TRESU A/S

Venusvej 44

DK-6000 Kolding

Central Business Reg. No.: 15 30 27 98

Annual Report 2022

The Annual General Meeting adopted the Annual Report on 28.03.2023.

Chairman of the General Meeting

Name: Jean-Marc Lechêne

Contents

Entity details

Entity

TRESU A/S
Venusvej 44
DK-6000 Kolding
Denmark

Central Business Registration No.: 15 30 27 98
Registered in: Kolding
Financial period: 01.01.2022 - 31.12.2022

Phone: +45 76323500
Web site: www.tresu.com
E-mail: tresu@tresu.com

Board of Directors

Jean-Marc Lechêne, chairman
Ola Harald Erici
Søren Dan Johansen
Stephan Plenz
Brian Dencker Brejnbjerg, employee representative
Peter Ricardo Poulsen, employee representative

Executive Board

Christian Jacob Flarup
Torben Børsting

Entity auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Central Business Registration No.: 33 77 12 31
Herredsvej 32
DK-7100 Vejle

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of TRESU A/S for the financial year 01.01.2022 - 31.12.2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statement gives a true and fair view of the Entity´s financial position at 31 December 2022 and of the results of its operations and the consolidated cash flows for the period from 1 January 2022 to 31 December 2022.

In our opinion, the Management's commentary includes a fair review of the affairs and conditions referred to therein.

We recommend the Annual Report for adoption at the Annual General Meeting.

Kolding, 28.03.2023

Executive Board

Christian Jacob Flarup	Torben Børsting
CEO	*CFO*

Board of Directors

Jean-Marc Lechêne	Ola Harald Erici	Søren Dan Johansen
Chairman		
Stephan Plenz	Brian Dencker Brejnbjerg	Peter Ricardo Poulsen

Independent auditor's report

To the Shareholders of TRESU A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Tresu A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

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

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

Vejle, 28 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer	Heidi Bonde
State Authorised Public Accountant	State Authorised Public Accountant
mne24817	mne42815

Management commentary

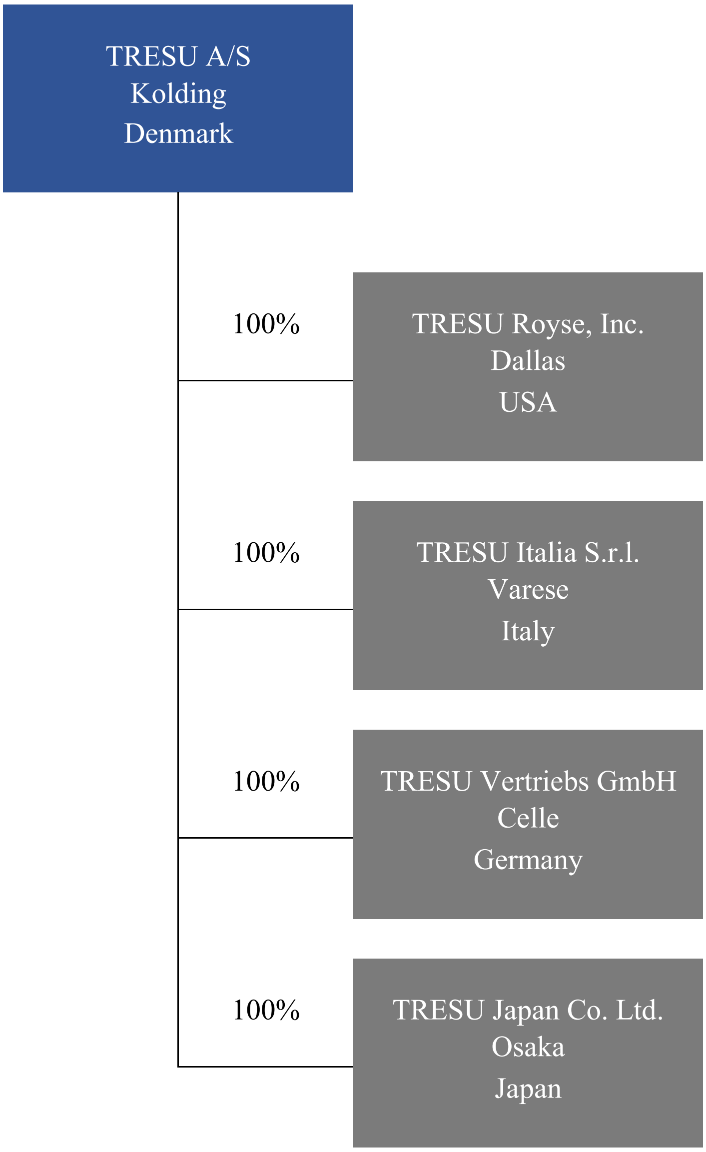
	2022	2021	2020	2019	2018
	DKK'000	**DKK'000**	**DKK'000**	**DKK'000**	**DKK'000**
Key figures					
Revenue	359.035	340.917	302.089	388.701	338.410
Gross profit/loss	50.197	70.692	69.630	65.177	(48.529)
Operating profit/loss	(30.598)	(1.961)	(7.759)	(33.298)	(165.824)
Net financials	(3.325)	(2.271)	(1.306)	(3.206)	(2.109)
Profit/loss for the year	(26.505)	(3.502)	(5.132)	(30.744)	(131.928)
Total assets	198.623	202.586	196.012	227.240	315.181
Investments in property, plant and equipment	3.459	919	1.228	20.764	1.061
Equity	(14.127)	11.559	13.621	46.148	50.406
Ratios					
Gross margin (%)	14,0	20,7	23,0	16,8	(14,3)
Net margin (%)	(7,4)	(1,0)	(1,7)	(7,9)	(39,0)
Return on equity (%)	-	(27,8)	(17,2)	(63,7)	(207,3)
Equity ratio (%)	(7,1)	5,7	6,9	20,3	16,0
Return on assets	(15,4)	(1,0)	(4,0)	(14,7)	(52,6)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	
Gross margin (%)	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Return of assets (%)	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$	Profit from invested capital

Management commentary

Group chart as per 31 December 2022



Management commentary

Primary activities

The Group develops, produces and sells custom made in-line flexo printing machines for the packaging manufacturing industry and ancillary products for the digital, flexo and offset printing industry worldwide.

Development in activities

In 2022 we continued working on a number of strategic initiatives with the aim of further strengthening the platform of our core business within custom made in-line flexo printing machines for the packaging manufacturing industry and ancillary products for the digital, flexo and offset printing industry worldwide but also to continue the development of the future organization to support the growth.

