	-4
Net employee benefit liabilities	<u>102</u>	<u>134</u>

As at December 31, 2021, the Group had net employee benefit liabilities in France (€42 million), Switzerland (€26 million) and other countries (€34 million).

Net employee benefit liabilities as at December 31, 2021 and 2020 related to:

	<u>2021</u>	<u>2020</u>
Retirement benefits	87	120
Other post-employment benefits	5	5
Other long-term employee benefits	10	9
	<u>102</u>	<u>134</u>

Net employee benefit liabilities as at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Present value of funded obligations	436	445
Fair value of plan assets	-393	-370
Present value of unfunded obligations	59	59
Net employee benefit liabilities	<u>102</u>	<u>134</u>

The amounts recognised in the operating profit were as follows:

	<u>2021</u>	<u>2020</u>
Current service cost	17	17
Net interest cost	2	2
Past service cost	-	-
Total expenses	<u>19</u>	<u>19</u>

The above amounts are included in the personnel costs of the functions in operating profit.

The Group expects to make regular contributions of €16 million to its defined benefit pension plans in 2022.

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The movements in the defined benefit obligation over the year were as follows:

	<u>2021</u>	<u>2020</u>
At beginning of the year	-504	-490
Interest cost	-4	-4
Current service cost	-17	-17
Contributions by employees	-4	-4
Actuarial gain / (loss) on demographic assumptions (recorded in OCI)	11	-1
Actuarial gain / (loss) on financial assumptions (recorded in OCI)	11	-4
Actuarial gain / (loss) due to liability experience (recorded in OCI)	-4	-6
Exchange differences & other	-6	-1
Benefits paid on unfunded defined benefits plan	8	9
Benefits paid on funded defined benefits plan	14	14
	<u>-495</u>	<u>-504</u>
At end of the year		

The movements in the fair value of plan assets for the year were as follows:

	<u>2021</u>	<u>2020</u>
At beginning of the year	370	361
Interest income	2	2
Actuarial gain (loss) on return on plan assets (recorded in OCI)	22	3
Actuarial gain (loss) on insured plan (recorded in OCI)	-9	-
Exchange differences & other	-9	3
Employer contributions	9	11
Contributions by employees	4	4
Benefits paid on funded defined benefit plans	-14	-14
	<u>393</u>	<u>370</u>
At end of the year		

The movements in the net defined employee benefit liabilities for the year were as follows:

	<u>2021</u>	<u>2020</u>
At beginning of the year	134	129
Actuarial (gain) / loss	-31	8
Total expenses	19	19
Contributions paid	-9	-11
Pensions paid directly by companies related to unfunded plans	-8	-9
Exchange differences & other	-3	-2
	<u>102</u>	<u>134</u>
At end of the year		

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Plan assets were comprised of:

	2021		2020	
Equities	56	14%	42	11%
Bonds	48	12%	37	10%
Shares in investment funds & other quoted	74	19%	69	19%
Investments through insurance companies	206	53%	215	58%
Cash deposits	9	2%	7	2%
	<u>393</u>	<u>100%</u>	<u>370</u>	<u>100%</u>

The principal actuarial information used for accounting purposes was:

	<u>2021</u>	<u>2020</u>
Discount rate	0.2% - 6.5%	0.1% - 6.6%
Effective return on plan assets	0.9% - 8.8%	0.2% - 6.7%
Future salary increases	0.0% - 10.0%	0.0% - 9.0%
Future pension increases	0.0% - 10.0%	0.0% - 9.0%
Current average life expectancy for a 65 year old male / female	18 / 21 years	19 / 22 years
Weighted average duration of defined benefit obligations	11 years	11 years

The main discount rates were as follows:

	<u>2021</u>	<u>2020</u>
Euro Zone	1.2%	0.8%
Switzerland	0.2%	0.1%

Average effective return on significant plan assets of defined benefit schemes were 8.8% for Switzerland (2020: 3.0%).

The expected return on plan assets was determined based on the discount rates applicable to the period over which the obligations are to be settled.

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 would have had the following impact on the net defined benefit obligation:

	<u>Increase</u>	<u>Decrease</u>
Discount rate 0.5%	-28	33
Future salary rate 0.5%	16	-10
Future pension cost rate 0.5%	7	-6
Life expectancy of 1 year	12	n/a

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***20. OPERATING PROFIT**

The operating profit presented by nature of expenses for the years ended December 31, 2021 and 2020 were as follows:

	<i>Notes</i>	<u>2021</u>	<u>2020</u>
Revenue	3	11,761	11,386
Cost of inventory recognised as expenses		-6,140	-5,700
Employee benefit expenses	19	-2,620	-2,540
Maintenance and utilities		-558	-534
Advertising, promotion and donations		-236	-236
Depreciation of tangible fixed assets	4	-303	-313
Amortisation of intangible fixed assets	7	-23	-5
Depreciation of right-of-use assets	5	-49	-49
Outsourcing		-318	-312
Consulting and fees		-112	-127
Travel and entertainment		-116	-114
Rentals and leases		-17	-18
Taxes other than on income		-69	-81
Bad debt expense		-23	-12
Interest cost on operating capital items		-4	-4
Interest income on operating capital items		23	25
Realised gain / (loss) on hedging of operating items		6	-52
Realised gain / (loss) on hedging of operating items with related parties	26	1	-1
Exchange result on monetary operating assets and liabilities		-25	-19
Exchange result on monetary operating assets and liabilities with related parties	26	45	-55
Restructuring, impairment and other non recurring items	21	27	-4
Operating profit		<u>1,250</u>	<u>1,235</u>

**21. RESTRUCTURING, IMPAIRMENT AND OTHER NON-RECURRING ITEMS**

Restructuring, impairment and other non-recurring items for the years ended December 31, 2021 and 2020 included:

	<u>2021</u>	<u>2020</u>
Restructuring costs and provisions	-63	-33
Impairment of property, plant and equipment	-4	-4
Litigation costs and other	94	33
	<u>27</u>	<u>-4</u>

Litigation costs and other includes a turnover tax credit for an amount of €105 million in 2021, following a final and enforceable decision by the highest court in Brazil for tax credits relating to overpayments of indirect taxes for the period from 1991 up to and including 2019.

