

Tresu Group Holding A/S

Venusvej 44

DK-6000 Kolding

Central Business Reg. No.: 37 75 20 88

Annual Report 2021

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Entity details

Entity

Tresu Group Holding A/S

Venusvej 44

DK-6000 Kolding

Denmark

Central Business Registration No.: 37 75 20 88

Registered in: Kolding

Financial period: 01.01.2021 - 31.12.2021

Phone: +45 76323500

Web site: www.tresu.com

Board of Directors

Jean-Marc Lechêne, chairman

Ola Harald Erici

Stephan Plenz

Søren Dan Johansen

Executive Board

Heidi Thousgaard Jørgensen

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 Group Holding A/S for the financial year 01.01.2021 - 31.12.2021.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company financial statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Kolding, 30.06.2022

Executive Board

Heidi Thousgaard Jørgensen

CEO

Board of Directors

Jean-Marc Lechêne

Chairman

Ola Harald Erici

Søren Dan Johansen

Stephan Plenz

Independent auditor's report

To the Shareholders of Tresu Group Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Tresu Group Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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.

Emphasis of Matter

We refer to note 2 and 13 to the consolidated Financial Statements which describes the uncertainty related to the measurement of goodwill. Our opinion has not been modified in respect of this matter.

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 Financial 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 International Financial Reporting Standards as adopted by the EU and further requirements in 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, 30 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer

State Authorised Public Accountant

mne24817

Heidi Bonde

State Authorised Public Accountant

mne42815

Management commentary

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017#</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Key figures					
Revenue	340.917	302.089	388.701	338.410	286.159
Gross profit/loss	23.193	17.160	27.574	(124.883)	26.120
Operating profit/loss	(52.045)	(63.392)	(81.836)	(324.309)	(33.025)
Net financials	12.301	(29.540)	(32.764)	(31.840)	(27.079)
Profit/loss for the year	(31.530)	(74.710)	(90.394)	(296.380)	(52.578)
Total assets	762.477	815.782	892.891	932.259	1.219.311
Investments in property, plant and equipment	919	1.268	20.912	1.061	2.495
Equity	(12.269)	(51.004)	25.225	70.373	238.328
EBITDA	16.275	13.390	(7.382)	(156.751)	14.868
EBITDA excl. non-recurring items	20.233	31.538	22.096	(139.275)	31.049
Ratios					
Gross margin (%)	6,8	5,7	7,1	(36,9)	9,1
Net margin (%)	(9,2)	(24,7)	(23,3)	(87,6)	(18,4)
Return on equity (%)	-	-	(189,1)	(192,0)	(44,0)
Equity ratio (%)	-	-	2,8	7,6	19,6
Return on assets	(6,8)	(7,8)	(9,2)	(34,8)	(2,7)

Ratios

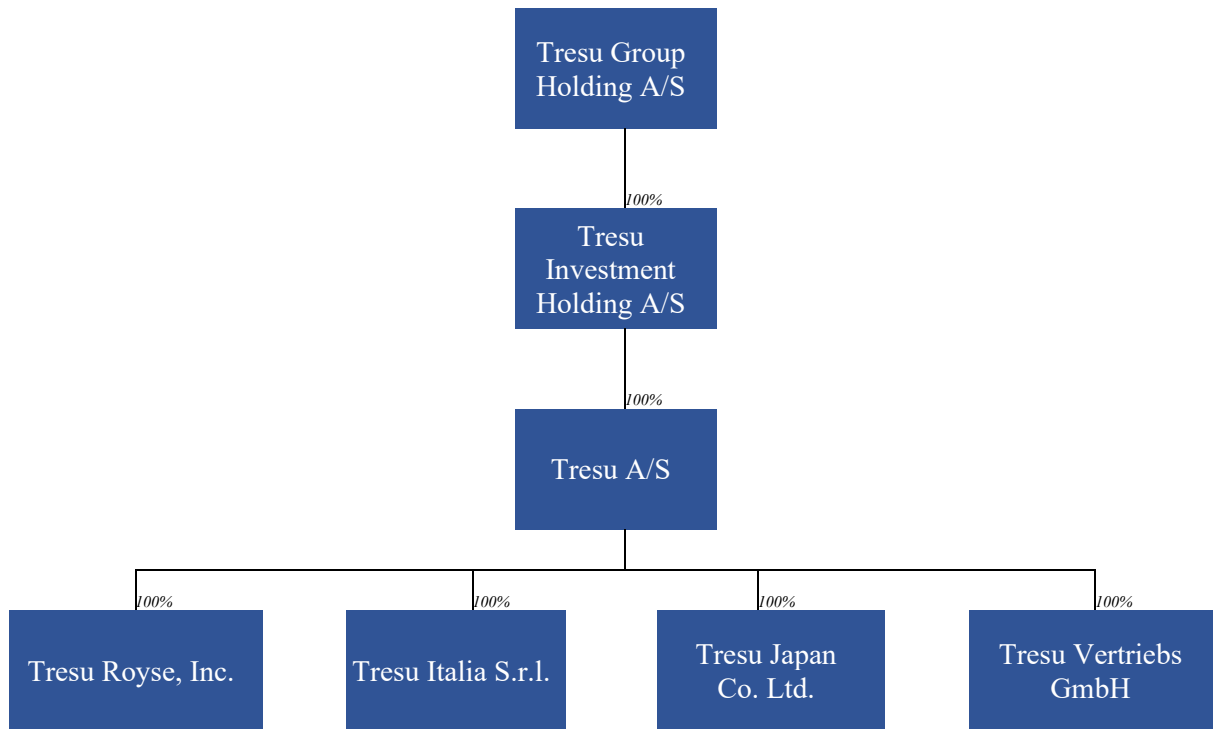
Calculation formula

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

As of 21 June 2017, the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The statement of profit or loss and other comprehensive income for YTD 2017 therefore only includes about 6 months of business activity. Tresu Investment A/S was merged with Tresu A/S as of 1 January 2018.

Management commentary

Group chart as per 31 December 2021



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 2021 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 develop 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.

As part of supporting the development in activities in 2022 and the business plan for 2022-24, we have succeeded with prolonging the expiration of the bonds until January 2025 during second half of 2021.

Financial developments in the fiscal year 2021

The result in the Group is impacted by Covid-19 with postponement of delivery of customer projects and critical components, and therefore the order backlog by end of 2021 is record high DKK 239,0m.

Consolidated revenue for the financial year 2021 is DKK 340,9m (2020: DKK 302,1m).

Operating profit (EBIT) for the year 2021 was DKK -52,0m (2020: DKK -63,4m).

Average number of headcounts in the Group in 2021 was 150 FTE (2020: 171).

Cash flow from operating activities in 2021 amounted to DKK -6,2m (2020: DKK 45,9) and net investments in property, plant and equipment equalled DKK 0,9m (2020: DKK 1,3m).

At the end of 2021, total assets were DKK 762,5m (2020: 815,8m) and total equity amounted to DKK -12,3m (2020: DKK -51,0m). The equity is positively impacted by a capital injection of DKK 62,0m in 2021.

The financial results 2021 are below original expectations but in line with re-adjusted expectations after taken Covid-19 impacts into consideration.

Objective and outlook

Driven by our relentless focus on 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 Folding Carton 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.

Management commentary

Against this outlook the Group expects a revenue growth in the area of 25-35% and EBITDA margin of approximately 10% (adjusted for non-recurring items) as well as a positive cash flow from operating activities in 2022.

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.

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.

Management commentary

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. For an elaboration of TRESU's activity model, please refer to the business activities section on page 8.

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.

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 exception 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 2021.

In 2022 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.

Management commentary

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 2022 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 2021.

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.

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.

Management commentary

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 2021 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 6.000 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 machines and the portfolio of Flexo Innovator machines delivered to TRESU customers. The result in 2021 was a total annual CO2 reduction of above 6.500 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 CO2.

The Group will in 2022 aim to help our customers to reduce their annual CO2 emission by at least 6.500 tonnes per year.

The goal of the Group for 2021 was an absenteeism of maximum 2,8%. Despite the continued focus on the working environment, we have realized an increased absenteeism amounting to 3,7% divided into short-term absenteeism accounting for 1,8% and long-term absenteeism accounting for 1,9% – an increase of 0,3%-point compared to 2020, which is in the light of covid-19 satisfied.

In 2022 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.

Management commentary

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 2021. This has been met on executive management level but not on Board of Directors level. Today, there are no women at the Board of Directors level, the board is 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 2021 16% women. This has been met on executive management level, however we are only at 9% 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 14% for 2022 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 2021 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 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.

Management commentary

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 Group Holding A/S's principal shareholder is Altor Fund IV, who possesses 99,8% of the Company's shares. Key employees and board members hold a minority of 0,2% of the Company's shares. By the end of 2021 Tresu Group Holding 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 Insead and Ingenieur Civil, Ecole Nationale supérieure des Mines de Paris.

Ola Harald Erics

Elected by Altor Fund IV. Member of the Board of Directors since 2017. Chairman of the Board of Midsona AB, Geveko Markings AB, Dynasafe Demil Systems AB and Arendalis AB. Member of the Board of Haarslev Group A/S, Haarslev Industries A/S, Solix Group AB and TRESU A/S.