Despite the postponement of customer projects due to primarily global sourcing challenges linked to Covid-19, we are confident that the Group has a solid business platform focused on the graphical industry in Americas, Europe and Asia, backed by strong technical competences as well as cost effective production setup in Denmark by the end of the fiscal year. This provides a strong platform for securing the competitive strengths that continue to be the basis for value-adding growth for our customers, the Group and for our owners.

Financial developments in the fiscal year 2022

The financial results for 2022 are below expectations even taking Covid-19 and supply crisis impacts into consideration.

The result in the Group is impacted by supply crises with postponement of delivery of customer projects and critical components, and therefore the order backlog by end of 2022 is at a high DKK 292,4m.

Further additional resources have been needed for one big project. The project is near completion, and we do not expect this project to affect 2023.

Consolidated revenue for the financial year 2022 is DKK 359,0m (2021: DKK 340,9m).

Operating profit (EBIT) for the year 2022 was DKK -30,6m (2021: DKK -2,0m).

Average number of headcounts in the Group in 2022 was 167 FTE (2021: 143).

Cash flow from operating activities in 2022 amounted to DKK 17,5m (2021: DKK 8,8m) and net investments in property, plant and equipment equaled DKK 3,5m (2021: DKK 0,9m).

At the end of 2022, total assets were DKK 198,6m (2021: 202,6m) and total equity amounted to DKK -14,1m (2021: DKK 11,6m).

Capital resources and Liquidity

The Annual Report for 2022 is prepared under the assumption of going concern

The Group has in 2022 realized a loss of DKK 26,5m and equity of the Company amounts to DKK -14,1m on 31 December 2022.

On this basis, section 119 of the Companies Act regarding capital loss applies.

On 31 December cash deposit was DKK 7,3m and the undrawn credit facility in Nykredit was DKK 69,2m. It is the management's assessment that, despite the capital loss, the company still has the necessary capital base to ensure continued operations. The equity is expected to be re-established with future earnings.

The management will continue to assess the capital base and the need for re-establishing the equity.

Management commentary

Objective and outlook

Driven by our relentless focus on constantly improving print quality and simultaneously reducing our customers' total cost of print, we expect to expand our market position as we continue to penetrate the global market with our Flexo Innovator machines. We predict continued consolidation within our customers in the Liquid Packaging, Folding Carton and Lottery Tickets industry and expect machine demand to be driven by both replacements as well as new installations.

The ancillary product segment continues to follow the general market development and support our development in the Aftermarket segment.

Against this outlook the Group expects a revenue growth in the area of 30-40% and EBITDA margin in the area of 7-12% (adjusted for non-recurring items) as well as a positive cash flow from operating activities in 2023.

Operating risks

To ensure a stable supply TRESU has entered into long-term agreements with relevant sub-suppliers for the delivery of essential components.

Credit risk

The credit risks of the Group are primarily related to trade receivables and customer specific projects included as part contract work in progress. The major part of the Group's products and projects are delivered to well-reputed, large international companies in the international packaging market.

Credit risk is monitored on an ongoing basis, and we perform an in-depth credit assessment of new customers and ongoing assessment of existing customers. In recent years, no significant debtor losses have been recorded.

Currency risks

The consolidated financial statements are influenced by changes in exchange rates, as the result, and equity of the subsidiaries are converted into Danish kroner at year-end based on the average and year-end rates.

The currency risk of the Group is primarily related to EUR and USD and mainly managed through matching of incoming and outgoing payment currencies, whereas active hedging e.g. instruments is only used to a limited extent in line with the established policy. In connection with considerations about the future financing structure of the Group, Management has examined various possibilities of covering risks connected with loan financing, cash flow in foreign currency and related interest costs.

Interest rate risks

Since the interest-bearing net liabilities have a variable interest, changes in the interest rate level may have a significant direct effect on the earnings. Hedging of interest rate risk is not carried out.

Management commentary

Intellectual capital resources

The competitive advantage of the Group is the development and production of leading technology printing machines and associated products, which entails particularly high demands on the intellectual capital resources both in the development and production divisions.

It is essential that the Group can recruit, develop and retain employees with a high level of education and the right set of skills to maintain our high level of technical competence and innovation.

The Group has implemented a quality management system which documents the individual methods and procedures to secure the critical business processes in relation to development, production and sales. The system is maintained and updated as part of the ISO 9001:2015 certification.

Research and development activities

Development activities comprise continuous development of our technology, product portfolio and development of new products with the ultimate objective of increasing our customers' uptime and reducing their cost of operations and/or climate footprint.

The Group's total costs for R&D make up to approx. 3% of the revenue. We have as in previous years invested significantly in future technology in line with the requirements to support the strategy and not at least meet the customer's demand.

Corporate social responsibility (CSR)

Business model and approach to CSR

Being a global technology provider, TRESU are dedicated to offer a contribution to limiting the Group´s and our customer's environmental and climate footprint, fighting corruption as well as securing good conditions for its employees.

Corporate responsibility policy

The Group is dedicated to being a responsible employer and a good corporate citizen. Our Code of Conduct represents our core values and reflects our continued commitment to ethical business practice and regulatory compliance.

We take a serious view of any suspicion of breach of the Group's Code of Conduct, which all employees must comply with, and in case of non-compliance with the Code of Conduct, we will act immediately.

Requirements, guidelines and daily practice for social responsibility and working environment conditions are fully incorporated parts of the company's management system which consists of:

- Certified quality management system DNV/ISO 9001:2015
- Certified environmental management system DNV/ISO 14001:2015

The basic idea of the management system is involvement of the employees and a high degree of decentralization in decisions making. In this way we foster a high level of social capital, good working climate and job satisfaction among the employees.

Management commentary

Anti-corruption and bribery

The Group is dedicated to upholding a high degree of business ethics. The Group operates out of Denmark and adheres to laws and rules concerning corruption and bribery. The Group considers the area to have a limited risk. However, we dress our employees, so they know how to handle any situations, and all employees are aware that it is not permitted to receive gifts, money or services from any stakeholders with exceptance of Christmas gifts to a reasonable extent.

The Group´s expectations regarding anti-corruption and bribery are specified in our Employee handbook and Code of Conduct, which all the employees of the Group must comply with. The Group operates out of Denmark and adheres to laws and rules concerning corruption and bribery. The Group is not aware of any breaches regarding anti-corruption and bribery in 2022.

In 2023 we expect to introduce the whistleblower schemes in all our companies in the Group.