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

### 22. OTHER FINANCIAL INCOME (EXPENSE), NET

Other financial income (expense), net for the years ended December 31, 2021 and 2020 included:

	Note	2021	2020
Realised foreign exchange gain / (loss) on financial items		14	6
Unrealised foreign exchange gain / (loss) on financial items		-5	15
Realised gain / (loss) on hedging of financial items		-19	50
Realised gain / (loss) on hedging of financial items with related parties	26	3	-3
Unrealised gain / (loss) on hedging		-19	15
Unrealised gain / (loss) on hedging with related parties	26	-3	-1
Other		-16	-14
Other with related parties	26	5	7
		<u>-40</u>	<u>75</u>

### 23. INTEREST INCOME AND INTEREST EXPENSE

Interest income and interest expense for the years ended December 31, 2021 and 2020 included:

	Notes	2021	2020
Interest income		1	2
Interest income with related parties	26	5	6
		<u>6</u>	<u>8</u>
Interest expense		-83	-90
Interest expense on lease liabilities	5	-6	-7
Interest expense with related parties	26	-4	-7
		<u>-93</u>	<u>-104</u>

### 24. FINANCIAL RISKS

In the course of its business, the Group is exposed to a range of financial risks: market (including foreign exchange and interest rate risk, commodity price risk and equity price risk), credit and liquidity related financial risks and counterparty risks inherent in its global activities. The Group's financing activities are aimed at securing an adequate level of financing capacity both centrally and at local subsidiary level in a way that mitigates risks and minimises after tax costs. Significant decisions in the areas of banking, financing, counterparty, liquidity, credit, insurance, foreign exchange and interest rate risk management are centrally managed by Tetra Laval International (TLI) as a support and control function under the supervision of the Tetra Laval Group Board. Significant decisions on hedging of commodity prices are taken jointly between TLI and the Industry Groups.

Management approves key decisions on the implementation of strategies for financial risk management approved by the Board and is supported by a regular Finance Forum to review, implement and follow up on financial risks, objectives, policies and controls.

It is the Group's policy that derivatives are entered into to cover actual or future exposures that materialise either at the Group level or with related parties. Derivatives are therefore not traded for speculative purposes.

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All amounts shown are in millions of Euro unless otherwise stated

The derivative assets and liabilities were as follows:

	Note	2021	2020
Derivative financial assets			
with financial institutions		64	98
with related parties	26	3	6
		<u>67</u>	<u>104</u>
Derivative financial liabilities			
with financial institutions		-143	-149
with related parties	26	-2	-2
		<u>-145</u>	<u>-151</u>
Net derivative financial assets / (liabilities)		<u>-78</u>	<u>-47</u>

	2021	2020
Fixed Rate Mechanism	-51	41
Other FX Transaction Hedging	-4	-9
Dividends	-9	-3
Transaction Exposure	<u>-64</u>	<u>29</u>
Balance Sheet Exposure	<u>-14</u>	<u>-24</u>
Foreign Exchange	<u>-78</u>	<u>5</u>
Commodity Price Risk	23	15
Interest Rate Risk	<u>-23</u>	<u>-67</u>
Net derivative financial assets / (liabilities)	<u>-78</u>	<u>-47</u>

The movement of derivative financial instruments during the year and the related income and costs may be summarised as follows:

	Foreign Exchange				Commodity Price Risk	Interest Rate Risk	TOTAL
	Transaction Exposure			Balance Sheet Exposure			
	Fixed Rate Mechanism	Other FX Transaction Hedging	Dividends				
Fair value at beginning of year	41	-9	-3	-24	15	-67	-47
Net premium paid / (received)	7	-	-	-	-	-	7
Matured <sup>(1)</sup>	16	4	25	-9	-43	22	15
Unrealised gain / (loss)	-83	5	-6	10	8	44	-22
Realised gain / (loss)	-32	-4	-25	9	43	-22	-31
Fair value at end of year	<u>-51</u>	<u>-4</u>	<u>-9</u>	<u>-14</u>	<u>23</u>	<u>-23</u>	<u>-78</u>

<sup>(1)</sup> Included under Interest Rate Risk is an amount of €22 million of interest expense included under "Interest paid" in the cash flow statement and under "Interest expense" in the statement of comprehensive income.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021**

All amounts shown are in millions of Euro unless otherwise stated

	Foreign Exchange						TOTAL <u>2020</u>
	Transaction Exposure			Balance Sheet Exposure	Commodity Price Risk	Interest Rate Risk	
	Fixed Rate Mechanism	Other FX Transaction Hedging	Dividends				
Fair value at beginning of year	-4	-5	-4	3	-7	-39	-56
Net premium paid / (received)	14	-	-	-	-	-	14
Matured <sup>(1)</sup>	-5	-	-9	-38	37	13	-2
Unrealised gain / (loss)	52	-4	1	-29	22	-28	14
Realised gain / (loss)	-16	-	9	38	-37	-13	-19
Effect of changes in foreign currency exchange rates	-	-	-	2	-	-	2
Fair value at end of year	41	-9	-3	-24	15	-67	-47

<sup>(1)</sup> Included under Interest Rate Risk is an amount of €13 million of interest expense included under "Interest paid" in the cash flow statement and under "Interest expense" in the statement of comprehensive income.

Overall, the notional amounts of outstanding derivative financial instruments and their related fair values, with financial institutions and related parties, as at December 31, 2021 and 2020 were as follows:

	Note	Notional amount		Positive fair value		Negative fair value	
		2021	2020	2021	2020	2021	2020
Fixed Rate Mechanism							
with financial institutions		3,722	3,393	17	70	-68	-29
with related parties	26	2	-	-	-	-	-
Other FX Transaction Hedging							
with financial institutions		676	505	4	7	-8	-17
with related parties	26	126	90	2	3	-2	-2
Dividends							
with financial institutions		678	333	4	4	-13	-7
Transaction Exposure		5,204	4,321	27	84	-91	-55
Balance Sheet Exposure							
with financial institutions		1,137	753	4	2	-19	-29
with related parties	26	77	81	1	3	-	-
Balance Sheet Exposure		1,214	834	5	5	-19	-29
Foreign Exchange		6,418	5,155	32	89	-110	-84
Aluminium							
with financial institutions		157	101	23	15	-	-
Commodity Price Risk		157	101	23	15	-	-
Interest Rate Risk		1,246	805	12	-	-35	-67
Net derivative financial assets / (liabilities)		7,821	6,061	67	104	-145	-151

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

The notional amounts are those of the underlying financial instruments or exposure. These are the basis upon which changes in the values of derivatives are measured. The notional amounts indicate the volume of transactions outstanding and are neither indicative of the market risk nor of the credit risk.

### Foreign exchange risk

The Group is exposed to foreign exchange risk from transactions (transaction and balance sheet exposure) and translation.

#### Transaction exposure

Transaction exposure arises from transactions in foreign currency. TLI focuses on hedging the Group's and related parties' cash flow exposures, i.e. the risk of the Group's and related parties' non-Euro cash flows being adversely affected by changes in exchange rates. The main non-Euro cash flow exposures relate to internal, external and related parties' account payables and account receivables and forecasted dividend exposure.

Derivatives are entered into to mitigate projected cash flow exposures to changes in foreign exchange rates. The Group does not apply hedge accounting, consequently, all derivative contracts are recognised at their fair values in the balance sheet and the gains and losses incurred as a result of changes in these fair values are recognised in the profit and loss at each balance sheet date.