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

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.

Management commentary

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.

Parent company's primary activities

Tresu Group Holding A/S activities comprise the ownership of 100% of the shares in Tresu Investment Holding A/S and fully owned subsidiaries.

Consolidated statement of comprehensive income

	Notes	1/1 - 31/12 2021 DKK'000	1/1 - 31/12 2020 DKK'000
Revenue	3,4	340.917	302.089
Production costs	5	<u>(317.724)</u>	<u>(284.929)</u>
Gross profit/loss		23.193	17.160
Distribution costs		(41.691)	(38.451)
Administrative costs	6	(33.990)	(45.613)
Others operating income		<u>443</u>	<u>3.512</u>
Operating profit/loss (EBIT)	7,8,9	(52.045)	(63.392)
Financial income	10	54.724	3.732
Financial expenses	11	<u>(42.423)</u>	<u>(33.272)</u>
Profit/loss before tax		(39.744)	(92.932)
Tax on profit/loss for the year	12	<u>8.213</u>	<u>18.222</u>
Loss for the year		<u>(31.530)</u>	<u>(74.710)</u>
Items that may be recycled subsequently to the income statement:			
Exchange rate adjustments, foreign companies		236	(1.519)
Tax on other comprehensive income		<u>0</u>	<u>0</u>
Other comprehensive income, net of tax		<u>236</u>	<u>(1.519)</u>
Total comprehensive income		<u>(31.294)</u>	<u>(76.229)</u>
Profit for the year attributable to:			
Owners of the Company		<u>(31.530)</u>	<u>(74.710)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<u>(31.294)</u>	<u>(76.229)</u>

Consolidated balance sheet

	<u>Notes</u>	<u>31.12.2021</u> <u>DKK'000</u>	<u>31.12.2020</u> <u>DKK'000</u>
Goodwill	13	174.000	174.000
Completed development projects		27.166	27.066
Patents and licenses		146.436	168.787
Brand		37.900	37.900
Customer relationship		83.298	111.573
Intangible assets	9,14	<u>468.800</u>	<u>519.326</u>
Plant and machinery		30.366	35.778
Other fixtures and fittings, tools and equipment		3.793	4.351
Leasehold improvements		3.375	3.624
Lease assets		91.279	100.869
Property, plant and equipment	15	<u>128.814</u>	<u>144.622</u>
Deposits		10.032	10.080
Other non-current assets		<u>10.032</u>	<u>10.080</u>
Non-current assets		<u>607.646</u>	<u>674.028</u>
Inventories	16	56.602	60.670
Trade receivables	17	48.463	29.289
Contract work in progress	18	24.512	9.843
Tax receivables		0	5.913
Other short-term receivables		2.760	7.966
Prepayments		1.171	3.583
Receivables		<u>133.508</u>	<u>117.264</u>
Cash		<u>17.800</u>	<u>16.490</u>
Assets held for sale	15	3.500	8.000
Current assets		<u>154.808</u>	<u>141.754</u>
Assets		<u><u>762.454</u></u>	<u><u>815.782</u></u>

Consolidated balance sheet

	<u>Notes</u>	<u>31.12.2021</u> <u>DKK'000</u>	<u>31.12.2020</u> <u>DKK'000</u>
Contributed capital	19	116.604	54.556
Other reserves		3.738	3.502
Retained earnings		<u>(132.593)</u>	<u>(109.062)</u>
Equity		<u>(12.251)</u>	<u>(51.004)</u>
Provisions for deferred tax	20	60.348	83.180
Other provisions	21	8.458	3.110
Corporate bonds	22	429.486	518.322
Lease debt		82.564	90.915
Other payables		<u>8.328</u>	<u>8.329</u>
Non-current liabilities		<u>589.184</u>	<u>703.856</u>
Current portion of long-term lease liabilities		10.950	11.281
Bank debt	23	36.364	41.530
Payable group company		515	8.515
Contract work in progress	18	19.403	21.455
Prepayment customers		43.917	19.056
Trade payables		38.717	20.207
Income tax payable		8.994	415
Other payables	24	<u>26.661</u>	<u>40.471</u>
Current liabilities		<u>185.521</u>	<u>162.930</u>
Total liabilities		<u>774.705</u>	<u>866.786</u>
Equity and liabilities		<u>762.454</u>	<u>815.782</u>

Consolidated statement of changes in equity

	Contri- buted capital DKK'000	Other Reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	54.556	3.502	(109.062)	(51.004)
Profit for the period	0	0	(31.530)	(31.530)
Other comprehensive income	0	236	0	236
Tax exempt contribution	62.034	0	8.000	70.033
Capital increase	14	0	0	14
Equity at 31 December 2021	116.604	3.738	(132.593)	(12.251)
Equity at 1 January 2020	54.556	5.021	(34.352)	25.225
Profit for the period	0	0	(74.710)	(74.710)
Other comprehensive income	0	(1.519)	0	(1.519)
Capital increase	0	0	0	0
Equity at 31 December 2020	54.556	3.502	(109.062)	(51.004)

Other reserves consist of exchange differences on translating foreign companies.

Consolidated cash flow statement

		1/1 - 31/12 2021	1/1 - 31/12 2020
	<u>Notes</u>	<u>DKK'000</u>	<u>DKK'000</u>
Operating profit/loss		(52.045)	(63.392)
Amortization and depreciation losses		68.319	76.782
Other provisions		3.287	719
Working capital changes	27	5.342	29.358
Cash flows from ordinary operating activities		24.904	43.467
Financial income received		574	0
Financial expenses paid		(31.639)	(32.618)
Income taxes refunded/(paid)		0	35.079
Cash flow from operating activities		(6.161)	45.928
Acquisition etc. of intangible assets		(6.873)	(5.521)
Acquisition etc. of property, plant and equipment		(919)	(1.268)
Proceeds from disposal of financial fixed assets		48	53
Proceeds from disposal of plant and machinery		4.725	6.967
Cash flow from investing activities		(3.019)	231
Repayment of bank debt		(5.166)	(29.222)
Leasing		(10.316)	(9.565)
Tax exempt contribution received from parent		25.957	0
Capital increase		14	0
Cash flows from financing activities	28	10.489	(38.787)
Increase/decrease in cash and cash equivalents		1.309	7.372
Cash and cash equivalents at 1 January		16.490	9.118
Cash and cash equivalents end of year	28	17.800	16.490
Cash and cash equivalents at year end are composed of:			
Cash		17.800	16.490
Cash and cash equivalents end of year		17.800	16.490

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1. Accounting policies and significant changes in accounting policies

The Annual Report of Tresu Group Holding A/S, a Danish company, and its subsidiary companies has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the EU, and additional Danish requirements applicable to reporting class C enterprises (large), including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The consolidated financial statements are presented for the period 1 January 2021 to 31 December 2021, including its consolidated subsidiaries.

The consolidated financial statements are presented in Danish kroner, which is the Parent Company’s functional currency.

The significant accounting policies adopted can be found in note 34.

Implementation of new standards, amendments, and interpretations

The Annual Report 2021 has been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2020, except for the following Amendments that were adopted as of 1 January 2021:

- *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR-reform, phase 2.* A number of amendments which may help companies resolve accounting issues arising from changes in contractual cash flows or hedging conditions during implementation of the IBOR-reform. The amendments pertain to modifications, hedge accounting and disclosure requirements.

We have assessed the effect of the new standards, amendments, and interpretations. We have concluded that all standards, amendments, and interpretations effective for financial years beginning on or after 1 January 2021 are either not relevant to the Group or have no significant effect on the Financial Statements of the Group.

New standards, interpretations and amendments adopted by the Group

The following new standards, amendments, and interpretations of relevance to the Group have been adopted by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the Annual Reports until they take effect.

- *IFRS 16, Leases:* The amendment clarifies that modifications regarding lease payments because of COVID-19 should not be treated as modifications for accounting purposes even though they meet the definition of a modification of a lease according to the standard.

The amendment will be effective beginning on or after 1 April 2021.

Notes to consolidated financial statements

- *IFRS 3, Business Combinations; IAS 16, Property, Plant and Equipment; IAS 37, Provisions, Contingent Liabilities and Contingent Assets; Annual improvement 2018-2020 on IFRS 1, IFRS 9, IAS 41 and IFRS 16:* Amendments to IFRS 3 updates examples and references to the framework. Amendments to IAS 37 clarify which costs to include when assessing whether a contract is lossmaking. Amendments to IAS 16 prohibits deducting amounts receive from selling items produces while the company is preparing the asset for its intended use in the costs of the property, plant and equipment. Annual project 2018-2020 make minor amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16.

The amendments will be effective beginning on or after 1 January 2022.

The Group has assessed the effect of the new standards, amendments, and interpretations and we have concluded that all standards, amendments and interpretations are either not relevant to the Group or have no significant effect on the Financial Statements of the Group.

2. Use of estimates and judgement

Management of the Company has made a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in the preparation of these consolidated financial statements in conformity with IFRS. Actual results could differ from those estimates.