Human rights

The Group endeavors to comply with applicable local and international legislation and to conduct its business with strong dedication to human rights including ethical and responsible practices.

We have not identified any material risks regarding human rights in our operations and we strive to manage the potential risks in relations to our employees and suppliers with our employee handbook and Code of Conduct.

We have in our code of Conduct adopted policies on group level related to ethics and with respect to compliance with applicable laws in each jurisdiction. These policies apply to each subsidiary in the Group. Accordingly, each subsidiary shall comply with applicable laws, rules and regulations, including those that may relate to protection of human rights in each jurisdiction where it operates.
The Group strives to continually improve our work environment. We aim to strengthen and implement a shared corporate culture to help us treat all colleagues equally. The Group supports and respects the protection of the UN's Universal Declaration of Human Rights and the Core Conventions of the International Labor Organization (ILO) and makes sure that the Group is not complicit in abuse of human rights. Use of child labour is prohibited.

The focus will in 2023 be to conduct awareness campaigns internally and to secure that our suppliers conduct its business in compliance with our corporate standards.

The Group´s expectations regarding human rights are specified in our Employee handbook and Code of Conduct, which all the employees of the Group must comply with. The Group is not aware of any breaches regarding human rights in 2022.

Social & Labor conditions

The employees of the Group are essential to maintain our high level of technical competence and innovation. The Group prioritizes safety and health and wants to be regarded as a company with high standards in relation to the physical and psychological working environment. Preventive measures and high ethical standards are central themes in our Working Environment Policy.

This means that the Group complies with the rules of the authorities in force at any time, has a number of governance policies and continuously implements improvements to the working environment. The Group has an active safety organization and motivates the employees to be aware of the working environment and to understand the importance of the efforts of each individual person. Further, the Group requires that suppliers are aware of the working environment and continue to make the suppliers aware of our expectations to them to comply with our Code of Conduct.

Management commentary

The Safety organization is active in supporting the physical and psychological working environment, and reaches out to management and HR, when action and focus is needed both on an individual level as well as related to departments or group of employees.

The Group strives towards achieving broader gender representation by recruitment, taking into account the industry in which the Group operates where basis for candidates is predominantly male. Both male and female employees are encouraged to develop their competences and careers. In all cases the best qualified person will be employed for the job.

Environment and climate

The Group strives to minimize the environmental and climate footprint. The primary risk is related to the environmental impact, e.g. electricity consumption and raw material consumption in relation to production of printing machines and ancillary products.

The environmental policy of the Group is to act as an environmentally aware company at the forefront of the expectations of customers and surroundings and at all time to be in compliance with the requirements of the authorities.

This means that the Group:

- complies with the requirements of DNV/EN ISO 14001:2015
- continuously implements and documents improvement to the environment
- continuously reduces the environmental footprint
- motivates the employees to be environmentally aware
- documents the environmental footprint of the products in an objective way
- involves the employees actively to carry out improvements to the environment
- requires that suppliers are environmentally aware
- can explain purchased equipment’s impact on the environment
- informs the public of the result of the environmental initiatives

The environmental policy is based on responsible environmental operations and is an integrated part of the Group’s targets in terms of both manufacturing our equipment and customers using our equipment in their production.

As an example, we have developed optional heat exchange for reduced gas consumption. This heat exchanger is part of the drying process in the printing machines and enables our customer to save up to half the gas consumption and thereby reduce CO2 emissions.

Results achieved and expectations for future CSR activities

The Group’s aim for 2022 was to carry through improvements of our products so that our customer’s contribution to the global CO2 emission would be reduced by at least 6.500 tonnes per year. The Group’s external CO2 reduction impact focuses on the current installed base for two main machines i.e., VT FLEX ES

Management commentary

machines and the portfolio of Flexo Innovator machines delivered to TRESU customers. The result in 2022 was a total annual CO_2 reduction of above 6.800 tonnes on the external energy consumption associated with the specific TRESU products using the heat recovery systems in the drying design.

Further, the Group has consolidated its headquarters and production facilities into the new domicile in August 2019, which is constructed and erected in accordance with the Danish building regulation 2015 and awarded energy label "A2015". Windows and doors are fitted with 3-layer low-energy glass, lamps are mounted with LED lights and motion sensors, taps are established with hands-free fixtures etc. The relocation has resulted in a reduction of 51% of the internal energy consumption corresponding to a total yearly saving of 263 tonnes CO_2.

The Group will in 2023 aim to help our customers to reduce their annual CO_2 emission by at least 7.000 tonnes per year.

The goal of the Group for 2022 was an absenteeism of maximum 2,8%. In 2022 we have realized a small decrease in absenteeism amounting to 3,5% versus 3,7% in 2021.

In 2023 the Group will have a continued focus on preventive measures and information. The goal of the Group is an absenteeism of maximum 2,8% covering both short term and long-term absenteeism.

Report on the underrepresented gender

All Group staff was recruited based on professional skills without regard to religion, race, gender, handicap or age. The Group look upon diversity as a strength and actively combat discrimination and aspire to promote equal treatment. This applies to the management level as well as all other levels in the organization.

The Groups' long-term ambition is to achieve a composition of the underrepresented gender at Board of Directors, reflecting the composition of gender in the total organization. The target was that the share of women should be at least 14,3% (1 woman) at management level in 2022. This has not been met for the full year on executive management level as we have had a change of the CEO and CFO during 2022 and today there are no women on executive management level. On Board of Directors level we have had no changes in 2022 and there are still no women at the Board of Directors level. The executive management as well as the board are all appointed based on their specific and relevant industry knowledge. It has not been possible to attract female candidates with enough industry knowledge to match our target.

The target for other management levels is to reach the level of the overall gender split in the group, this is for 2022 14% women. This has not been met on executive management level and we are only at 8% on other management levels. We still aim at ensuring a greater balance in the composition of gender among managers of the company. This is done by encouraging women in the organization to develop their competences and careers, however in all cases the best qualified person will be employed for the job.

The target for Board of Directors, executive management level and other management level has been set to 10% for 2023 supporting that we still aim at ensuring a greater balance in the composition of gender among all managers of the company.

Statement of data ethics Policy

We have in 2022 not established a policy for data ethics. Overtime it will for sure become relevant for TRESU Group, but until now we do not process data or uses algorithms for data analysis, and it is not an integrated part of the TRESU Group's business strategy and business activity. We will continue to follow the best practice

Management commentary

within data ethics, and we can confirm that we despite no formal established data ethics policy still among others use awareness campaigns, secure compliance with code of conduct and communicate the importance of protecting fundamental rights for alle stakeholders.