Exposures resulting from internal operational currency flows and those of related parties are largely centralised in TLI by means of an internal netting system and a fixed exchange rate mechanism. Major exposures related to future external currency flows of Group companies and those of related parties are also managed by TLI. The industry groups (Tetra Pak, DeLaval, Sidel companies including those that are related parties) are required to forecast their yearly exposures and are provided with a fixed annual exchange rate. During the hedging period, the Group enters into currency derivative contracts (forwards between 25% and 75% and options between 0% and 50%) and stop loss instruments (between 0% and 25%) to cover the resulting net exposures for the following budget year. In 2018, pre-hedging was approved for SEK exposure up to a maximum of 20% of the previous year's forecast for the 2021 SEK exposures. For the 2021 and 2022 hedging programme, the approved ratios for centrally managed foreign exchange exposure on forecasted business transactions are between 25% and 75%.

The hedging ratios (including forwards and options), for the main actual 2021 and forecasted 2022 cash flows, are as follows:

	<u>Forwards</u>	<u>Stop Loss</u>	<u>Options</u>	<u>2021</u>	<u>Forwards</u>	<u>Stop Loss</u>	<u>Options</u>	<u>2022</u>
USD	98%	0%	1%	99%	51%	0%	10%	61%
SEK	98%	0%	2%	100%	57%	0%	10%	67%
CHF	96%	0%	0%	96%	50%	0%	0%	50%
MXN	93%	0%	0%	93%	50%	0%	0%	50%
JPY	96%	0%	0%	96%	50%	0%	0%	50%
CNH	97%	0%	1%	98%	50%	0%	10%	60%

Selective hedging is also arranged for dividend flows. In 2020, projected 2021 dividends in BRL, USD, JPY, CNH, TRY, SAR, MXN and SEK were all hedged at 50%. In 2021, the hedged amount increased to 100% within two weeks of the confirmation of the exact dividend paid. During 2021, projected 2022 dividends in BRL, USD, JPY, CNH, TRY, SAR, MXN and SEK have all been hedged at 50%. Exposures related to future external currency flows of related parties are also managed by TLI. Selective hedging is also arranged for forecasted financial flows.

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## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

At December 31, 2021 and 2020, the notional values of the derivatives contracted in relation to internal, external and related parties' currency flows were as follows:

	<u>0 - 6</u> <u>months</u>	<u>6 - 12</u> <u>months</u>	<u>&gt; 12</u> <u>months</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
SEK	881	508	61	1,450	1,557
USD	795	544	70	1,409	1,041
CNH	355	255	24	634	445
MXN	110	80	17	207	209
SGD	386	60	39	485	122
JPY	113	66	19	198	164
CAD	133	16	2	151	115
CHF	81	25	3	109	98
EUR	19	6	-	25	40
GBP	26	33	5	64	36
BRL	18	20	-	38	65
SAR	32	19	3	54	44
ZAR	64	29	5	98	65
DKK	44	14	2	60	100
AUD	26	16	2	44	41
NZD	27	14	4	45	31
PLN	37	23	6	66	72
NOK	11	4	-	15	20
Other	29	20	3	52	56
	<u>3,187</u>	<u>1,752</u>	<u>265</u>	<u>5,204</u>	<u>4,321</u>

### Balance sheet exposure

Balance sheet exposure arises from borrowing transactions in foreign currency. Central borrowing is only conducted in EUR or USD. Derivatives are used to hedge the balance sheet exposure resulting from the financing provided in the subsidiaries' and related parties' local currency.

As at December 31, 2021, the notional amounts of these derivative instruments may be summarised as follows:

	<u>0 - 6</u> <u>months</u>	<u>6 - 12</u> <u>months</u>	<u>&gt; 12</u> <u>months</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
SEK	98	-	-	98	89
USD	379	-	7	386	347
SGD	381	-	-	381	110
CHF	7	-	-	7	-
MXN	154	-	-	154	162
JPY	41	-	-	41	41
SAR	18	-	-	18	5
ZAR	39	-	7	46	19
DKK	17	-	-	17	2
CAD	30	-	-	30	20
AUD	10	5	9	24	21
NZD	4	-	-	4	4
GBP	1	-	-	1	6
PLN	-	3	-	3	-
NOK	-	-	-	-	1
Other	4	-	-	4	7
	<u>1,183</u>	<u>8</u>	<u>23</u>	<u>1,214</u>	<u>834</u>

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

The notional amounts are those of the underlying financial instrument or exposure. These are the basis upon which changes in the values of derivatives are measured. The notional amounts indicate the volume of transactions outstanding and are neither indicative of the market risk nor of the credit risk.

### Foreign exchange hedging fair values (Inputs hierarchy Level 2)

Foreign currency forwards are estimated by using the uploaded spot, forward and non-deliverable forward rates. The pricing model interpolates the rates using a linear variation approach across the forward curves. Foreign currency options are estimated by using the uploaded spot, forward, interest rates and foreign exchange volatility.

### Sensitivity impact

The following table demonstrates the sensitivity to a 10% change in exchange rates, with all other variables held constant, of the Group's profit before income taxes due to changes in the fair value of financial instruments related to hedging, together with other monetary assets and liabilities. The impacts of foreign exchange on operating cash flows were not considered:

	<u>Effect of devaluation on</u>		<u>Effect of revaluation on</u>	
	<u>profit before tax</u>		<u>profit before tax</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
SEK	-75	-54	104	86
USD	85	55	-97	-55
CNH	45	30	-53	-31
MXN	20	21	-24	-26
JPY	13	11	-16	-14
ZAR	10	7	-12	-8
THB	9	9	-11	-11
BRL	3	4	-4	-5
DKK	-4	-9	5	11
SGD	-5	-4	7	5
CHF	-9	-8	11	10

### Translation exposure

Translation exposure arises from the consolidation of the financial statements of foreign operations into Euro. The Group mitigates the impact of translation exposure by operating a policy of reducing local equity to the operational and statutory minimum and by directing local operations to fund in their functional currency.

The movements in equity attributable to equity holders of the Group by currency for the year ended December 31, 2021 were as follows:

	<u>Opening</u>	<u>Result</u>	<u>Dividends</u>	<u>Translation</u>	<u>Other</u>	<u>Closing</u>
	<u>Balance</u>				<u>Movements</u>	<u>Balance</u>
EUR	4,185	2,075	-726	-	13	5,547
SEK	328	109	-31	-4	-	402
USD	183	67	-93	6	-	163
MXN	-12	3	1	-1	-	-9
JPY	68	47	-33	-2	-	80
CNY	-69	13	-13	-7	-	-76
CHF	-2	7	-5	-	4	4
BRL	-36	109	-65	-1	-	7
GBP	23	4	-2	2	-	27
PKR	10	13	-25	1	-	-1
INR	34	21	-25	2	-	32
Other	193	31	-33	1	-	192
	<u>4,905</u>	<u>2,499</u>	<u>-1,050</u>	<u>-3</u>	<u>17</u>	<u>6,368</u>

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

### Commodity price risk

Commodity price risk arises from the impact of fluctuating base material market prices.