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

Going concern

The group has per. 31 December 2021 a negative equity of DKK 12 million.

In the second half of 2021, the Group obtained an extension of the repayment date on the bond loan from September 2022 to January 2025, and at the same time as the Group's shareholder, Altor Fund IV Holding AB (Altor), canceled DKK 90 million of the bond loan so that the debt and interest burden are reduced. Altor's commitment to the TRESU Group was further demonstrated by the fact that Altor financed all the costs associated with the transaction, while at the same time waiving a receivable.

The budget for 2022, which is based on a record high order book, shows a significant increase in revenue and earnings. Budgets and predictions about the future are inherently and as always associated with uncertainty. Based on the above, the company's management and board of directors have presented the annual report for 2021 under the going concern premise.

Goodwill and other non-current assets - impairment

During annual testing of goodwill and other non-current assets for impairment, or when an indication of impairment exists, an assessment is made as to how those activities of the Group (cash-generating units) that relate to goodwill would be able to generate sufficient positive future net cash flows to support the value of goodwill, non-current intangible assets and property, plant and equipment relating to those activities. Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently results in some uncertainty. The Company expects to be able to return to former levels of revenue and EBITDA due to

penetration of the US market and the customer portfolio, consisting of market leaders within the Company's main markets. The risk and uncertainty related to achieving this are reflected in the discount rate applied and in the terminal value growth rate.

Please see specification in note 13.

Contract work in progress

The method for estimating work in progress is based on total cost for calculation of percentage of completion (POC). Contract work in progress is continuously assessed to see if the net realizable value is higher than cost incurred.

The stage of completion on Contract work in progress is based on an estimate of cost to finish the asset. These estimates might change as assets evolve, cf. note 34 accounting policies on revenue.

It may be necessary to change previous estimates due to changes in those circumstances on which the estimates are based, or due to new information or subsequent events.

Lease of property

The Company's property leases allow for extension at the discretion of the Company. The determination of the lease term is significant to the calculation of lease liabilities and right-of-use assets, and consequently, due to discounting, to depreciation and interest costs of the year. Management has assessed the probable lease term for individual leases in relation to the Company's strategic goals and current plans. If these goals and plans are changed, the lease liabilities and right-of-use assets are revised. The matter is described in further detail in note 34.

Notes to consolidated financial statements

3. Revenue and segmentation of operations

When adopting IFRS, Management has analysed segmentation of the operations through the strategic management, decision and reporting structure used by Management. The analysis resulted in that two segment was identified.

2021	Solutions DKK'000	Ancillary DKK'000	Group DKK'000
Revenue	227.617	113.300	340.917
Revenue, total	227.617	113.300	340.917
Allocated EBITDA	(2.122)	13.216	11.094
non-allocated costs			5.180
EBITDA			16.274
Depreciation and amortisation			(68.319)
EBIT			(52.045)
Financial net			12.301
Profit/loss before tax			(39.744)

2020	Solutions DKK'000	Ancillary DKK'000	Group DKK'000
Revenue	197.580	104.509	302.089
Revenue, total	197.580	104.509	302.089
Allocated EBITDA	10.131	7.049	17.180
non-allocated costs			(3.790)
EBITDA			13.390
Depreciation and amortisation			(76.783)
EBIT			(63.393)
Financial net			(29.539)
Profit/loss before tax			(92.932)

Revenue from sale of products and services split by type:

	2021 DKK'000	2020 DKK'000
In-line flexo printing machines	227.617	197.580
Ancillary products	113.300	104.509
Total activities	340.917	302.089

Notes to consolidated financial statements

Revenue split by geography:

	2021	2020
	DKK'000	DKK'000
Denmark	10.526	6.843
Germany	38.342	48.916
USA	61.947	50.606
China	39.144	18.734
Sweden	40.297	12.972
Hungary	34.383	1.368
Rest of Europe	81.763	126.177
South and North America	10.377	5.670
Rest of Asia	4.031	17.123
Middle East and Africa	19.938	13.493
Other markets	170	187
Total net revenue	340.917	302.089

Timing of revenue recognition:

	2021	2020
	DKK'000	DKK'000
Products and services transferred at a point in time	201.294	186.454
Products transferred over time	139.623	115.635
	340.917	302.089

4. Revenue

	2021	2020
	DKK'000	DKK'000
Sales of goods	195.109	179.200
Sales of service	6.185	7.254
Income from contract work in progress (turnkey projects)	139.623	115.635
Revenue	340.917	302.089

Notes to consolidated financial statements

5. Production costs

	2021	2020
	DKK'000	DKK'000
Materials consumption	188.499	136.971
Write-down of inventories	1.605	1.301
Other production costs	3.474	7.677
Staff costs	39.246	50.249
Depreciation, amortization and impairment	57.954	67.145
Research and development	7.376	6.246
Indirect production costs	19.570	15.340
Production costs	317.724	284.929

6. Fees to auditors appointed at the Annual General Meeting

	2021	2020
	DKK'000	DKK'000
PricewaterhouseCoopers		
Statutory audit	736	568
Other statements with opinions	66	0
Tax and VAT advisory services	167	0
Other services	329	502
Total fees to auditors appointed at the Annual General Meeting	1.298	1070

Other services relate to courses, bonds and extra work in relations to last years accounts.

Notes to consolidated financial statements

7. Staff costs

	2021	2020
	DKK'000	DKK'000
Board fees	1.270	1.174
Wages and salaries	82.944	94.646
Pensions	5.576	6.395
Other social security costs	1.697	1.637
Other staff costs	684	475
Total staff costs	92.171	104.327
Staff costs are distributed as follows:		
Production	39.246	50.249
Research and development	5.623	4.183
Sales and distribution	24.665	26.491
Administration	22.637	23.404
Total staff costs	92.171	104.327
Average number of employees	150	171

Remuneration of management

	Board of Directors		Executive board		Other key management personnel	
	2021	2020	2021	2020	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Board fee	1.270	1.174	0	0	0	0
Salary and wages	0	0	3.705	4.385	7.924	6.332
Pension	0	0	250	248	577	436
	1.270	1.174	3.955	4.633	8.501	6.768

Remuneration of the executive directors and key management personnel is based on a fixed salary, bonus and non-monetary benefits such as company car, telephone etc. Executive directors and other key management personnel are covered by the same pension agreement as other employees. Usual notification period applies in the event of resignation of management. The total amount for key management amounts to 13.726 DKK'000 in 2021 (2020: 12.575 DKK'000).

Notes to consolidated financial statements

8. Defined contribution plans

The Group has defined contribution plans with the majority of the employees in the Danish entities. According to the agreements the Group entities are monthly paying an amount of 8% of the base salaries and wages. The payment regarding each employee is paid to an independent pension company.

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
Cost to defined contributions plans	<u>5.576</u>	<u>6.395</u>

There are only minor obligations regarding benefit plans to employees outside of Denmark.

9. Amortization, depreciation and impairment

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
Amortization, intangible assets	50.545	56.200
Depreciation, property, plant and equipment	7.459	11.018
Amortization, lease assets	10.315	9.565
Total amortization, depreciation and impairment	<u>68.319</u>	<u>76.783</u>

Amortization, depreciation and impairment are distributed as follows:

Production	57.954	67.145
Administration	10.365	9.638
Total amortization, depreciation and impairment	<u>68.319</u>	<u>76.783</u>

Notes to consolidated financial statements

10. Financial income

	2021	2020
	DKK'000	DKK'000
Gain on foreign exchange	574	3.732
Other financial income	54.150	0
Total financial income	54.724	3.732

Other financial income consists primarily of a gain linked to the cancelation of bonds (EUR 12.1m) executed in December 2021 as the bond price was lower than nominal price.

11. Financial expenses

	2021	2020
	DKK'000	DKK'000
Interest expenses	27.349	28.489
Loss on foreign exchange	34	764
Other financial expenses	12.874	1.578
Interest regarding leasing liabilities	2.166	2.441
Total financial expenses	42.423	33.272

Other financial expenses consist primarily of a modification loss linked to the difference between the original expected payments on the bond obligation and the changed payments discounted with the effective interest rate amounting to 10.7 mDKK

Notes to consolidated financial statements

12. Income tax

	2021	2020
	DKK'000	DKK'000
Current tax for the year	15.714	(5.506)
Deferred tax for the year	(22.234)	(14.631)
Received tax from deferred tax previous years	0	(33.364)
Adjustments tax from deferred tax previous years	731	33.365
Adjustments recognized for current tax from prior periods	<u>(2.425)</u>	<u>1.914</u>
Corporation tax for the year	<u>(8.213)</u>	<u>(18.222)</u>

Income tax expense attributable to income before income taxes differed from the amounts computed by applying the Danish income tax rate of 22%. For foreign entities is used the actual tax rate in the country concerned.