Corporate governance

The Board of Directors and Executive Board of TRESU A/S constantly seek to ensure that the management structure and control systems of the group are appropriate.

On an ongoing basis, Management assesses whether this remains the case. The tasks and responsibilities of Management are, among others, based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association and generally accepted practice for enterprises of the same size and with the same international reach as TRESU A/S. In this connection and because the Group's principal shareholder is Altor Fund IV, who is a member of Danish Venture Capital and Private Equity Association (www.dvca.dk), the TRESU Group in all material respects and also complies with the guidelines for responsible ownership and corporate governance of DVCA.

Shareholder relations

On an ongoing basis, the Board of Directors assesses whether the Company's capital structure is in accordance with the Company's and its stakeholders' interests. The overall objective is to ensure a capital structure that supports long-term, profitable growth.

The Company's Articles of Association stipulate no limits of ownership or voting rights. If an offer is received for an acquisition of company shares, the Board of Directors will consider this in accordance with the law.

The TRESU A/S's indirect principal shareholder is Altor Fund IV, who indirectly possesses 99,9% of the Company's shares. Former key employees and board members hold a minority of 0,1% of the Company's shares. By the end of 2022 TRESU A/S owns none of its own shares.

Board of Directors

Jean-Marc Lechene

Elected by Altor Fund IV. Chairman in Norican Group (since May 2018), ordinary board member in 2015-18 and Member of the Board for Velux (since 2018).

Previously worked as COO for Vestas (2012-2019) and holds an MBA from Instead and Ingenieur Civil, Ecole Nationale supérieure des Mines de Paris.

Ola Harald Erici

Elected by Altor Fund IV. Member of the Board of Directors since 2017. Chairman of the Board of Geveko Markings AB, Dynasafe Demil Systems AB, Finqr AB and Arendalis AB. Member of the Board of TRESU A/S and Dermalab Lund AB.

Søren Dan Johansen

Elected by Altor Fund IV. Joined Altor in 2011 and Member of the Boards of C Worldwide Holding A/S, Haarslev Industries A/S, Hamlet Protein A/S, Norican Group, Wrist Ship Supply A/S and TRESU A/S.

Previously worked at Kromann Reumert (1989-2011) and holds a MSc in Law from Copenhagen University.

Stephan Plenz

Management commentary

Elected by Altor Fund IV in 2021. Also, a member of the Board of Directors for Sennheiser, Managing Director of ACTEGA Metal Print and independent consultant.

Over 30 years' experience in the high-tech industry including more than 20 years in leading management positions and latest 12 years as a Member of the Management Board (CTO) of Heidelberger Druckmaschinen AG until Dec 2019. He is holding a degree of Mechanical Engineering.

Responsibilities of the Board of Directors

The Board of Directors have monitored the preparation of the financial reporting, the internal controls and the audit of the financial statements.

The Board of Directors ensures that the Executive Board complies with the objectives, strategies and procedures laid down by the Board of Directors. The reporting from the Executive Boards of the respective companies takes place systematically, both at meetings and through written and verbal reporting on ongoing basis.

Among other things, this reporting includes a description of the development in key markets, as well as the Group's operational and financial development. The Board of Directors holds meetings according to a fixed plan, with at least five meetings a year and extraordinary meetings, if required.

Events after the balance sheet date

No events have occurred after the balance date to this date which will influence the evaluation of this annual report.

Accounting Policies

The Annual Report of TRESU A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied to these Consolidated Financial Statements and Parent Financial Statements are consistent with those applied last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent (TRESU A/S) and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. See also Group chart under management commentary.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the annual report of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognized in full in the interim consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting Policies

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortized goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

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

When recognizing foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Income statement

Segment information

The reporting on business segments follows the structure of TRESU's internal management reporting to internal stakeholders and the group Executive Board. The group Executive Board uses business segmentation when allocating resources and following up on results. The internal reporting does not allocate assets or liabilities to the segments.

Revenue

Revenue is recognized from the following major sources:

- Sales of Flexo Inline Printing machines – mostly recognized as contract work in progress
- Sales of ancillary products

Revenue from sales of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and control is transferred to the buyer, and the consideration agreed is expected to received. Control is generally deemed to be transferred upon delivery of the components in accordance with the agreed delivery plan.

Accounting Policies

Revenue from ancillary products is generally recognized upon shipment of products, provided there are no significant uncertainties regarding customer acceptance, persuasive evidence of an arrangement exists, the sales prices are fixed and determinable, and it is probable that the sales are collectible. Amounts billed to customers for shipping and handlings are included in net sales and are recorded upon shipment of goods to customers. Costs of providing these services are included in costs of sales.

Customized solutions, with a high degree of customisation, are recognized over time as machines are constructed based om the stage of completion of the individual contracts, as contract work in progress. See also descriptions below regarding contract work in progress. Where the profit from a contract work cannot be estimated reliably, revenue is only recognized equalling the cost incurred to the extent that it is probable that the cost will be recovered. Revenue from sales of services is recognized in the income statement over the term if agreement as the services are provided. Revenue is recognized net of VAT, duties and sales discounts is measured at fair value if the consideration fixed. Payment for the service contract can be paid in advance or over the service period´s execution.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial period. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Also, provisions for loss on contract work in progress are recognized under production costs.

Also, Research and development costs include research costs, costs of development projects that do not meet the criteria for recognition in the balance sheet.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative costs comprise costs incurred for administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration.

Accounting Policies

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other operating income

Other operating income comprises gain on sale of fixed assets.

Other operating expenses

Other operating expenses comprises loss on sale of fixed assets.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortization of financial assets.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies, amortization of financial liabilities.

Tax on profit/loss for the year

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

The Entity participates in a Danish Joint taxation arrangement where the entity Nortre Administration ApS serves as the administration company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Accounting Policies

Development projects

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3-12 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights, but no more than 15 years. Development projects are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sales of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of the sale. Profits or losses are recognized in the income statement under other operating income/-expenses.

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortization of intangible assets and depreciation on property, plant and equipment used in the development process are recognized in cost based on time spent on each asset

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	33 years
Plant and machinery	3-20 years
Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	3-20 years

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income/-expenses.

Impairment of intangible and tangible assets

The carrying amount of both intangible and tangible assets and items of property, plant and equipment are reviewed annually for indicators of impairment in addition to that reflected through amortization and depreciation. However, goodwill and intangible assets with indefinite useful lives are tested annually.