As a manufacturing group, the Group and its related parties' buy a range of different base materials. The Group's commodity price hedging programme aims to reduce the impact of volatility on commodity prices and to contribute to managing the cost. In 2021, 61% of the total base material annual cost was managed via medium to long term contracts with suppliers (2020: 67%).

#### Aluminium

The Group has entered into non-deliverable swap contracts with financial institutions and counterparties in order to cover the aluminium price exposures of its related parties up to two calendar years. The price exposure on aluminium will be hedged within a 50% to 80% range of the volume. By the means of mirror contracts with a related party, the mark to market value of the contracts fully offset, hence there is no aluminium commodity price risk for the Group. For 2021, 51% of the forecasted annual aluminium volume exposure was hedged in this way (2020: 64%). The Group has similarly hedged 52% of the 2022 forecasted volume exposure and 0% of the 2023 forecasted volume exposure (2020: 50% for 2021 and 0% for 2022 of the forecasted volume exposure).

#### Polymers

The Group also entered into non-deliverable swap contracts for polymers with financial institutions and counterparties using both direct hedging and indirect naphtha proxy hedging to cover the polymer price exposures of the Group and its related party. For 2021, the Group hedged approximately 21% of the hedgeable polymer exposure (2020: 50%) and has hedged 0% of the hedgeable polymer exposure for 2022. The hedgeable raw material price exposure on polymers will be hedged within a 50% to 80% range of the volume (direct 30% to 50%, indirect 20% to 30%) up to 24 months market conditions permitting. Approximately 4% of the hedged polymer exposures were mirror contracts with a related party, and the other 96% was a commodity price risk for the Group (2020: 60% and 40% respectively).

#### Sensitivity impact

A +/-10% change in price, with all other variables held constant, would have had no impact on the Group's profit before income tax (2020: no impact).

As at December 31, 2021, the notional amounts and maturities of these commodity derivative instruments may be summarised as follows:

	<u>0 - 6</u> <u>months</u>	<u>6 - 12</u> <u>months</u>	<u>&gt; 12</u> <u>months</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
Aluminium	74	83	-	157	101
Commodity Price Risk	74	83	-	157	101

#### Commodity hedging fair values (Inputs hierarchy Level 2)

Commodity hedging fair values are estimated by using the uploaded spot and forward rates. The pricing model interpolates the rates using a linear variation approach across the forward curves.

### Interest rate risk

Interest rate risk arises from the impact of movements in interest rates.

The Group is exposed primarily to fluctuations in USD, EUR and BRL interest rates. In 2021, hedges were gradually implemented to fix interest rates through interest rate swaps (IRS) also for MXN and THB. The objective of the Group's interest rate hedging programme is to ensure the correct balance between optimising funding costs and reducing volatility of interest expense. The Group mitigates the impact of increases in interest rates, in the short and long term, by hedging its and its related parties' debt for each of the key currencies in which the Group is borrowing within a 25% to 75% range and up to 10 years.

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## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

The above-mentioned derivatives enable interest rates to be fixed as follows:

	<u>Notional Amount</u>		<u>Fixed interest rates</u>	<u>Average remaining duration (months)</u>	<u>Fair value</u>	
	<u>2021</u>	<u>2020</u>			<u>2021</u>	<u>2020</u>
EUR	200	200	1.33%	31	-8	-13
USD	835	589	2.20%	65	-27	-52
BRL	155	16	9.25%	99	11	-2
MXN	34	-	7.27%	108	1	-
THB	22	-	1.30%	87	-	-
Interest Rate Risk	<u>1,246</u>	<u>805</u>			<u>-23</u>	<u>-67</u>

The notional amounts are those of the underlying financial instrument or exposure. These are the basis upon which changes in the values of derivatives are measured. The notional amounts indicate the volume of transactions outstanding and are neither indicative of the market risk nor of the credit risk.

The net realised interest related to the IRS amounted to negative €22 million and is included in interest expense (2020: negative €13 million).

### *Sensitivity impact*

At December 31, 2021, if the interest rate was 1% higher/lower with all other variables held constant, the profit before income taxes would have been €3 million higher / €3 million lower (2020: €3 million higher / €3 million lower).

### *Interest rate hedging fair values (Inputs hierarchy Level 2)*

Interest rates hedging fair values are estimated by using the projected forward value of the cash flow approach, based on the uploaded interest rate curves. Interest rate options are estimated using the uploaded interest rates and interest rates volatility curves.

### **Customer credit risk**

Credit risk is the risk of loss from the default by an obligor or counterpart. This risk is managed primarily based upon reviews of the financial status of each specific counterpart. The Group faces customer credit risk primarily from trade and long-term receivables as well as those and cash and short-term deposits with related parties.

The Group's assets are largely composed of related party balances. The Group is confident that any deficit would be made whole by the related party's shareholders.

The Group does not envisage any risk of non-settlement of related party receivables or payables.

No trade customer accounts for 3% or more of the Group's total net sales. The nominal values less impairment provisions of trade receivables are assumed to be their fair value (Note 11).

Equipment financing to customers is primarily granted in relation to the sales of equipment. The Group maintains close customer relationships and generally requires security for its financing which enables the Group to minimise credit risks. Historically, defaults have been minimal. Regular credit reviews are performed for major customers and new prospects.

### **Counterparty risk**

The Group faces counterparty credit risk primarily from placement of liquid funds and derivative financial instruments. Liquid funds are maintained at banking institutions with minimum Standard & Poor (S&P) credit ratings of A- / Moody's A3 (Notes 13 and 14).

Transactions involving derivative financial instruments are with counterparts that maintain a minimum S&P credit rating of A- / Moody's A3 and a maximum Credit Default Swap (CDS) rate of 300 basis points. Derivative transactions executed by Group Treasury are subject to International Swaps and Derivatives Association (ISDA) Master Agreements with all our bank counterparties to ensure offset of credit exposures in the event of a bank default. Mark to market and total outstanding

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

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notional limits are also set and approved for each counterpart thereby reducing the risk that a counterpart will fail to meet its obligations. The Group also has a Continuous Linked Settlement (CLS) foreign exchange settlement procedure which settles foreign exchange transactions in the CLS platform with all our counterparty banks. This enables the Group to settle the net buy & sell position of each CLS eligible currency, instead of settling gross.

The T7 agreement includes a set-off clause by which any T7 borrower shall have the right to set-off any amount it owes to any T7 lender under the T7 agreement or under any other agreement between the T7 borrower and the T7 lender against any amount such T7 lender owes to the T7 borrower.

### **Capital management and liquidity risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern with adequate levels of liquidity. The Group has no specific policy for gearing ratios.