Tax on profit the year breaks down as follows:

Calculated tax on profit for the year before tax	22,0%	22,0%
Adjustment of calculated tax in foreign Group subsidiaries relative to 22%	0,0%	0,0%
Tax effect of:		
Adjustment prior year	4,3%	(2,1%)
Non-deductible expenses/non-taxable income	<u>(5,6%)</u>	<u>(0,3%)</u>
Effective tax rate (%)	<u>20,7%</u>	<u>19,6%</u>

Notes to consolidated financial statements

13. Goodwill

	2021	2020
	DKK'000	DKK'000
Cost at the beginning of the year	249.000	249.000
Revaluation	0	0
Additions during the year	0	0
Cost at the end of the year	249.000	249.000
Impairment losses at the beginning of the year	75.000	75.000
Impairment losses for the year	0	0
Impairment losses at the end of the year	75.000	75.000
Carrying amount at the end of the year	174.000	174.000

Goodwill is allocated to segments and tested for impairment once a year and in the case of impairment indicators. The result of the 2021 analysis did not identify a need to impair goodwill as of 31 December 2021.

In the impairment test the discounted value of future net cash flows are compared with the carrying amount of the Cash Generating Unit.

The key assumptions underlying the calculation of value in use are the determination of EBITDA growth in the period 2022 to 2027, discount rate and terminal value growth rate.

EBITDA growth is determined based on historical EBITDA realized in the Group, the board approved budget for 2022, adjusted for non-recurring expenses, forecast for 2023-2027 agreed by the board and general parameters such as expected market development and market trends (i.e. sustainability) etc.

The EBITDA growth rate is based on the following:

- The revenue is expected to grow with a CAGR amounting to approx. 9% until 2027. The baseline in 2021 has been negatively impacted by Covid-19 delaying part of the income recognition to 2022, but we also see that the market had as expected started picking up again in 2022 supported by a record high order intake for 2021 amounting to 422 mDKK and order back log by end of 2021 at 239 mDKK.
- We will drive the improvements within all segments by offering proactive lifecycle management of the installed base, bringing new technology and products to the market, improved go-to-market strategy and servicing customers more extensively.
- Increasing global need for packaged foods and beverages.
- Sustainability increasingly a key topic in customers' major investment decisions tapping well into our technology.
- Continued focus on supply chain improvements and lean implementation.
- Strong control of OPEX development, focusing on converting from fixed costs to variable costs.
- In total the EBITDA margin is expected to increase to approx. 15% in 2027.

Notes to consolidated financial statements

Other key assumptions from the impairment testing of goodwill are as follows:

The growth rate used in the terminal period is 0% (0% in 2020).

The booked value of goodwill is allocated based on the activity level (65% refers to Solutions and 35% refers to Ancillary), which is also reflected in the base for impairment testing.

The discount rate is determined based on the Company's borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed. A base after-tax discount rate of 10,8% (10,8% in 2020) is used (equivalent to a before tax discount rate of 13,8 % (13,8% in 2020)) and is supported by equivalent external benchmarks.

Sensitivity analyses of the recoverable amount shows a headroom of approx. DKK 42 million if growth rate will be 3% lower YoY and a headroom of approx. DKK 40 million if the discount rate was increased by 1 % point. If the growth rate will be 6% lower YoY, we will reach a break-even point with a headroom at DKK 0.

Notes to consolidated financial statements

14. Other intangible assets

DKK'000 2021	Completed development projects	Patents and licenses	Brand	Customer relation- ships	Total
Cost at beginning of the year	45.960	227.542	37.900	212.700	524.102
Additions during the year	6.873	0	0	0	6.873
Disposals during the year	0	(6.854)	0	0	(6.854)
Transfer of assets	0	0	0	0	0
Cost at the end of the year	52.833	220.688	37.900	212.700	524.121
Depreciations at the beginning of the year	(18.893)	(58.755)	0	(101.127)	(178.776)
Depreciation for the year	(6.773)	(15.497)	0	(28.275)	(50.545)
Reversal regarding disposals	0	0	0	0	0
Transfer of assets	0	0	0	0	0
Depreciation and impairment losses at the end of the year	(25.666)	(74.252)	0	(129.402)	(229.321)
Carrying amount at the end of the year	27.167	146.436	37.900	83.298	294.800

Notes to consolidated financial statements

DKK'000 2020	Completed development projects	Patents and licenses	Brand	Customer relation- ships	Total
Cost at beginning of the year	45.492	227.542	37.900	212.700	523.634
Additions during the year	5.521	0	0	0	5.521
Disposals during the year	(5.053)	0	0	0	(5.053)
Transfer of assets	0	0	0	0	0
Cost at the end of the year	45.960	227.542	37.900	212.700	524.102
Depreciation at the beginning of the year	(13.280)	(42.242)	0	(72.780)	(128.302)
Depreciation for the year	(11.340)	(16.513)	0	(28.347)	(56.200)
Reversal regarding disposals	5.726	0	0	0	5.726
Transfer of assets	0	0	0	0	0
Depreciation and impairment losses at the end of the year	(18.894)	(58.755)	0	(101.127)	(178.776)
Carrying amount at the end of the year	27.066	168.787	37.900	111.573	345.326

Apart from goodwill and brand, all other intangible assets are regarded as having determinable useful lives over which the assets are amortized; see accounting policies in note 34. Estimated useful life of Patents is on average 14 years. Estimated useful lives of Customer Relationships are between 4-10 years. Estimated useful lives of completed development projects are between 3-12 years.

Management has tested the carrying amount of the above mentioned intangibles using the same assumptions as listed in note 13. Management has not observed indications of impairment on intangible assets.

Notes to consolidated financial statements

15. Property, plant and equipment

DKK'000 2021	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improve- ments</u>	<u>Total</u>
Cost at beginning of the year	58.892	8.061	4.776	71.729
Exchange rate adjustments	(2)	43	0	41
Additions during the year	480	108	331	919
Disposals during the year	(1.251)	(58)	0	(1.309)
Cost at the end of the year	<u>58.119</u>	<u>8.154</u>	<u>5.107</u>	<u>71.380</u>
Depreciation at the beginning of the year	(23.114)	(3.710)	(1.152)	(27.976)
Adjustment prior year	(344)	850	0	506
Depreciation for the year	(5.320)	(1.559)	(580)	(7.459)
Depreciation reversed the year	1.026	58	0	1.084
Depreciation and impairment losses at the end of the year	<u>(27.752)</u>	<u>(4.361)</u>	<u>(1.732)</u>	<u>(33.845)</u>
Carrying amount at the end of the year	<u>30.367</u>	<u>3.793</u>	<u>3.375</u>	<u>37.535</u>

Notes to consolidated financial statements

DKK'000 2020	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improve- ments</u>	<u>Total</u>
Cost at beginning of the year	61.833	7.589	5.088	74.510
Exchange rate adjustments	(213)	(208)	0	(421)
Additions during the year	468	800	0	1.268
Disposals during the year	(3.196)	(120)	(312)	(3.628)
Transfer of assets held for sale	0	0	0	0
Transfer of assets	0	0	0	0
Cost at the end of the year	<u>58.892</u>	<u>8.061</u>	<u>4.776</u>	<u>71.729</u>
Depreciation at the beginning of the year	(16.302)	(1.562)	(583)	(18.447)
Exchange rate adjustments	194	184	0	378
Depreciation for the year	(8.064)	(2.384)	(569)	(11.017)
Impairment loss (assets for sale)	0	0	0	0
Impairment loss	0	0	0	0
Depreciation reversed the year	1.058	52	0	1.110
Transfer of assets	0	0	0	0
Depreciation and impairment losses at the end of the year	<u>(23.114)</u>	<u>(3.710)</u>	<u>(1.152)</u>	<u>(27.976)</u>
Carrying amount at the end of the year	<u>35.778</u>	<u>4.351</u>	<u>3.624</u>	<u>43.753</u>

Assets held for sale

In August 2019 the Company moved into a new domicile, and therefore the Company has decided to sell the former corporate building and related land. The building was sold in June 2021

The total value of assets for sale, DKK 3.500 thousand, consists of land for sale in Denmark.

Notes to consolidated financial statements

15. Property, plant and equipment – lease assets

DKK'000 2021	Property	Cars	Other assets	Total
Cost at Jan 1, 2021	107.761	3.668	4.095	115.524
Foreign exchange rate adjustment	612	(8)	3	607
Additions	0	533	0	533
Disposals	0	(530)	0	(530)
Re-measure / modification of lease assets	(351)	3	0	(348)
Cost at Dec 31, 2021	108.022	3.666	4.098	115.786
Depreciation and impairment at Jan 1, 2021	(11.364)	(1.503)	(1.788)	(14.655)
Foreign exchange adjustment	(120)	32	20	(68)
Disposals	0	530	0	530
Depreciation	(8.099)	(1.078)	(1.139)	(10.315)
Depreciation and impairment at Dec 31, 2021	(19.583)	(2.019)	(2.906)	(24.508)
Carrying amount at Dec 31, 2021	88.439	1.647	1.193	91.279
DKK'000 2020	Property	Cars	Other assets	Total
Cost at Jan 1, 2020	99.075	2.839	4.102	106.016
Foreign exchange rate adjustment	(3)	(18)	(11)	(32)
Additions	7.970	1.835	0	9.805
Disposals	(198)	(631)	0	(829)
Re-measure / modification of lease assets	917	(357)	4	564
Cost at Dec 31, 2020	107.761	3.668	4.095	115.524
Depreciation and impairment at Jan 1, 2020	(4.217)	(1.050)	(652)	(5.919)
Foreign exchange adjustment	0	0	0	0
Disposals	198	631	0	829
Depreciations	(7.345)	(1.084)	(1.136)	(9.565)
Depreciation and impairment at Dec 31, 2020	(11.364)	(1.503)	(1.788)	(14.655)
Carrying amount at Dec 31, 2020	96.397	2.165	2.307	100.869