If any such indication exist, impairment tests are made of each assets and group of assets, respectively. Write-down is made to the lower of recoverable amount and carrying amount.

The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of the estimated net income from using the assets or the group of assets.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity are valued at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative value exceeds the amount recoverable, the remaining amount is recognized under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Inventories

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

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

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

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of cost. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total sub activities of the individual projects has been applied.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Reserve for development expenditure

The reserve for development expenditure comprises recognized costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development expenditure is no longer part of the Company´s operations by transfer directly to the distributable reserves under equity.

Deferred tax

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

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

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Finance lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Accounting policies

Operating leases

Lease payments on operating leases are recognised in a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement.

Consolidated income statement for the period 1.1.2022 – 31.12.2022

	Notes	1/1 - 31/12 2022 DKK'000	1/1 - 31/12 2021 DKK'000
Revenue	1	359.035	340.917
Production costs	3,4	(308.838)	(270.225)
Gross profit/loss		**50.197**	**70.692**
Distribution costs	3,4	(45.150)	(41.691)
Administrative costs	2,3,4	(37.717)	(31.405)
Other operating income		2.072	443
Operating profit/loss		**(30.598)**	**(1.961)**
Financial income	5	532	611
Financial expenses	6	(3.857)	(2.882)
Profit/loss before tax		**(33.923)**	**(4.232)**
Tax on profit/loss for the year	7	7.418	730
Profit/loss for the year	**8**	**(26.505)**	**(3.502)**

Consolidated balance sheet at 31.12.2022

	Notes	31.12.2022 DKK'000	31.12.2021 DKK'000
Completed development projects		17.500	18.389
Intangible assets	9	**17.500**	**18.389**
Land and buildings		0	3.500
Plant and machinery		13.133	13.947
Other fixtures and fittings, tools and equipment		4.897	3.748
Leasehold improvements		2.791	3.375
Property, plant and equipment	10	**20.821**	**24.570**
Deposits	11	10.109	10.032
Fixed asset investments		**10.109**	**10.032**
Fixed assets		**48.430**	**52.991**
Raw materials and consumables		37.215	9.896
Work in progress		16.099	27.862
Manufactured goods and goods for resale		19.926	18.844
Inventories		**73.240**	**56.602**
Trade receivables		38.551	48.224
Contract work in progress	12	19.479	24.512
Intercompany receivables		3.522	0
Tax receivables		1.145	0
Other receivables		4.378	2.654
Prepayments		2.554	1.172
Receivables		**69.629**	**76.562**
Cash		**7.324**	**16.431**
Current assets		**150.193**	**149.595**
Assets		**198.623**	**202.586**

Consolidated balance sheet at 31.12.2022

	Notes	31.12.2022 DKK'000	31.12.2021 DKK'000
Contributed capital		4.100	4.100
Reserve for exchange adjustments		(139)	(955)
Retained earnings		(18.088)	8.414
Equity		**(14.127)**	**11.559**
Provisions for deferred tax	13	9.664	8.105
Other provisions	14	19.895	8.457
Provisions		**29.559**	**16.562**
Other payables		8.532	8.328
Non-current liabilities	15	**8.532**	**8.328**
Bank loans		19.690	36.364
Contract work, liabilities	12	83.128	19.403
Prepayments from customers		8.823	43.917
Trade payables		39.012	38.717
Payable to group enterprises		0	3.985
Income tax payable		81	4.083
Other payables		23.925	19.668
Current liabilities		**174.659**	**166.137**
Total liabilities		**183.191**	**174.465**
Equity and liabilities		**198.623**	**202.586**

Unrecognized rental and lease commitments	18
Contingent liabilities	19
Mortgages and securities	20
Consolidation	21
Events after the balance sheet date	22

Consolidated statement of changes in equity for the year 2022

	Contri-buted capital DKK'000	Retained earnings DKK'000	Reserve for exchange adjustment DKK'000	Proposed ordinary dividend DKK'000	Total DKK'000
Equity at 1 January 2022	4.100	8.414	(955)	0	11.559
Exchange rate adjustments	0	3	816	0	819
Profit/loss	0	(26.505)	0	0	(26.505)
Equity at 31 December 2022	**4.100**	**(18.088)**	**(139)**	**0**	**(14.127)**

Consolidated cash flow statement for the year 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		(30.598)	(1.961)
Amortization, depreciation and impairment losses		7.538	9.247
Other provisions, group contribution		11.438	5.347
Working capital changes	16	28.349	(1.174)
Cash flows from ordinary operating activities		**16.727**	**11.459**
Financial income received		95	63
Financial expenses paid		(3.775)	(2.715)
Income taxes refunded/(paid)		4.449	0
Cash flow from operating activities		**17.496**	**8.807**
Acquisition etc. of intangible assets		(3.182)	(6.873)
Acquisition etc. of property, plant and equipment		(3.459)	(919)
Disposal ect. of property, plant and equipment		3.536	4.725
Acquisition etc. of financial fixed assets		(77)	(32)
Cash flow from investing activities		**(3.182)**	**(3.099)**
Raising/repayment of loans from credit institutions		(16.674)	(5.166)
Proceeds from (repayment of) related party borrowing		(7.507)	(1.376)
Cash flows from financing activities		**(24.181)**	**(6.542)**
Increase/decrease in cash and cash equivalents		**(9.867)**	**(834)**
Cash and cash equivalents at 1 January		16.431	15.866
Unrealized exchange rate adjustments		760	1.399
Cash and cash equivalents end of year	17	**7.324**	**16.431**
Cash and cash equivalents at year end are composed of:			
Cash		7.324	16.431
Cash and cash equivalents end of year		**7.324**	**16.431**

Notes to consolidated financial statements

1. Revenue and segmentation of operations

Revenue split by geography:

	2022 DKK'000	2021 DKK'000
USA	123.386	61.947
Germany	61.639	38.342
China	49.845	39.144
Italy	21.841	19.089
Netherlands	11.715	8.977
Sweden	3.858	40.297
Denmark	3.377	10.526
Hungary	3.279	34.383
Rest of Europe	29.098	53.696
Rest of South and North America	17.443	10.377
Rest of Asia	21.664	4.031
Middle East and Africa	11.832	19.938
Other markets	58	170
Total net revenue	**359.035**	**340.917**

Activities:	2022 DKK'000	2021 DKK'000
Solutions	222.783	227.617
Ancillary	136.252	113.300
Revenue	**359.035**	**340.917**

Timing of revenue recognition:

	2022 DKK'000	2021 DKK'000
Products and services transferred at a point in time	232.173	201.294
Products transferred over time	126.862	139.623
Revenue	**359.035**	**340.917**

Producttype	2022 DKK'000	2021 DKK'000
Sales of goods	224.604	195.109
Sales of service	7.569	6.185
Income from contract work in progress (turnkey projects)	126.862	139.623
Revenue	**359.035**	**340.917**

Notes to consolidated financial statements

2. Fees to auditors appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
PricewaterhouseCoopers		
Statutory audit	423	552
Other statements with opinions	0	66
TAX and VAT advisory services	14	35
Other services	0	0
Total fees to auditors appointed at the Annual General Meeting	**437**	**653**

3. Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	92.951	79.267
Pension costs	6.285	5.326
Other social security costs	2.040	1.697
	101.276	**86.290**
Average number of employees	167	143

Remuneration of management	2022 DKK'000	2021 DKK'000
Executive Board	7.365	3.758
Board of Directors	1.163	1.210
	8.528	**4.968**

Notes to consolidated financial statements

4. Depreciation, amortization and impairment losses

	2022 DKK'000	2021 DKK'000
Amortization of intangible assets	3.810	4.753
Depreciation on property, plant and equipment	3.728	4.494
	7.538	**9.247**

5. Financial income

	2022 DKK'000	2021 DKK'000
Exchange rate adjustment	109	149
Interest income	287	0
Gain on foreign exchange	41	399
Other financial income	95	63
	532	**611**

6. Financial expenses

	2022 DKK'000	2021 DKK'000
Interest expenses	2.762	1.904
Loss on foreign exchange	546	206
Other financial expenses	549	772
	3.857	**2.882**

7. Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Tax on current year taxable income	(8.933)	8.293
Change in deferred tax for the year	1.560	(8.910)
Adjustment tax from deferred tax previous years	(7)	(113)
Adjustment concerning previous years	(38)	0
	(7.418)	**(730)**

Notes to consolidated financial statements

8. Proposed distribution of the financial result

	2022 DKK'000	2021 DKK'000
Retained earnings	(26.505)	(3.502)
	(26.505)	**(3.502)**

9. Intangible assets

	Completed development projects DKK'000	Patents and licenses DKK'000	Goodwill DKK'000
Cost at beginning of the year	50.508	15.812	12.398
Additions during the year	3.182	0	0
Disposals during the year	(4.425)	0	0
Cost at the end of the year	**49.265**	**15.812**	**12.398**
Amortization and impairment losses beginning of the year	(32.119)	(15.812)	(12.398)
Amortization for the year	(3.810)	0	0
Reversal regarding disposals	4.164	0	0
Amortization and impairment losses at the end of the year	**(31.765)**	**(15.812)**	**(12.398)**
Carrying amount at the end of the year	**17.500**	**0**	**0**

The Company's development expenses relate to capitalisation of costs in respect of continuous development of product range and new ancillary products with the ultimate objective of increasing our customers' uptime and reducing their cost of operations and/or climate footprint. In addition, it is the intention with these projects to manufacture, market or use the projects for future commercial purposes.

The Group regularly reviews the carrying amounts of its definite-lived intangible assets to determine whether there is an indication of an impairment loss.

Development projects are tested for impairment annually if there is an indication that the asset should be impaired.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Notes to consolidated financial statements

10. Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
Cost at beginning of the year	3.500	62.108	11.929	4.765
Exchange rate adjustments	0	13	117	0
Additions during the year	0	1.084	2.360	15
Disposals during the year	(3.500)	(751)	(1.064)	0
Cost at the end of the year	**0**	**62.454**	**13.342**	**4.780**
Depreciation and impairment losses beginning of the year	0	(48.161)	(8.181)	(1.390)
Exchange rate adjustments	0	(2)	(72)	0
Depreciation for the year	0	(1.887)	(1.242)	(599)
Reversal regarding disposals	0	729	1.050	0
Drepreciation and impairment losses at the end of the year	**0**	**(49.321)**	**(8.445)**	**(1.989)**
Carrying amount at the end of the year	**0**	**13.133**	**4.897**	**2.791**

11. Fixed assets investment

	Deposit DKK'000
Cost at beginning of the year	10.032
Additions during the year	77
Disposals during the year	0
Cost at the end of the year	**10.109**
Carrying amount at the end of the year	**10.109**

Notes to consolidated financial statements

12. Contract work in progress

	2022 DKK'000	2021 DKK'000
Sales value of contract work in progress	169.405	139.083
Progress billings regarding contract work in progress	(249.840)	(139.390)
	(80.435)	**(307)**
Net value in the balance sheet:		
Work in progress	19.479	24.512
Other provisions	(16.786)	(5.416)
Received prepayments from customers	(83.128)	(19.403)
	(80.435)	**(307)**

13. Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	3.846	4.047
Property, plant and equipment	2.364	1.480
Inventories	(859)	686
Receivables	(88)	(185)
Profits, contract work in progress	4.858	2.078
Liabilities and other provisions	(457)	0
	9.664	**8.105**
Changes during the year		
Beginning of year	8.105	17.128
Recognized in income statement	1.559	(9.023)
End of year	**9.664**	**8.105**

14. Other provisions

Other provisions consist of warranties and loss making customer projects, and are primarily due within one year.

Notes to consolidated financial statements

15. Long term liabilities other than provisions

	Installment within 12 months 2022 DKK'000	Installment within 12 months 2021 DKK'000	Installment beyond 12 months 2022 DKK'000	Out-Standing after 5 Years DKK'000
Other payables	23.925	19.668	8.532	8.532
	23.925	**19.668**	**8.532**	**8.532**

16. Change in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(16.638)	4.068
Increase/decrease in receivables	11.600	(25.909)
Increase/decrease in trade payables etc.	33.387	20.667
	28.349	**(1.174)**

17. Cash and cash equivalents

Cash in the cash flow statement consists of cash holdings.

18. Unrecognized rental lease commitments

For the year 2022 the Group has lease contracts regarding operating leases of tools, rental equipment and properties. The future minimum payments according to contracts are distributed by DKK 10,5m within year 1, DKK 38,7m between 1 and 5 years and DKK 51,3m after 5 years.

19. Contingent liabilities

The Group´s Danish companies are jointly and severally liable for tax on the Group´s jointly taxed income etc. Total corporation tax payable is stated in the Annual Report of Nortre Administration ApS, which is the management company in the joint taxation. The Group´s Danish companies are moreover jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and tax on interest. Any subsequent adjustments to corporation taxes and withholding taxes may imply that the Company will be liable for a higher amount.