The Board has endorsed a policy to maintain at all times an undrawn amount of €700 million of the central committed facilities for contingency purposes (Note 14).

### **Equity market risk**

The Group is exposed to equity price risk and FX risks due to the investments in shares held by the Group and stated in the consolidated balance sheet (Note 8) at fair value with adjustment for gains or losses taken through the profit and loss for the year.

## **25. CONTINGENT LIABILITIES**

DeLaval is subject to civil litigation in the United States. Such litigation is ongoing, and the potential impacts cannot currently be assessed.

The Group is subject to tax and legal exposures arising in the normal course of business. The Group provides for such exposures when additional costs are probable and can be reliably measured.

The contingencies referred to above could result in outcomes that may have material effects on the Group's financial position, the results of its operations and its cash flows.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***26. RELATED PARTY TRANSACTIONS**

The transactions with the related parties are performed on an "arm's length" basis. The balances transactions with these related parties were summarised below:

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>			
Long-term receivables	9	–	28
Trade receivables	11	410	326
Contract assets	3	1	2
Other receivables and prepayments	12	214	133
Cash and short term deposits	13	82	65
Derivatives assets	24	3	6
		<hr/>	<hr/>
Total assets with related parties		710	560
		<hr/>	<hr/>
<b><u>Liabilities</u></b>			
Fixed ST borrowings	14	526	221
Loans and overdrafts	14	11	25
Contract liabilities	3	1	2
Other payables and accrued liabilities	17	125	96
Trade payables		219	180
Derivatives liabilities	24	2	2
		<hr/>	<hr/>
Total liabilities with related parties		884	526
		<hr/>	<hr/>
<b><u>Income statement</u></b>			
Net sales		1,850	1,748
Cost of sales		-1,337	-1,228
Other operating income / (expense), net	20	46	-56
Other financial income / (expense), net	22	5	3
Interest expense, net	23	1	-1
		<hr/>	<hr/>
Total income with related parties		565	466
		<hr/>	<hr/>

Key management personnel of the Group, including board members, top management and presidents of Tetra Pak, Sidel and DeLaval, in total 33 persons (2020: 40 persons), received the following compensation in the course of 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Salaries, fees and incentives (including social security)	38	34
Post-employment benefits	8	6
	<hr/>	<hr/>
Total key management compensations	46	40
	<hr/>	<hr/>

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***27. SUPPLEMENTARY CASH FLOW INFORMATION**

Changes in "Other non-cash items and reclassification to financing activities" included in the Consolidated Statement of Cash Flows consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Movements in provisions	60	13
Unrealised (gain) / loss on hedging	22	-14
Realised (gain) / loss on hedging relating to financial items	16	-47
Net interest expense	87	96
Foreign exchange (gain) / loss on financial items	-9	-21
Other	11	34
	<u>187</u>	<u>61</u>

Changes in working capital included in the Consolidated Statement of Cash Flows consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Inventories	-193	-42
Trade receivables	-209	172
Trade payables	344	-15
Contract assets	-6	-42
Contract liabilities	295	51
Other receivables and prepayments	-113	46
Other payables and accrued liabilities	63	108
	<u>181</u>	<u>278</u>

**28. ACQUISITION AND PROCEED OF DISPOSAL OF BUSINESSES**

The acquisition of businesses, net of cash at December 31, 2021 and 2020, included:

	<u>2021</u>	<u>2020</u>
Milkrite   InterPuls	-	-191
eBeam	-	-7
Other	-5	-
	<u>-5</u>	<u>-198</u>

On September 25, 2020 the Group completed the acquisition of milkrite | InterPuls from Avon Rubber, a global leader providing complete milking point solutions to dairy farmers around the world. This acquisition will further improve the DeLaval dairy farming solutions and services to its customers.

The provisional goodwill of €167 million (purchase price of €163 million, plus net liabilities acquired of €4 million) was allocated to Patents and trademark for €63 million, Other intangibles for €90 million (customer list for €38 million and technology-based IA for €52 million) Goodwill for €44 million (synergies) and deferred tax liability for €34 million.

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The fair values of the assets and liabilities at the acquisition date were as follows:

	<u>2020</u>
Property, plant & equipment	15
Right-of-use assets	2
Intangible assets	3
Inventories	7
Trade receivables	8
Cash and cash equivalents	3
Current liabilities	-9
Lease liabilities	-2
Borrowing	-31
Net liabilities acquired	<u>-4</u>
Purchase consideration settled in cash	163
Payment of borrowing	31
Cash and cash equivalents in subsidiary acquired	3
Cash outflow on acquisition	<u>191</u>

On December 1, 2020 the Group acquired the eBeam sterilisation technology from Comet AG, a globally leading Swiss technology firm, through an asset deal. The purchase price of €7 million consists of the acquisition of plant and machinery for €2 million, patent for €3 million and inventories for €2 million.

**29. CHANGES IN EQUITY**

In December 2020, the Group acquired 94.95% of the companies Tetra Pak GmbH & Co, KG and Tetra Pak Produktions GmbH & Co, KG from its shareholders through a contribution in kind.

Before this transaction, the 94.95% of interests was reported under Non-controlling interests for an amount of €91 million.

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated***30. LIST OF CONSOLIDATED COMPANIES**

The consolidated companies as at December 31, 2021 and 2020 were as follow:

Country	Company	Ownership		
		<u>2021</u>	<u>2020</u>	
	<b>HOLDING</b>			
Switzerland	Tetra Laval International S.A.			
	<b>SUBSIDIARIES</b>			
Sweden	AB Tetra Pak	100.00%	100.00%	
Sweden	Tetra Recart AB	100.00%	100.00%	
Sweden	Tetra Pak Dairy & Beverage Systems AB	0.00%	100.00%	Merged into AB Tetra Pak
Sweden	Tetra Pak Packaging Material Sunne AB	100.00%	100.00%	
Sweden	Tetra Pak Inventing AB	100.00%	100.00%	
Sweden	Tetra Pak Sverige AB	100.00%	100.00%	
Sweden	Simontorp Sateri AB	100.00%	100.00%	
Sweden	Tetra Pak Packaging Solutions AB	100.00%	100.00%	
Sweden	Tetra Pak Technical Service AB	100.00%	100.00%	
Sweden	Tetra Pak Processing Systems AB	100.00%	100.00%	
Sweden	Tetra Pak Processing Equipment AB	100.00%	100.00%	
Norway	Tetra Pak Norge AS	100.00%	100.00%	
Denmark	Tetra Pak Danmark AS	100.00%	100.00%	
Denmark	Tetra Pak Inventing AS	100.00%	100.00%	
Denmark	Tetra Pak Processing Systems AS	100.00%	100.00%	
Finland	Tetra Pak Oy	100.00%	100.00%	
Finland	Tetra Pak Production Oy	100.00%	100.00%	
Germany	Tetra Pak GmbH	100.00%	100.00%	
Germany	Tetra Holdings GmbH	100.00%	100.00%	
Germany	Tetra Pak Produktions GmbH	100.00%	100.00%	
Germany	Tetra Pak Management GmbH	100.00%	100.00%	
Germany	Tetra Pak Processing Equipment GmbH	100.00%	100.00%	
Germany	Tetra Pak Processing GmbH	100.00%	100.00%	
Poland	Tetra Pak Sp. z.o.o.	100.00%	100.00%	
Poland	Obram Sp.Z.o.o.	100.00%	100.00%	
Netherlands	Tetra Pak B.V.	100.00%	100.00%	
Netherlands	Tetra Pak Moerdijk B.V.	100.00%	100.00%	
Netherlands	Tetra Pak Cheese and Powder Systems B.V.	100.00%	100.00%	
Netherlands	Laude B.V.	100.00%	100.00%	
Netherlands	Tetra Pak Processing Systems B.V.	100.00%	100.00%	
Belgium	Tetra Pak Belgium N.V.	100.00%	100.00%	
United Kingdom	Tetra Pak Ltd.	100.00%	100.00%	
United Kingdom	Tetra Pak Processing UK Limited	100.00%	100.00%	
United Kingdom	Tetra Pak CPS Limited	100.00%	100.00%	
Ireland	Tetra Pak (Ireland) Ltd.	100.00%	100.00%	
France	Tetra Pak & Cie S.N.C.	100.00%	100.00%	
France	Papeteries de Dijon S.N.C.	100.00%	100.00%	
France	Bexley S.N.C.	0.00%	100.00%	Merged into Tetra Pak & Cie S.N.C.
France	Sifar et Cie S.N.C.	100.00%	100.00%	
France	Tetra Pak Service S.N.C.	100.00%	100.00%	
France	Tetra Pak Services S.A.S.	0.00%	100.00%	Merged into Tetra Pak & Cie S.N.C.
France	Tetra Pak Closures France S.N.C.	100.00%	100.00%	
France	Tetra Pak Processing Equipment S.A.S.	100.00%	100.00%	
France	Tetra Pak Processing S.N.C.	100.00%	100.00%	

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Country	Company	Ownership		
		2021	2020	
Spain	Tetra Pak Hispania S.A.	100.00%	100.00%	
Spain	Tetra Pak Envases S.A.	100.00%	100.00%	
Spain	Tetra Pak Closures Spain, S.L.U.	100.00%	100.00%	
Portugal	TP Portugal-Sistemas de Embalagem e Trat Lda	100.00%	100.00%	
Portugal	Tetra Pak Tubex Portugal Lda	100.00%	100.00%	
Italy	Tetra Pak Italiana S.p.A.	100.00%	100.00%	
Italy	Tetra Pak Carta S.p.A.	100.00%	100.00%	
Italy	Tetra Pak Latina S.p.A.	100.00%	100.00%	
Italy	Tetra Pak Packaging Solutions S.p.A.	100.00%	100.00%	
Italy	Tetra Pak Closures Italy S.r.l.	100.00%	100.00%	
Italy	Tetra Pak Food Engineering S.p.A.	100.00%	100.00%	
Switzerland	Tetra Pak (Suisse) S.A.	100.00%	100.00%	
Switzerland	Tetra Pak Global Resources S.A.	100.00%	100.00%	
Switzerland	Tetra Pak Processing Equipment AG	100.00%	100.00%	
Switzerland	Tetra Pak eBeam Systems S.A.	100.00%	100.00%	
Switzerland	Tetra Pak International S.A.	100.00%	100.00%	
Switzerland	Camee Services and Support S.A.	100.00%	100.00%	
Switzerland	Tetra Pak Global Supply S.A.	100.00%	100.00%	
Switzerland	Tetra Pak Global Distribution S.A.	100.00%	100.00%	
Austria	Tetra Pak GmbH	100.00%	100.00%	
Hungary	Tetra Pak Hungaria Kereskedelmi Zrt.	100.00%	100.00%	
Hungary	Tetra Pak Csomagolóanyag Gyarto Zrt.	100.00%	100.00%	
Romania	Tetra Pak Romania S.r.l.	100.00%	100.00%	
Turkey	Tetra Pak Paketleme Sanayi ve Ticaret Ltd Sirketi	99.99%	99.99%	
Greece	Tetra Pak Hellas S.A.	100.00%	100.00%	
Latvia	SIA Tetra Pak	100.00%	100.00%	
Slovenia	Tetra Pak d.o.o.	100.00%	100.00%	
Croatia	Tetra Pak d.o.o.	100.00%	100.00%	
Serbia	Tetra Pak Production d.o.o.	100.00%	100.00%	
Czech Republic	Tetra Pak Ceska republica s.r.o.	100.00%	100.00%	
Slovakia	Tetra Pak AS	100.00%	100.00%	
Ukraine	Tetra Pak Ltd.	100.00%	100.00%	
Ukraine	Tetra Pak Ukraine	100.00%	100.00%	
Russia	JSC Tetra Pak	100.00%	100.00%	
Kazakhstan	Tetra Pak Kazakhstan Ltd.	100.00%	100.00%	
Pakistan	Tetra Pak Pakistan Ltd.	95.00%	95.00%	
India	Tetra Pak (India) Private Ltd.	100.00%	100.00%	
Malaysia	Tetra Pak (Malaysia) SDN. BHD.	100.00%	100.00%	
Philippines	Tetra Pak (Philippines) Inc.	100.00%	100.00%	
Hong Kong	Tetra Pak China Ltd.	100.00%	100.00%	
Japan	Nihon Tetra Pak K.K.	100.00%	100.00%	
South Korea	Tetra Pak Ltd.	100.00%	100.00%	
Singapore	Guerin Systems Asia Pte. Ltd.	0.00%	100.00%	Liquidated
Canada	Tetra Pak Canada Inc.	100.00%	100.00%	
United States	Tetra Pak Inc.	100.00%	100.00%	
United States	Tetra Pak Tubex Inc.	100.00%	100.00%	
United States	Tetra Pak Processing Equipment Inc.	100.00%	100.00%	
United States	Tetra Pak Materials LLC	100.00%	100.00%	
United States	Tetra Pak Global Information Mgmt Americas Inc.	100.00%	100.00%	
United States	Tetra Pak U.S. Holdings Inc.	0.00%	100.00%	Merged into Tetra Pak Inc.
Mexico	Tetra Pak Plastics Mexico S.A. de C.V.	100.00%	100.00%	
Panama	Sidal Inc.	100.00%	100.00%	
Panama	Tetra Pak S.A.	100.00%	100.00%	