Notes to consolidated financial statements

16. Inventories

	2021	2020
	DKK'000	DKK'000
Raw materials	15.723	28.327
Work in progress	27.862	18.830
Finished goods	18.844	19.831
Prepayment for goods	0	701
Write-down inventories	(5.827)	(7.019)
Total inventories	56.602	60.670

17. Trade receivables

	2021	2020
	DKK'000	DKK'000
Account receivable	53.186	34.878
Allowance for bad debts	(4.723)	(5.589)
Accounts receivable	48.463	29.289
Impairment losses at 1 January	5.589	6.169
Impairment loss provisioned	184	0
Realized for the period	0	(27)
Reversed	(1.050)	(553)
Impairment losses on receivables*	4.723	5.589

	Trade	Trade
	receivables	receivables
	DKK'000	DKK'000
Distributed by age		
Not overdue	33.088	23.759
0-30 days	7.802	2.498
31-60 days	3.748	382
61-90 days	474	134
Above 91 days	8.074	8.105
Accounts receivable	53.186	34.878

*Related to trade receivables overdue above 91 days.

Notes to consolidated financial statements

The Group has no significant risk related to a single customer or market, and historical losses has been very limited.

Write-downs for bad and doubtful receivables are based on individual evaluations of the aging profiles, and a % has been provisioned according to expected risk of the receivable.

After this analysis it is still the expectation that future losses will be very limited, and we have therefor kept the method from prior years.

Please see note 29 for further information.

Notes to consolidated financial statements

18. Contract work in progress (turnkey projects)

	2021	2020
	DKK'000	DKK'000
Sales value of contract work in progress	139.083	185.299
Progress billings regarding contract work in progress	<u>(133.974)</u>	<u>(196.911)</u>
	5.109	(11.612)
Net value in the balance sheet:		
Contract work in progress	24.512	9.843
Contract work, liabilities	<u>(19.403)</u>	<u>(21.455)</u>
	5.109	(11.612)

Amounts relating to contract work in progress are balances due from customers that arise when the Group carried out work at the balance sheet date. These agreements do not include a variable consideration. The Group receives payment from customers in line with the agreed payments terms at placing the order, prior to shipment of machines and a minor part after installation/commissioning acceptance. Any amount previously recognized as a contract work in progress is reclassified to trade receivables at the point at which it is invoiced to the customer. The Group expects that all performance obligations for ongoing projects will be met within a period of 12 months. End of 2021 we still have 3 projects started in 2020, which are not 100% finalized, with total sales value of DKK 20.7m recognized in 2020.

19. Share capital

The share capital consists of share with a nominal value of DKK 1 each. The shares have been paid in full. The shares have not been divided into classes and no special rights have been attached to the share.

The share capital can be made up as follows:

	2021	2020
	DKK'000	DKK'000
Number of share 1 January	54.556	54.556
Capital increase	<u>62.048</u>	<u>0</u>
Number of shares 31 December	116.604	54.556

Notes to consolidated financial statements

20. Deferred tax

	2021	2020
	DKK'000	DKK'000
Deferred tax liabilities	60.348	83.180
Total deferred taxes	60.348	83.180

	Deferred tax 01.01	Recognized in profit	Recognized equity	Recognized in other comp.inc.	Total 31.12
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
2021					
Intangible assets	69.024	(12.505)	0	0	56.519
Property, plant and equipment	4.997	105	0	0	5.102
Inventories	2.161	(1.475)	0	0	686
Receivables	8.548	(6.656)	0	0	1.892
Liabilities and other provisions	(1.550)	(2.301)	0	0	(3.851)
Temporary differences	83.180	(22.832)	0	0	60.348

	Deferred tax 01.01	Recognized in profit	Recognized equity	Recognized in other comp.inc.	Total 31.12
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
2020					
Intangible assets	82.682	(13.658)	0	0	69.024
Property, plant and equipment	5.012	(15)	0	0	4.997
Inventories	4.364	(2.203)	0	0	2.161
Receivables	7.421	1.127	0	0	8.548
Tax deficit	(33.364)	33.364	0	0	0
Liabilities and other provisions	(1.668)	118	0	0	(1.550)
Temporary differences	64.447	18.733	0	0	83.180

Notes to consolidated financial statements

21. Other Provisions

	2021	2020
	DKK'000	DKK'000
Warranties 1 January	3.110	4.742
Realized for the period	(1.550)	(2.245)
Provisioned for the year	1.482	613
Specific customer projects	<u>5.416</u>	<u>0</u>
Other provisions	<u>8.458</u>	<u>3.110</u>
Provisions are recognized in the balance sheet:		
Non-current liabilities	<u>8.458</u>	<u>3.110</u>
	<u>8.458</u>	<u>3.110</u>

Warranties are provisioned according to a percentage of revenue and covers work to improve products inefficiencies at customers' site. Warranties are primarily due within one year.

Notes to consolidated financial statements

22. Corporate bonds

	2021	2020
	DKK'000	DKK'000
Corporate bonds	437.547	520.751
Corporate bonds fees, amortized	(8.061)	(2.429)
	429.486	518.322
Corporate bonds in the balance sheet:		
Non-current liabilities	429.486	518.322
	429.486	518.322

	Currency	Expires	Interest fixed or variabel	Amortized cost DKK'000	Nominal Value DKK'000	Fair Value DKK'000
Corporate bond, 3m Euribor + 500 bps 31 December 2021	EUR	Jan. 2025	Variable	429.486	430.573	215.825
				429.486	430.573	215.825

	Currency	Expires	Interest fixed or variabel	Amortized cost DKK'000	Nominal Value DKK'000	Fair Value DKK'000
Corporate bond, 3m Euribor + 500 bps 31 December 2020	EUR	Sept. 2022	Variable	518.322	520.751	192.678
				518.322	520.751	192.678

Since the issue in September 2017, the bonds have been adjusted with the exchange rate EUR/DKK at the end of the year. Level 2 from the fair value hierarchy has been used.

We have successfully renegotiated the expiration date of the corporate bonds with all stakeholders in 2021. Part of the bonds amounting to EUR 12.1m have been cancelled in connection with the renegotiation process lowering the overall nominal value of corporate bonds.

Notes to consolidated financial statements

23. Debt banks

	2021	2020
	DKK'000	DKK'000
Overdraft facilities	36.364	41.530
Total bank debts	36.364	41.530

Debts to banks are recognized in the balance sheet:

Current obligations	36.364	41.530
	36.364	41.530

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variabel</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DKK'000</u>
Overdraft facility	DKK	2024	Variable	36.364	36.364	36.364
31 December 2021				36.364	36.364	36.364

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variabel</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DKK'000</u>
Overdraft facility	DKK	2023	Variable	41.530	41.530	41.530
31 December 2020				41.530	41.530	41.530

24. Other payables

	2021	2020
	DKK'000	DKK'000
Payable staff costs	10.395	17.176
Payable VAT	573	3.267
Other liabilities	15.693	20.028
Total other payables	26.661	40.471

Notes to consolidated financial statements

25. 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.

26. Pledged assets etc.

There has been given a negative pledge in the Group's assets.

27. Changes in working capital

	2021	2020
	DKK'000	DKK'000
Increase/decrease in inventories	4.068	(341)
Increase/decrease in receivables	(26.225)	21.859
Increase/decrease in trade payables etc.	27.499	7.840
	5.342	29.358

Notes to consolidated financial statements

28. Cash and cash equivalents

	2021	2020
	DKK'000	DKK'000
Cash and cash equivalents	17.800	16.490
	17.800	16.490

The Group has unutilized drawings rights on overdraft facilities DKK 80,5m.

	Non-cash change					
	01.01	Cashflow	Cancellation	Exchange	New leases	31.12
2021	DKK'000	DKK'000	of debt	rate adjust.	DKK'000	DKK'000
			DKK'000	DKK'000		DKK'000
Corporate bonds	518.322	0	(88.836)	0	0	429.486
Lease debts	102.196	(10.316)	0	607	708	93.195
Bank debt	41.530	(5.166)	0	0	0	36.364
	662.048	(15.482)	(88.836)	607	708	559.045

	Non-cash changes				
	01.01	Cashflow	Exchange	New leases	31.12
2020	DKK'000	DKK'000	rate adjust.	DKK'000	DKK'000
			DKK'000		
Corporate bonds	519.062	0	(740)	0	518.322
Lease debts	98.702	(9.565)	(32)	13.091	102.196
Bank debt	70.753	(29.223)	0	0	41.530
	688.517	(38.788)	(772)	13.091	662.048

Notes to consolidated financial statements

29. Financial risks

Categories of financial instruments

	2021	2020
	DKK'000	DKK'000
Deposits	10.032	10.080
Trade receivables	48.463	29.289
Other short-term receivables	2.760	7.966
Cash	17.800	16.490
Financial assets at amortized cost	79.055	63.825
Corporate bonds	429.486	518.322
Finance liabilities	93.514	102.196
Non-current other payables	8.328	8.329
Bank debt	36.364	41.530
Payable to group company	515	8.000
Trade payables	38.717	20.207
Other payables	26.679	40.471
Financial liabilities measured at amortized cost	633.603	739.055

Policy for controlling financial risks

The Group, due to its operations, investments and financing, is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risk and liquidity risks. The Group manages the financial risk centrally and coordinates the Group's liquidity management, including capital procurement and placement of surplus funds.