Notes to consolidated financial statements

20. Mortgages and securities

There has been given a negative pledge in the entity`s assets.

21. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- Tresu Investment Holding A/S, CBR-no. 37553727, Venusvej 44, 6000 Kolding.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

- Tresu Group Holding A/S, CBR-no. 37752088, Venusvej 44, 6000 Kolding.

22. Events after the balance sheet date

No events have occurred after the balance date to this date which will influence the evaluation of this annual report.

Parent income statement for 1.1.2022 – 31.12.2022

	Notes	1/1 - 31/12 2022 DKK'000	1/1 - 31/12 2021 DKK'000
Revenue	1	315.696	307.217
Production costs	3,4	(287.087)	(253.824)
Gross profit/loss		**28.609**	**53.393**
Distribution costs	3,4	(31.067)	(29.593)
Administrative costs	2,3,4	(32.013)	(27.183)
Other operating income		2.072	443
Operating profit/loss		**(32.399)**	**(2.940)**
Income from investments in group enterprises		1.727	254
Financial income	5	246	534
Financial expenses	6	(3.591)	(2.784)
Profit/loss before tax		**(34.017)**	**(4.936)**
Tax on profit/loss for the year	7	7.512	1.434
Profit/loss for the year	**8**	**(26.505)**	**(3.502)**

Parent balance sheet at 31.12.2022

	Notes	31.12.2022 DKK'000	31.12.2021 DKK'000
Completed development projects		17.500	18.389
Intangible assets	9	**17.500**	**18.389**
Land and buildings		0	3.500
Plant and machinery		12.960	13.810
Other fixtures and fittings, tools and equipment		4.215	2.954
Leasehold improvements		2.791	3.375
Property, plant and equipment	10	**19.966**	**23.639**
Investments in group enterprises		29.851	27.305
Deposits		10.000	10.000
Fixed asset investment	11	**39.851**	**37.305**
Fixed assets		**77.317**	**79.333**
Raw materials and consumables		37.215	9.896
Work in progress		16.099	27.862
Manufactured goods and goods for resale		6.808	6.142
Inventories		**60.122**	**43.900**
Trade receivables		23.853	34.537
Contract work in progress, assets	12	19.479	24.512
Receivable group enterprises		6.294	3.699
Tax receivable		1.145	0
Other receivables		4.225	2.498
Prepayments		1.704	1.047
Receivables		**56.700**	**66.293**
Cash		**1.844**	**7.258**
Current assets		**118.666**	**117.451**
Assets		**195.983**	**196.784**

Parent balance sheet at 31.12.2022

	Notes	31.12.2022 DKK'000	31.12.2021 DKK'000
Contributed capital	13	4.100	4.100
Retained earnings		(33.670)	(5.607)
Reserve for exchange adjustment		(139)	(955)
Reserve for investment in Group		1.932	0
Reserve for development expenditure		13.650	14.021
Equity		**(14.127)**	**11.559**
Provisions for deferred tax	14	10.096	7.936
Other provisions	16	19.158	7.902
Provisions		**29.254**	**15.838**
Other payables		8.532	8.328
Non-current liabilities other than provisions	15	**8.532**	**8.328**
Bank loans		19.690	36.364
Contract work in progress, liabilities	12	83.128	19.403
Prepayment from customers		7.392	38.443
Trade payables		37.496	37.211
Payables to group enterprises		3.647	7.595
Income tax payable		0	4.078
Other payables		20.971	17.965
Current liabilities		**172.324**	**161.059**
Total liabilities		**180.856**	**169.388**
Equity and liabilities		**195.983**	**196.784**

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Parent statement of change in equity for the year 2022

	Contri-buted capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Reserve for exchange adjustment DKK'000	Reserve for investments in Group DKK'000	Total DKK'000
Equity at 01.01.2022	4.100	14.021	(5.607)	(955)	0	11.559
Exchange rate adjustments	0	0	3	816	0	819
Reserve for development expenditure	0	(371)	371	0	0	0
Profit/loss	0	0	(28.437)	0	1.932	(26.505)
Equity at 31.12.2022	**4.100**	**13.650**	**(33.670)**	**(139)**	**1.932**	**(14.127)**

Notes to parent financial statements

1. Revenue

	2022 DKK'000	2021 DKK'000
Primary geographical markets		
USA	93.379	32.298
Germany	60.638	38.356
China	49.845	38.086
Italy	15.767	12.979
Netherlands	11.700	8.977
Sweden	3.858	40.825
Denmark	3.377	10.125
Hungary	3.279	34.383
Rest of Europe	29.422	51.857
Rest of South and North America	13.843	18.567
Rest of Asia	18.626	742
Middle East and Africa	11.828	19.938
Other markets	134	84
Total net revenue	**315.696**	**307.217**
Solutions	206.126	217.245
Ancillary	109.570	89.972
Revenue	**315.696**	**307.217**
Products and services transferred at a point in time	188.834	167.594
Products transferred over time	126.862	139.623
Revenue	**315.696**	**307.217**
Sales of goods	181.265	161.409
Sales of service	7.569	6.185
Income from contract work in progress (turnkey projects)	126.862	139.623
Revenue	**315.696**	**307.217**

Notes to parent financial statements

2. Fees to auditors appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
PricewaterhouseCoopers		
Statutory audit	423	552
Other statements with opinions	0	66
TAX and VAT advisory service	14	35
Other services	0	0
Total fees to auditors appointed at the Annual General Meeting	**437**	**653**

3. Staff costs

	2022 DKK’000	2021 DKK’000
Wages and salaries	81.631	69.316
Pensions costs	6.285	5.326
Other social security costs	1.144	1.064
Total staff costs	**89.060**	**75.706**
Average number of employees	139	118

	Remune-ration of manage ment 2022 DKK’000	Remune-ration of manage ment 2021 DKK’000
Executive Board	7.365	3.758
Board of Directors	1.163	1.210
	8.528	**4.968**

Remuneration to the Executive board and Board of Directors is included in management fee recognised as administrative cost.