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Country	Company	Ownership	
		2021	2020
Panama	Tetra Pak de Panama S.A.	100.00%	100.00%
Dominican Republic	Tetra Pak Dominicana S.R.L.	100.00%	100.00%
Trinidad and Tobago	Tetra Pak (T&T) Limited	100.00%	100.00%
Venezuela	Tetra Pak C.A.	100.00%	100.00%
Brazil	Tetra Pak Ltda.	100.00%	100.00%
Paraguay	Tetra Pak Paraguay S.R.L.	100.00%	100.00%
Argentina	Tetra Pak S.R.L.	60.00%	60.00%
Chile	Tetra Pak de Chile Comercial Ltda.	100.00%	100.00%
Bolivia	Tetra Pak S.R.L.	100.00%	100.00%
Peru	Tetra Pak S.A.	100.00%	100.00%
Ecuador	Tetra Pak Cia Ltda.	100.00%	100.00%
Colombia	Tetra Pak Ltda.	100.00%	100.00%
Tunisia	TP Tunisie S.A.R.L.	100.00%	100.00%
Tunisia	Marketing Services S.A.R.L.	100.00%	100.00%
Algeria	Tetra Pak Services Algerie S.A.R.L.	100.00%	100.00%
Morocco	Tetra Pak Maghreb S.A.R.L.	100.00%	100.00%
Senegal	Tetra Pak Senegal SARL	100.00%	100.00%
Nigeria	Tetra Pak (West Africa) Ltd.	100.00%	100.00%
South Africa	Tetra Pak South Africa (Pty) Ltd.	100.00%	100.00%
South Africa	Tetra Laval Southern Africa (Pty) Ltd.	100.00%	100.00%
Zimbabwe	Tetra Pak Zimbabwe (Pvt) Ltd.	100.00%	100.00%
Kenya	Tetra Pak Ltd.	100.00%	100.00%
Sweden	DeLaval Hamra Gard AB	100.00%	100.00%
Sweden	DeLaval Sales AB	100.00%	100.00%
Sweden	DeLaval International AB	100.00%	100.00%
Sweden	DeLaval Export Service AB	100.00%	100.00%
Sweden	DeLaval Hamra Gard AB	100.00%	100.00%
Sweden	DeLaval Sales AB	100.00%	100.00%
Sweden	DeLaval Export AB	100.00%	100.00%
Sweden	DeLaval Holding AB	100.00%	100.00%
Sweden	DeFra Återvinning AB	51.00%	51.00%
Norway	DeLaval A/S	100.00%	100.00%
Denmark	Lattec I/S	100.00%	100.00%
Denmark	DeLaval A/S	100.00%	100.00%
Finland	Oy DeLaval AB	100.00%	100.00%
Germany	DeLaval Services GmbH	100.00%	100.00%
Germany	DeLaval GmbH	100.00%	100.00%
Poland	Milkrite InterPuls Sp. Z.o.o.	100.00%	0.00%
Poland	DeLaval Operations Sp Z.o.o.	100.00%	100.00%
Poland	DeLaval Sp Z.o.o.	100.00%	100.00%
Netherlands	DairyDataWarehouse B.V.	100.00%	100.00%
Netherlands	Uniform-Agri B.V.	100.00%	100.00%
Netherlands	DeLaval B.V.	100.00%	100.00%
Netherlands	Gaps B.V.	100.00%	100.00%
Netherlands	DeLaval Holding B.V.	100.00%	100.00%
Belgium	Unifarm BVBA	100.00%	100.00%
Belgium	DeLaval N.V.	100.00%	100.00%
United Kingdom	DeLaval Ltd.	100.00%	100.00%

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Country	Company	Ownership		
		2021	2020	
United Kingdom	Milkrite InterPuls Ltd.	100.00%	100.00%	
Ireland	DeLaval DAC	100.00%	100.00%	
France	Midi Pyrenees Elevage Service S.N.C.	100.00%	100.00%	
France	DeLaval S.A.S.	100.00%	100.00%	
Spain	DeLaval Equipos S.A.	100.00%	100.00%	
Italy	Milkrite InterPuls Holding S.r.l.	100.00%	100.00%	
Italy	InterPuls S.p.A.	100.00%	100.00%	
Italy	Avon Rubber Italia S.r.l.	100.00%	100.00%	
Italy	DeLaval S.p.A.	100.00%	100.00%	
Switzerland	DeLaval AG	100.00%	100.00%	
Austria	DeLaval GesmbH	100.00%	100.00%	
Hungary	DeLaval K.ft.	100.00%	100.00%	
Turkey	DeLaval Hayvancilik Ekipmanlari ve Urunleri Sanayi ve Ticaret A.S.	100.00%	100.00%	
Estonia	DeLaval OU	100.00%	100.00%	
Latvia	DeLaval SIA	100.00%	100.00%	
Lithuania	Uab DeLaval	100.00%	100.00%	
Czech Republic	DeLaval s.r.o.	100.00%	100.00%	
Ukraine	DeLaval Sc	100.00%	100.00%	
Russia	AO DeLaval	100.00%	100.00%	
Kazakhstan	DeLaval LLP	100.00%	100.00%	
Jordan	DeLaval Jordan Ltd.	100.00%	100.00%	
India	DeLaval Pvt Ltd.	100.00%	100.00%	
China	DeLaval (Tianjin) Trade Co., Ltd.	100.00%	100.00%	
China	Milkrite InterPuls (Shanghai) International Trading Co. Ltd.	100.00%	100.00%	
Japan	DeLaval K.K.	100.00%	100.00%	
South Korea	DeLaval Ltd.	100.00%	100.00%	
Canada	DeLaval Inc.	100.00%	100.00%	
United States	West Agro Inc.	100.00%	100.00%	
United States	DeLaval Inc.	100.00%	100.00%	
United States	Milkrite InterPuls Inc.	100.00%	100.00%	
Mexico	DeLaval S.A. de C.V.	100.00%	100.00%	
Brazil	DeLaval Ltda.	100.00%	100.00%	
Brazil	Milkrite InterPuls Solucoes Para Ordenha Ltda.	100.00%	100.00%	
Uruguay	DeLaval S.A.	100.00%	100.00%	
Argentina	DeLaval S.A.	100.00%	100.00%	
Chile	DeLaval S.A.	100.00%	100.00%	
Peru	DeLaval SAC	100.00%	100.00%	
Colombia	DeLaval Ltda.	100.00%	100.00%	
Australia	DeLaval Pty Ltd.	100.00%	100.00%	
New Zealand	DL South Island Ltd	0.00%	100.00%	Liquidated
New Zealand	DeLaval Ltd.	100.00%	100.00%	
Egypt	DeLaval Ltd.	100.00%	100.00%	
Tunisia	DeLaval International Tunisia	100.00%	100.00%	
Tunisia	DeLaval Tunisia	100.00%	100.00%	
South Africa	DeLaval (Pty) Ltd.	100.00%	100.00%	
Germany	Sidel GmbH	100.00%	100.00%	
Poland	Sidel Poland Sp. z o.o.	100.00%	100.00%	
Netherlands	Novembal Participations B.V.	0.00%	100.00%	Merged into Sidel Participations S.A.S.
United Kingdom	Sidel (UK) Ltd.	100.00%	100.00%	