It is the Group's policy not to make any speculation in financial risks.

The Group manages the financial risks through the use of three different tools for cash flow budgeting; a model covering a rolling three-month period, a model that covers a period of one year, and a model covering a period of three years.

Currency risks

The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk.

Notes to consolidated financial statements

Interest risks

Both corporate bonds and bank debt has a variable interest rate, and therefore the Group has a significant interest rate risk. Other payables have a short repayment profile, and the Group only has a low interest rate risk on those payables.

Liquidity risks

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents as well as undrawn credit facilities. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement.

Credit risks

The Group is not exposed to significant credit risks. Customers must pay in advance if they are considered to have any increased risk in relation to other accounts receivables.

Credit risks on going contract work for the account of a third party is limited. Invoices on account are thus agreed to follow minimum the cost of incurred on contract work, Furthermore, all contract customers must pay a part of the total consideration at placing the order, which in itself reduces the credit risk substantially.

Currency risks

The Group has not entered into any derivatives financial instruments to hedge recognized financial assets and liabilities. The Group's currency exposure is specified below.

Notes to consolidated financial statements

	Cash and cash equiva. DKK'000	Recei- vables DKK'000	Bond debt DKK'000	Other liabilities DKK'000	Unsecured net position DKK'000
2021					
EUR	6.381	20.485	(437.547)	(8.220)	(418.900)
USD	8.277	7.949	0	(894)	15.331
JPY	1.544	1.414	0	(212)	2.746
	16.202	29.848	(437.547)	(9.327)	(400.823)
	Cash and cash equiva. DKK'000	Recei- vables DKK'000	Bond debt DKK'000	Other liabilities DKK'000	Unsecured net position DKK'000
2020					
EUR	2.524	21.633	(520.751)	(4.280)	(500.874)
USD	12.274	7.094	0	(6.062)	13.306
JPY	1.005	965	0	(587)	1.383
	15.803	29.692	(520.751)	(10.929)	(486.185)

Sensitivity analysis regarding currency risks

The Group's main currency exposure relates to debt in EUR. The following shows the net impact on equity and profit for the year if the exchange rate of the currencies in question had been 1% lower at the end of the year than the actual rate used. If the rate had been 1% higher priced than the actual exchange rate, then it would have had a corresponding net negative impact on equity and profit for the year.

Notes to consolidated financial statements

	2021	2020
	DKK'000	DKK'000
Equity sensitivity to exchange rate fluctuations		
Impact if EUR-rate was 1% lower than actual rate	4.189	5.009
	4.189	5.009

	2021	2020
	DKK'000	DKK'000
Sensitivity of the result to exchange rate fluctuations		
Impact if EUR-rate was 1% lower than actual rate	4.189	5.009
	4.189	5.009

The Corporate bonds are issued in EUR and the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and EUR. A 1% change in the EUR rate at 31st December 2021 would have affected comprehensive income and equity by approximately DKK 4,2m. The sensitivity analysis shows the difference between the 31st December 2021 fair value calculated for the Group's assets and liabilities denominated in EUR.

Interest rate risks

The Group has a significant degree of interest-bearing financial liabilities and as a consequence is exposed to interest rate risks. In regard to the Group's financial assets and financial liabilities, the following contractual interest rate adjustment dates or maturity date can be specified, depending which date is the earlier, and how much of the interest-bearing assets and liabilities are at a fixed-rate. Variable rate loans are deemed to have interest rate adjustment dates that fall within one year.

	2021	2020
	DKK'000	DKK'000
Sensitivity to interest rate fluctuations		
Impact if interest rate was 1% higher than actual rate	(4.375)	(2.583)
	(4.375)	(2.583)

	2021	2020
	DKK'000	DKK'000
Sensitivity to interest rate fluctuations		
Impact if EUR-rate was 1% lower than actual rate	64	250
	64	250

Notes to consolidated financial statements

Liquidity risks

Due dates for financial liabilities are specified below, broken down by the time interval used in the Group's liquidity management. The specified amounts represent the amounts that fall due for payment, including interest, etc.

	Less than 6 months DKK'000	6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2021					
Non-derivative financial liabilities					
Bank debt	0	0	36.364	0	36.364
Corporate bonds	10.759	10.759	487.245	0	508.763
Lease debt	5.536	5.536	37.573	58.288	106.933
Trade payables	38.717	0	0	0	38.717
Other payables	26.679	0	0	8.328	34.989
	81.691	16.295	561.182	66.616	725.766

	Less than 6 months DKK'000	6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2020					
Non-derivative financial liabilities					
Bank debt	0	0	41.530	0	41.530
Corporate bonds	12.276	12.276	536.736	0	561.288
Lease debt	5.702	5.702	38.915	51.877	102.196
Trade payables	20.207	0	0	0	20.207
Other payables	40.471	0	0	8.329	48.800
	78.656	17.978	617.181	60.206	774.021

The financial impact from, and uncertainty created by, the ongoing pandemic means that the timing of a refinancing at par is difficult to assess. However we reiterate that we deem the earnings capacity of the company without the impact of COVID-19 to be more than sufficient to carry the existing debt quantum meaning that a refinancing at par is a matter of timing.

Notes to consolidated financial statements

The Group liquidity reserve consists of liquid assets and unused credit facilities.

Management assesses the Group's liquidity requirements on a regular basis.

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
The liquidity reserve comprises of as follows:		
Cash	17.800	16.490
Unused credit facility	<u>80.500</u>	<u>68.500</u>
	<u>98.300</u>	<u>84.990</u>

Credit risks

The primary credit risk in the Group is related to trade receivables from the sale of goods and services and contract work in progress. The Group's most significant credit risks related to the Group's largest customers. Those customers are required to partly pay advance payments in order to reduce the credit risks.

The maximum credit risk related to trade receivables from the sale of goods and services and contract work in progress corresponds to their carrying amount. Information about detained payments for completed work can be found in note 18.

Default of loan agreement

The Group has not neglected or defaulted loan agreements, during the financial year or the comparative year.

Optimization of capital structure

The company's management continuously assesses whether the Group's capital structure is in line with the interests of the company and its owners. The overall objective is to secure a capital structure that supports long-term economic growth while maximizing returns to the Group's stakeholders through an optimization of the equity/debt ratio. The Group's overall strategy is that the Group's capital structure shall consist of debt comprising financial liabilities in the form of corporate bonds, bank debt and financial leasing liabilities, cash equivalents and equity.

Internal control

Internal control systems are designed for reporting in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for annual reports of listed companies. The system contributes to Tresu's financial statements, providing fair presentations without material misstatements.

Comprehensive monthly accounting data is reported from all group subsidiaries. Such data is then analyzed and monitored at group, company and other operational levels.

Notes to consolidated financial statements

Financial gearing

The company's board of directors reviews the Group's capital structure twice a year in connection with the presentation of half-yearly reports and annual reports. As part of this review, the board assesses the Group's capital costs and the risk associated with the individual types of capital. The financial gearing as per 31st December 2021 is below zero which also was the case per 31st December 2020. Based on the latest review of the Group's capital structure, the board expects the financial gearing in 2022 to remain at approximately the same level as 2021.

At balance sheet date the financial gearing can be calculated accordingly:

	2021	2020
	DKK'000	DKK'000
Bank debt	36.364	41.530
Lease debts	93.514	102.196
Corporate bonds	429.486	518.322
Income tax payable	8.994	(5.913)
Cash and cash equivalents	<u>(17.800)</u>	<u>(16.490)</u>
Net interest-bearing debt	<u>550.557</u>	<u>639.645</u>
Equity	<u>(12.269)</u>	<u>(51.004)</u>
Financial gearing	<u>-</u>	<u>-</u>

30. Related parties with controlling interest

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner (99,9% ownership)

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 from note 7.

Transactions with related parties

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
Remuneration etc. of key management personnel, cf. note 7	13.726	12.575
Tax exempt contribution	70.034	0

Transactions with subsidiaries are eliminated in the consolidated financial statement in accordance with accounting policies, note 34.

Notes to consolidated financial statements

31. Shareholder relation

The Company has registered the following shareholders, owning more than 5% of the share capital:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner

32. Events after the balance sheet date

No event after the balance date has happened that will affect the matter of this report.

33. Adopting the annual report for publication

The board members have on the board meeting the 30.06.2022 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting the 30.06.2022.

Notes to consolidated financial statements

34. Accounting policies and restatements

The Annual Report of Tresu Group Holding A/S and its subsidiary companies has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the EU, and additional Danish requirements applicable to reporting class C enterprises (large).