Notes to parent financial statements

4. Depreciation, amortization and impairment losses

	2022 DKK'000	2021 DKK'000
Amortization of intangible assets	3.809	4.753
Depreciation on property, plant and equipment	3.431	4.245
	7.240	**8.998**

5. Financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	109	72
Exchange rate adjustment	41	399
Other financial income	96	63
Total financial expenses	**246**	**534**

6. Financial expenses

	2022 DKK'000	2021 DKK'000
Interest expenses group companies	184	172
Interest expenses	2.763	1.903
Loss on foreign exchange	362	34
Other financial expenses	282	675
Total financial expenses	**3.591**	**2.784**

7. Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Tax on current year taxable income	(9.634)	7.759
Change in deferred tax for the year	2.167	(8.680)
Adjustment tax from deferred tax previous years	(7)	(513)
Adjustment concerning previous years	(38)	0
	(7.512)	**(1.434)**

Notes to parent financial statements

8. Proposed distributions of profit/loss

	2022 DKK'000	2021 DKK'000
Reserve for development expenditures	(371)	1.718
Reserve for investments in Group	1.932	(5.086)
Retained earnings	(28.066)	(134)
	(26.505)	**(3.502)**

9. Intangible assets

	Completed development projects DKK'000	Patents and licenses DKK'000	Goodwill DKK'000
Cost at beginning of the year	50.508	15.812	12.398
Additions during the year	3.182	0	0
Disposals during the year	(4.425)	0	0
Transfer of assets	0	0	0
Cost at the end of the year	**49.265**	**15.812**	**12.398**
Depreciation and impairment losses beginning of the year	(32.119)	(15.812)	(12.398)
Adjustments prior year	0	0	0
Depreciation for the year	(3.810)	0	0
Reversal regarding disposals	4.164	0	0
Depreciation and impairment losses at the end of the year	**(31.765)**	**(15.812)**	**(12.398)**
Carrying amount at the end of the year	**17.500**	**0**	**0**

For description of the Company's completed development projects, refer to the Consolidated Financial Statements, cf. note 9.

Notes to parent financial statements

10. Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
Cost at beginning of the year	3.500	59.792	11.970	4.730
Additions during the year	0	1.038	2.241	15
Disposals during the year	(3.500)	(751)	(1.064)	0
Cost at the end of the year	**0**	**60.079**	**13.147**	**4.745**
Depreciation and impairment losses beginning of the year	0	(45.982)	(9.016)	(1.355)
Depreciation for the year	0	(1.866)	(966)	(599)
Reversal regarding disposals	0	729	1.050	0
Depreciation and impairment losses at the end of the year	**0**	**(47.119)**	**(8.932)**	**(1.954)**
Carrying amount at the end of the year	**0**	**12.960**	**4.215**	**2.791**

Notes to parent financial statements

11. Fixed assets investment

	Investments In group Enterprises DKK'000	Deposit DKK'000
Cost at 1. January	28.058	10.000
Additions during the year	0	0
Disposals during the year	0	0
Cost at 31. December	**28.058**	**10.000**
Value adjustments at 1. January	(749)	0
Dividend	0	0
Change in intercompany profit	(788)	0
Exchange rate adjustments	815	0
Share of profit/loss for the year	2.515	0
Value adjustments at 31. December	**1.793**	**0**
Carrying amount at the end of the year	**29.851**	**10.000**

Subsidiaries

	Registered in	Corporate form	Interest and share of voting rights, % 2022	Interest and share of voting rights, % 2021
TRESU Italia S.r.l.	Varese, Italy	S.r.l	100,0	100,0
TRESU Royse Inc.	Dallas, USA	Inc.	100,0	100,0
TRESU Japan Co. Ltd.	Osaka, Japan	Ltd.	100,0	100,0
TRESU Vertriebs GmbH	Celle, Germany	GmbH	100,0	100,0

Notes to parent financial statements

12. Contract work in progress

	2022 DKK'000	2021 DKK'000
Sales value of contract work in progress	169.405	139.083
Progress billings regarding contract work in progress	(249.840)	(139.390)
	(80.435)	**(307)**
Net value in the balance sheet:		
Work in progress	19.479	24.512
Other provisions	(16.786)	(5.416)
Received prepayments from customers	(83.128)	(19.403)
	(80.435)	**(307)**

13. Contributed capital

	Number	Nominal value DKK'000
Ordinary shares	4.100	4.100

14. Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	3.846	4.046
Property, plant and equipment	2.363	1.480
Inventories	(884)	517
Receivables	(88)	(185)
Profits, contract work in progress	4.858	2.078
Total deferred tax	**10.096**	**7.936**
Changes during the year		
Beginning of year	7.936	17.129
Recognized in income statement	2.160	(9.193)
End of year	**10.096**	**7.936**

Notes to parent financial statements

15. Long-term liabilities other than provisions

	Installments within 12 months 2022 DKK'000	Installments within 12 months 2021 DKK'000	Installments beyond 12 months 2022 DKK'000	Outstanding after 5 years DKK'000
Other payables	20.971	17.966	8.532	8.532
	20.971	**17.966**	**8.532**	**8.532**

16. Other provisions

Other provisions consist of warranties and loss making customer projects, and are primarily due within one year

17. Contingent liabilities

The Group´s Danish companies are jointly and severally liable for tax on the Group´s jointly taxed income etc. Total corporation tax payable is stated in the Annual Report of Nortre Administration ApS, which is the management company in the joint taxation. The Group´s Danish companies are moreover jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and tax on interest. Any subsequent adjustments to corporation taxes and withholding taxes may imply that the Company will be liable for a higher amount.

18. Unrecognised rental and lease commitments

For the year 2022 the Group has lease contracts regarding operating leases of tools, rental equipment and properties. The future minimum payments according to contracts are distributed by DKK 9,4m within year 1, DKK 34,7m between 1 and 5 years and DKK 48,9m after 5 years.

19. Mortgages and securities

There has been given a negative pledge in the entity’s assets.

Notes to parent financial statements

20. Related parties with controlling interest

The following parties have a controlling interest:

Altor Fund IV Holding AB, Stockholm, Sweden, shareholder.

Tresu Group Holding A/S, CBR-no. 37752088, Kolding, Denmark, shareholder.

Tresu Investment Holding A/S, CBR-no.37553727, Kolding, Denmark, shareholder

Other related parties include the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear in note 3.

21. Transaction with related parties

Related party transactions have been carried out on an arm's length basis. With reference to section 98 c(7) of the Danish Financial Statements Act, related party transactions have not been disclosed.

22. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- Tresu Investment Holding A/S, CBR-no. 37553727, Venusvej 44, DK-6000 Kolding.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

- Tresu Group Holding A/S, CBR-no. 37752088, Venusvej 44, DK-6000 Kolding.

23. Events after the balance sheet date

No events have occurred after the balance date to this date which will influence the evaluation of this annual report.