# TETRA LAVAL INTERNATIONAL S.A.

## Notes to the consolidated financial statements – December 31, 2021

All amounts shown are in millions of Euro unless otherwise stated

Country	Company	Ownership		
		2021	2020	
France	COMPETEK S.A.S.	100.00%	100.00%	
France	Holbat S.C.I.	100.00%	100.00%	
France	Sidel End of Line Solutions France S.A.S.	100.00%	100.00%	
France	Sidel Participations S.A.S.	100.00%	100.00%	
France	Sidel Engineering & Conveying Solutions S.A.S.	100.00%	100.00%	
France	Sidel Blowing & Services S.A.S.	100.00%	100.00%	
France	Sidel Packing Solutions S.A.S.	100.00%	100.00%	
France	Sidel Services S.A.S.	100.00%	100.00%	
France	Sidel Holding S.A.S.	100.00%	100.00%	
Spain	Sidel Iberica SL	100.00%	100.00%	
Portugal	Sidel Conveying Portugal S.A.	100.00%	100.00%	
Italy	GENTLEBRAND S.R.L.	100.00%	100.00%	
Italy	Sidel S.P.A.	100.00%	100.00%	
Italy	Sidel End of Line & Tunnels Solutions S.r.l.	0.00%	100.00%	Merged into Sidel S.P.A.
Switzerland	Sidel International AG	100.00%	100.00%	
Russia	PET Engineering OOO	100.00%	100.00%	
Russia	Sidel Vostok LLC	100.00%	100.00%	
United Arab Emirates	Sidel Greater Middle East & Africa FZ-LLC	100.00%	100.00%	
India	Sidel End of Line Solutions India Private Ltd.	100.00%	100.00%	
India	Sidel India Private Limited	100.00%	100.00%	
Thailand	Sidel End of Line Solutions (Thailand) Ltd.	100.00%	100.00%	
Thailand	Sidel South Asia-Pacific Ltd.	100.00%	100.00%	
Malaysia	Sidel Distribution (Malaysia) SDN. BHD.	100.00%	100.00%	
Indonesia	PT Sidel Indonesia	100.00%	100.00%	
Philippines	Sidel South Asia-Pacific Ltd. Philippine branch	100.00%	100.00%	
Philippines	Sidel End of Line Solutions (Philippines) Inc.	100.00%	100.00%	
China	Gebo Cermex Engineering & Packaging Equipment (Beijing) Co., Ltd.	100.00%	100.00%	
China	Sidel Machinery (Shanghai) Co., Ltd.	100.00%	100.00%	
China	Sidel Machinery (Beijing) Co., Ltd.	100.00%	100.00%	
Japan	Sidel Japan K.K.	100.00%	100.00%	
Canada	Novembal Canada Inc.	100.00%	100.00%	
Canada	Sidel Canada Inc.	100.00%	100.00%	
United States	Novembal U.S.A. Inc.	100.00%	100.00%	
United States	Sidel, Inc.	100.00%	100.00%	
Mexico	Sidel de México S.A de C.V.	100.00%	100.00%	
Panama	Sidel Panama, Corp.	100.00%	100.00%	
Brazil	Sidel do Brasil Ltda.	100.00%	100.00%	
Argentina	Sidel do Brasil (succursal Argentina)	100.00%	100.00%	
Chile	Sidel Chile S.p.A.	100.00%	100.00%	
Australia	Sidel Oceania Pty Ltd	100.00%	100.00%	
South Africa	Sidel Packaging Systems South Africa (Pty) Ltd.	100.00%	100.00%	
Kenya	Sidel Services East Africa Limited	100.00%	0.00%	New company
Sweden	Tetra Laval Real Estate AB	100.00%	100.00%	
Sweden	Tetra Laval Credit AB	100.00%	100.00%	
Sweden	Tetra Laval AB	100.00%	100.00%	

**TETRA LAVAL INTERNATIONAL S.A.****Notes to the consolidated financial statements – December 31, 2021***All amounts shown are in millions of Euro unless otherwise stated*

Country	Company	Ownership	
		2021	2020
Sweden	Tetra Laval Real Estate Holding 1 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Holding 2 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Separatorm 6 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Separatorm 7 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Separatorm 8 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Smöret 1 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Smöret 2 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 14 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 15 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 16 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 17 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 18 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 19 AB	100.00%	100.00%
Sweden	Tetra Laval Real Estate Värmeväxlaren 20 AB	100.00%	100.00%
Netherlands	Sefico Holding B.V.	100.00%	100.00%
Netherlands	Tetra Pak Nederland Holding B.V.	100.00%	100.00%
Switzerland	Tetra Laval Holdings & Finance S.A.	100.00%	100.00%
Switzerland	Tetra Laval Finance & Treasury S.A.	100.00%	100.00%
Austria	Tetra Laval Trade GmbH	0.00%	100.00%
Russia	Tetra Pak Kuban CJSC	100.00%	100.00%
Singapore	Nexus Insurance International Pte. Ltd.	100.00%	100.00%

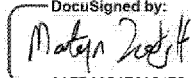
**31. EVENT AFTER THE BALANCE SHEET DATE**

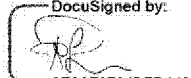
At May 5, 2022, the date of approval for issue of the Consolidated Financial Statements by the Board of Directors, the Group has no subsequent events which warrant a modification of the value of its assets and liabilities. There are no subsequent events which require any additional disclosure.

Pully, May 5, 2022

**BOARD OF DIRECTORS**

DocuSigned by:  
  
 4F2F59D3A0F54F4...  
 Lars Renström (President)

DocuSigned by:  
  
 8A7D2854E825475...  
 Martyn Zedgitt

DocuSigned by:  
  
 3E6AF0704DFD442...  
 Robert Swan



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Fax: +41 58 286 51 01  
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To the General Meeting of  
Tetra Laval International SA,  
Avenue du Général-Guisan 70  
1009 Pully

Lausanne, 5 May 2022

## **Statutory auditor's report on the audit of the consolidated financial statements**

### **Opinion**

We have audited the consolidated financial statements of Tetra Laval International SA and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income as at 31 December 2021 and the consolidated balance sheet, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 3 to 63 of the Annual Financial Report 2021) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

### **Basis for opinion**

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* the IESBA Code of Ethics for Professional Accountants, 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.

**Other information in the annual report**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



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**Report on other legal and regulatory requirements**

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in black ink that reads 'Mark Hawkins'.

Mark Hawkins  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in black ink that reads 'Sébastien Leandri'.

Sébastien Leandri  
Licensed audit expert