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 2021 are presented in TDKK.

Consolidated financial statements

The consolidated financial statements comprise the Parent (Tresu Group Holding A/S) and the group 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 possible or actually exercising controlling influence. See also Group chart under Management Commentary, page 8.

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 subsidiaries 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 consolidated financial statements.

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 on 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, inventory and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are entities with a functional currency different from the functional currency of the parent company, the income statements are translated at average exchange rates for the month that do not significantly deviate from rates at the transaction date. Balance sheet items are translated using the exchange rate at the balance sheet date. Exchange difference arising out of the translations of foreign subsidiaries’ equity at the beginning of the year at the balance sheet date exchange rates as well as out if the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized in other comprehensive income.

Notes to consolidated financial statements

Tax on profit/loss for the year

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

Current tax payable and tax receivables is recognized in the balance as calculated tax of the years' taxable income, regulated with paid tax on account, using rates enacted at the balance sheet date.

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method. However, deferred tax is not recognized on temporary differences relating to goodwill. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on management's planned use if the asset or settlement of the liability. If specific dividend plans exist for subsidiaries in countries levying withholding tax on distributions, deferred tax is recognized on expected dividend payments. Deferred tax assets, including the tax base of tax loss carry forward, are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the entity has a legally enforced right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets or to realize the assets and settle the liabilities simultaneously. Deferred tax assets are subject to annual impairment tests and reced only to the extent that it is probable that the assets will be utilized. Adjustments are made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period and when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement. Changes to deferred tax on items recognized in other comprehensive income are, however, recognized in other comprehensive income.

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

The Group recognized revenue 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.

Notes to consolidated financial statements

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 on 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 of agreement as the services are provided. Revenue is recognized net of VAT, duties and sales discounts is measured at fair value if the consideration is fixed. Payment for the service contract can be paid in advance or over the service period's execution.

Contract work in progress

Revenue from project work in progress relates to production of assets without an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the selling price of a project work in progress can be measured reliably, revenue and costs related to the contract is recognized according to the stage of completion on balance sheet date.

If the selling price of a project work in progress cannot be made up reliably, revenue is recognized according to costs, if these costs are likely to be regained.

Cost of sales work and contracting are recognized in the income statement as occurred.

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

Notes to consolidated financial statements

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of products, including wages and salaries for sales staff, advertising costs, traveling and entertainment expenses, etc. as well as amortization, depreciations 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, stationary and office supplies as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment for administration of the entity.

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.

Financial income

Financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies, amortization of financial assets.

Financial expenses

Financial expenses comprise interest expenses, net capital losses on payables and transactions in foreign currencies, amortization of financial liabilities.

Notes to consolidated financial statements

Balance Sheet

Goodwill and other intangible assets

On initial recognition, goodwill is recognized at cost in the balance sheet as described under “Business combinations”. Subsequently, goodwill is measured at cost any less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the time of acquisition. Determination of cash-generating units complies with the management structure and management control of the Group.

Goodwill is recognized as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. On disposal of a subsidiary, the amount attributable of unamortized goodwill that has not been subject to impairment is included in the determination of the gain or loss on disposal.

Intangible assets other than goodwill are valued at cost less accumulated amortization and any impairment losses. Brands have been assigned an indefinite useful life. “TRESU” brand has been in existence since 1981 and given the strength of the brand, it is likely to continue in the future. Capitalized development costs are amortized on a straight-line basis over a 3-12 useful life. Customer relationships, patents and other intangibles are amortized on a straight-line basis over a 3-14-year useful life. Costs for acquired assets represent the purchase price acquisition.

Intangible assets with indefinite useful lives are not depreciated but are annually tested for impairments. If the carrying amount of the assets exceeds the recoverable value, it will be written down to lower value, see the section below regarding impairment.

Development projects on clearly defined and identifiable products and process, for which the technical rate of utilization, adequate resources and 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 indirect attributable staff costs and amortization of intangible assets and depreciation on property, plant and equipment used in the development process are recognized in costs based on time spent on each project.

Profit and losses from 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.

Notes to consolidated financial statements

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the assets until the time when it is ready to be put into operation. For company-manufactured assets, costs comprise direct and indirect costs of materials, components, sub-suppliers and labor costs.

For assets held under leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after 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. Profit or losses are recognized in the income statement under the 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 exists, impairment tests are made of each asset 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.

Notes to consolidated financial statements

Leases

Leased assets and lease liabilities are recognized in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group obtains the right to substantially all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognized as part of the lease liabilities:

- Fixed payments
- Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate
- Exercise price of call options that it is reasonably certain that management will exercise
- Payments subject to an extension option that it is reasonably certain that the Group will exercise
- Penalty related to a termination option unless it is reasonably certain that the Group will not exercise the option.

The lease liabilities is measured at amortized cost according to the effective interest method. The lease liabilities is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination option can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, corresponding to the value of the lease liabilities adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciations and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciations changes are recognized on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease liabilities due to changes to the term of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Property	10-15 years
Cars	3-5 years
Other assets	3-5 years

The Group presents the leased asset and the lease liabilities separately in the balance sheet.

The Group has chosen not to recognize leased assets of a low value and short-term leases in the balance sheet. Instead related payments are recognized on a straight-line basis in the income statement.

The related lease liability is disclosed in the current and non-current other liabilities in the financial statement.

Notes to consolidated financial statements

Inventories

Inventories are measured at the lower of the cost using the FIFO method and net realizable value. Costs consists of purchase price. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labor costs and indirect productions costs.

Indirect production costs comprise indirect materials and labor costs, costs of maintenance, of depreciations 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.

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

Receivables

Receivables are measured at amortized cost, usually equaling 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 contract work in progress cannot be made up reliably, it is measured at the lower of cost incurred and net realizable value.

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

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

Prepayments

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

Notes to consolidated financial statements

Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposals groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classifications held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

On classification as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

Other provisions

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

Other provisions are recognized 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.

Notes to consolidated financial statements

Liabilities

Corporate bonds and bank debt are recognized at the time of borrowing at fair value less transaction costs incurred, equivalent to the proceeds received. Subsequently, corporate bonds and bank debt are recognized at amortized cost equal to the capitalized value using the effective interest method to the effect that the difference between the proceeds and nominal amount is recognized in the statement of comprehensive income over the term of the loan.

If corporate bonds are redeemed, this is done at fair value and any gain or loss is recognized through the income statement.

Other liabilities including debt to suppliers as well as other payables are measured at amortized cost which usually correspond to nominal value.

Lease liabilities

Lease liabilities relating to assets held under leases are recognized 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 amortized costs.

The difference between present value and nominal amount of the lease payment is recognized in the income statement as financial expense over term of the leases.

Contract liabilities

Prepayments received from customers comprise amounts from customers prior to recognition of revenue, cf. section on contract work in progress.

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.

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.

The cash flow from acquisition and disposal of entities comprises the cash consideration paid/received net of cash and cash equivalents acquired /disposed of with the entities.

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 subsidiaries, activities and fixed asset investment as well as purchase, development, improvement and sale etc. of intangible assets and property, plant equipment, including acquisition of assets held under leases.

Notes to consolidated financial statements

Cash flow 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 lease debt, instalments on interest-bearing debt, and purchase of treasury shares and payment of dividend.

Cash flows in other currencies than basic currency is translated at average exchange rates for the months that do not significantly deviate from the rates at the transactions date. In the latter case is used the actual exchange rate for a specific date.

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

Tax exempt contribution

Tax exempt contribution consists of cash and debt conversation. Cash is recognized at nominal value and debt conversations are recognized at fair value

Parent statement of comprehensive income

	<u>Notes</u>	<u>1/1 - 31/12 2021 DKK'000</u>	<u>1/1 - 31/12 2020 DKK'000</u>
Administration costs	3,4	(58)	(55)
Operating profit/loss		(58)	(55)
Profit/loss in group subsidiaries		(85.000)	0
Financial expenses	5	0	0
Profit/loss before tax		(85.058)	(55)
Tax on profit/loss for the year	6	13	18
Loss for the year		(85.045)	(37)
Total comprehensive income		(85.045)	(37)
Profit for the year attributable to:			
Owners of the Company		(85.045)	(37)
Total comprehensive income for the year attributable to:			
Owners of the Company		(85.045)	(37)

Parent balance sheet

	<u>Notes</u>	<u>31.12.2021</u> <u>DKK'000</u>	<u>31.12.2020</u> <u>DKK'000</u>
Investments in group subsidiary	7,8	97.407	120.373
Financial assets		<u>97.407</u>	<u>120.373</u>
Non-current assets		<u>97.407</u>	<u>120.373</u>
Receivables from group companies		266	238
Income tax receivable		23	10
Receivables		<u>289</u>	<u>248</u>
Cash		<u>235</u>	<u>0</u>
Current assets		<u>524</u>	<u>248</u>
Assets		<u>97.931</u>	<u>120.621</u>

Parent balance sheet

	<u>Notes</u>	<u>31.12.2021</u> <u>DKK'000</u>	<u>31.12.2020</u> <u>DKK'000</u>
Contributed capital	9	116.604	54.556
Retained earnings		<u>(19.520)</u>	<u>65.525</u>
Equity		<u>97.084</u>	<u>120.081</u>
Payable group company		515	515
Other payables		<u>332</u>	<u>25</u>
Current liabilities		<u>847</u>	<u>540</u>
Total liabilities		<u>847</u>	<u>540</u>
Equity and liabilities		<u>97.931</u>	<u>120.621</u>

Parent statement of change in equity

	Contri- buted capital DKK'000	Other Reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	54.556	0	65.525	120.081
Profit for the period	0	0	(85.045)	(85.045)
Tax exempt contribution	62.034	0	0	62.034
Capital increase	14	0	0	14
Equity at 31 December 2021	116.604	0	(19.520)	97.084
Equity at 1 January 2020	54.556	0	65.562	120.118
Profit for the period	0	0	(37)	(37)
Equity at 31 December 2020	54.556	0	65.525	120.081

Parent cash flow statement for the year 2021

	<u>Notes</u>	<u>1/1 - 31/12</u> <u>DKK'000</u>	<u>1/1 - 31/12</u> <u>DKK'000</u>
Operating profit/loss		(58)	(55)
Working capital changes	12	<u>279</u>	<u>27</u>
Cash flows from ordinary operating activities		221	(28)
Income taxes refunded/(paid)		<u>0</u>	<u>25</u>
Cash flow from operating activities		221	(3)
Capital increase		<u>14</u>	<u>0</u>
Cash flows from financing activities		14	0
Increase/decrease in cash and cash equivalents		235	(3)
Cash and cash equivalents at 1 January		<u>0</u>	<u>3</u>
Cash and cash equivalents end of year	13	<u>235</u>	<u>0</u>
Cash and cash equivalents at year end are composed of:			
Cash		<u>235</u>	<u>0</u>
Cash and cash equivalents end of year		<u>235</u>	<u>0</u>

Notes to the parent financial statement

Overview notes

1. Accounting policies and significant accounting policies
2. Use of estimates and judgement
3. Fees to auditors appointed at the Annual General Meeting
4. Staff costs
5. Financial expenses
6. Income tax
7. Investments in subsidiaries
8. Subsidiaries
9. Contributed capital
10. Contingent liabilities
11. Pledge assets etc.
12. Change in working capital
13. Cash and cash equivalents
14. Financial risks
15. Related parties with controlling interests
16. Shareholder relations
17. Events after the balance sheet date
18. Adopting the annual report for publication

Notes to parent financial statement

1. Accounting policies and significant accounting policies

The Annual Report of Tresu Group Holding A/S, a Danish company, has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the EU, and additional Danish requirements applicable to reporting class C enterprises (large), including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The Parent Company basically uses the same accounting policies as the Group. The cases where the Parent Company’s accounting policies differ from the Group are described below. For detailed description of the parent company’s use accounting policies are referred to note 34 of the consolidated financial statements.

Instances where the parent company’s accounting policies differ from the Group

Investment in group subsidiaries are measured at cost. If the acquisition cost exceeds the investments recoverable value, an impairment loss is recognized.

2. Use of estimates and judgement

Recoverable amounts for capital participation in subsidiaries

On indication that the book value (cost) of investments in subsidiaries has fallen, any impairment requirement is determined based on the specification of the capital value of the subsidiary in question, cf. the section on Recoverable amount of Goodwill in the Consolidated financial statement note 2 and the section on impairment loss in note 34 of the Consolidated financial statements.

If dividends are distributed for more than the subsidiary’s total income during the period in which dividends are to be distributed, this is considered an indication of impairment loss. If an impairment of goodwill is recognized in the consolidated financial statements which can be attributed to a subsidiary, this is also considered as an indication of impairment loss.

Other significant estimates and judgement

For a description of other significant estimates and judgements refer to note 2 of the consolidated financial statement.

Notes to parent financial statement

3. Fees to auditors appointed at the Annual General Meeting

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
Statutory audit	58	50
Total fees to auditors appointed at the Annual General Meeting	<u>58</u>	<u>50</u>

4. Staff costs

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
Average number of employees	<u>0</u>	<u>0</u>

5. Financial expenses

	2021	2020
	<u>DKK'000</u>	<u>DKK'000</u>
Other financial expenses	<u>0</u>	<u>0</u>
Total financial expenses	<u>0</u>	<u>0</u>

Notes to parent financial statement

6. Income tax

	2021	2020
	DKK'000	DKK'000
Current tax for the year	13	10
Adjustments recognized for tax from prior periods	0	8
Corporation tax for the year	13	18

Income tax expense attributable to income before income taxes differed from the amounts computed applying the Danish income tax rate of 22,0%.

Tax on profit the year breaks down as follows:

Calculated tax on profit for the year before tax	22,0%	22,0%
Tax effect of:		
Non-deductible expenses	-22,0%	10,7%
Effective tax rate	0,0%	32,7%

7. Investments in subsidiaries

	2021	2020
	DKK'000	DKK'000
Cost at the beginning of the year	467.219	467.219
Tax exempt contribution	62.034	0
Cost at the end of the year	529.253	467.219
Impairment at the beginning of the year	(346.846)	(346.846)
Impairment of the year	(85.000)	0
Impairment end of the year	(431.846)	(346.846)
Carrying amount end of year	97.407	120.373

Notes to parent financial statement

8. Subsidiaries

	Registered in	Corporate form	Interest and share of voting rights, % 2021	Interest and share of voting rights, % 2020
Tresu Investment Holding A/S	Kolding, Denmark	A/S	100,0	100,0
Tresu A/S	Kolding, Denmark	A/S	100,0	100,0
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

9. Share capital

The share capital consists of shares with a nominal value of DKK 1 each. The shares have been paid in full. The shares have not been divided into classes and no special rights have been attached to the shares.

The share capital can be made up as follows:

	2021 DKK'000	2020 DKK'000
Number of shares 1 st January	54.556	54.556
Capital increase by cash deposit	14	0
Tax exempt contribution	62.034	0
Number of shares 31st December	116.604	54.556

Notes to parent financial statement

10. 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.

11. Pledged assets etc.

There has not been given any pledge as at 31.12.2021.

12. Changes in working capital

	2021	2020
	DKK'000	DKK'000
Increase/decrease in trade payables etc.	<u>279</u>	<u>27</u>
	279	27

13. Cash and cash equivalents from financing activities

	2021	2020
	DKK'000	DKK'000
Cash and cash equivalents	<u>235</u>	<u>0</u>
	235	0

Notes to parent financial statement

14. Financial risks

Categories of financial instruments	2021 DKK'000	2020 DKK'000
Cash	235	0
	235	0
Other payables	332	25
Financial liabilities measured at amortized cost	332	25

Practice for controlling financial risks

Reference is made to note 29 of the consolidated financial statement for a description of the practice for controlling financial risks.

It is Parent's policy not to make any speculation in financial risks.

Interest rate risks

The Parent has interest-bearing financial liabilities and as a consequence is exposed to interest rate risks. In regard to the Group's financial assets and financial liabilities, the following contractual interest rate adjustment dates or maturity dates can be specified, depending which date is the earlier, and how much of the interest-bearing assets and liabilities are at a fixed-rate. Variable rate loans are deemed to have interest rate adjustment dates that fall within one year.

	Interest rate adjustment date or maturity date					Average duration, year
	Less than months DKK'000	6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000	
2021						
Cash	235	0	0	0	235	0
	235	0	0	0	235	
	Interest rate adjustment date or maturity date					
	Less than months DKK'000	6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000	Average duration, year
2020						
Cash	0	0	0	0	0	0
	0	0	0	0	0	

Notes to parent financial statement

Liquidity risks

Due dates for financial liabilities are specified below, broken down by the time intervals used in the Group's liquidity management. The specified amounts represent the amounts that fall due for payment, including interest, etc.

	Less than months DKK'000	6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2021					
Non-derivative financial liabilities:					
Other payables	332	0	0	0	332
	<u>332</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>332</u>

	Less than months DKK'000	6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2020					
Non-derivative financial liabilities:					
Other payables	25	0	0	0	25
	<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25</u>

The Group's liquidity reserve consists of cash.

Management assesses the Group's liquidity requirements on a regular basis.

	2021 DKK'000	2020 DKK'000
The liquidity reserve is compressed as follows:		
Cash	235	0
	<u>235</u>	<u>0</u>

Credit risks

The parent company is not exposed to significant credit risks.

Default of loan agreements

The Group has not neglected or defaulted loan agreements during the financial year or the comparative year.

Notes to parent financial statement

Optimization of capital structure

Capital structure is managed for the Group as a whole, and there is no practice for the parent company, cf. note 29 in the consolidated financial statement.

15. Related parties with controlling interests

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner

16. Shareholder relations

The company has registered the following shareholders, owning more than 5% of the share capital:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner

17. Events after the balance sheet date

No event after the balance date has happened that will affect the matter of this report.

18. Adopting the annual report for publication

The board members have on the board meeting on the 30.06.2022 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting on 30.06.2022.