**Tresu Group Holding A/S**

**Venusvej 44**

**DK-6000 Kolding**

**Central Business Reg. No.: 37 75 20 88**

# Annual Report 2019

The Annual General Meeting adopted the Annual Report on 30.04.2020

## Chairman of the General Meeting

Name: Carsten Nygaard Knudsen

# Contents

# 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: 01.01.2019 - 31.12.2019

Phone: +45 76323500
Web site: www.tresu.com

**Board of Directors**

Carsten Nygaard Knudsen, chairman
Ola Harald Erici
Thomas Stegeager Kvorning
Anders Wilhjelm
Søren Dan Johansen

**Executive Board**

Heidi Thousgaard Jørgensen

**Entity auditors**

Deloitte Statsautoriseret Revisionspartnerselskab
Central Business Registration No.: 33 96 35 56
Værkmestergade 2
DK-8000 Aarhus

## 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 Investment Holding A/S for the financial year 01.01.2019 - 31.12.2019.

The Annual Report is presented in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") and the additional requirements applying to Danish companies.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2019 and the results of their operations and cash flows for the period from 1 January 2019 to 31 December 2019.

In our opinion, the Management's Review includes a fair review of the development in the Group's and the Parent Company's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole for the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent Company face.

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

Kolding, 30.04.2020

**Executive Board**

Heidi Thousgaard Jørgensen

*CEO*

**Board of Directors**

Carsten Nygaard Knudsen

*Chairman*

Ola Harald Erici

Thomas Stegeager Kvorning

Anders Wilhjelm

Søren Dan Johansen

# Independent auditor’s report

## To the shareholders of Tresu Group Holding A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Tresu Group Holding A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as for the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

### 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 consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

# Independent auditor’s report

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management

**Management's responsibilities for the consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Aarhus, 30.04.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No.: 33 96 35 56

Jacob Nørmark

State-Authorised

Public Accountant

MNE no. 30176

# Management commentary

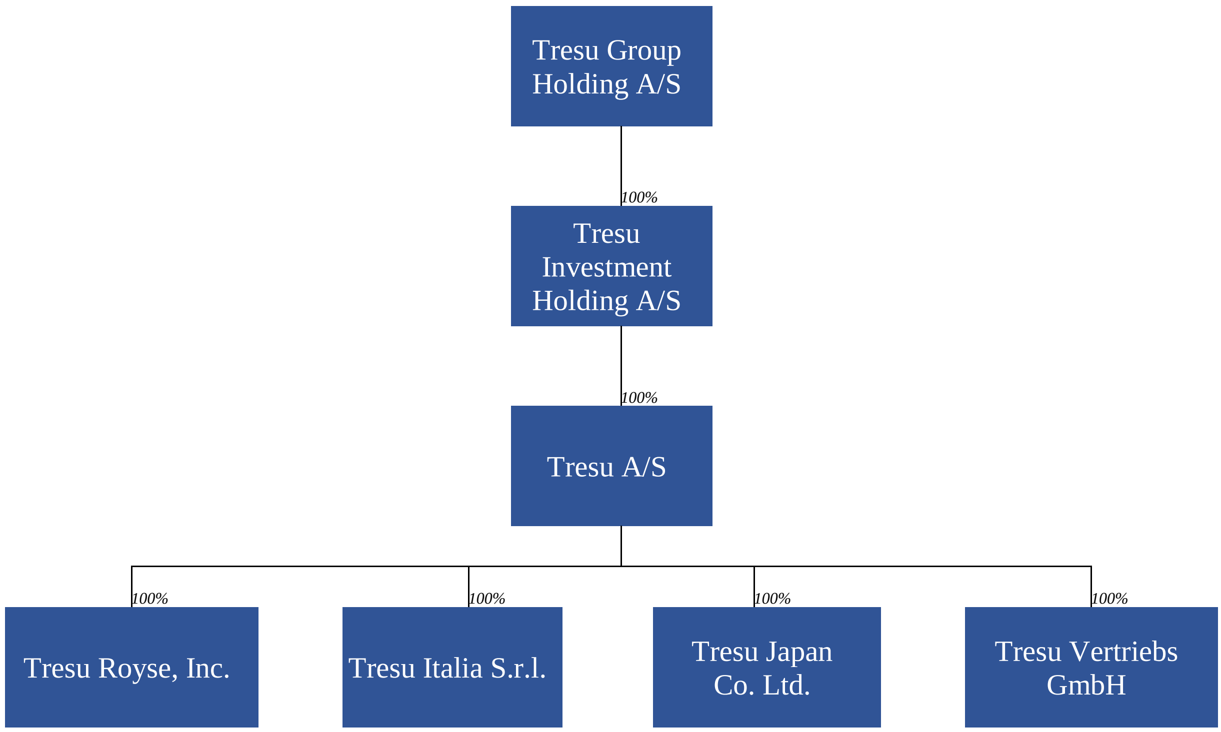
| | 2019 DKK'000 | 2018 DKK'000 | 2017# DKK'000 | 2016 DKK'000 |
|---|---|---|---|---|
| **Key figures** | | | | |
| Revenue | 388.701 | 338.410 | 286.159 | 0 |
| Gross profit/loss | 32.996 | (124.883) | 26.120 | 0 |
| Operating profit/loss | (82.725) | (324.309) | (33.025) | 0 |
| Net financials | (32.764) | (31.840) | (27.079) | 0 |
| Profit/loss for the year | (91.283) | (296.380) | (52.578) | 0 |
| Total assets | 900.346 | 932.259 | 1.219.311 | 500 |
| Investments in property, plant and equipment | 20.912 | 1.061 | 2.495 | 0 |
| Equity | 31.999 | 70.373 | 238.328 | 500 |
| EBITDA | (7.204) | (156.751) | 14.868 | 0 |
| EBITDA excl. non-recurring items | 23.486 | (139.275) | 31.049 | 0 |
| | | | | |
| **Ratios** | | | | |
| Gross margin (%) | 8,5 | (36,9) | 9,1 | |
| Net margin (%) | (23,5) | (87,6) | (18,4) | |
| Return on equity (%) | (178,3) | (192,0) | (44,0) | |
| Equity ratio /%) | 3,6 | 7,6 | 19,6 | 100,0 |
| Return on assets | (9,2) | (34,8) | (2,7) | 0,0 |

| **Ratios** | **Calculation formula** | |
|---|---|---|
| Gross margin (%) | Gross profit x 100 / Revenue | The entity's operating gearing. |
| Net margin (%) | Profit/loss for the year x 100 / Revenue | The entity's operating profitability. |
| Return on equity (%) | Profit/loss for the year x 100 / Average equity | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | Equity x 100 / Total assets | The financial strength of the entity. |
| Return of assets (%) | Profit before financials x 100 / 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 2019



# Management commentary

**Primary activities**

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

**Development in activities**

In 2019 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.

In August 2019 the Group consolidated its headquarter and production facilities into one new domicile in Kolding, Denmark, which is constructed and erected to accommodate the needs of the Company. In September 2019 the Group decided to close down the production facility in US.

At the end of fiscal year 2019 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. This provides a strong platform for securing the competitive strengths that continue to be the basis for value-adding growth for our customers, the Group and for our owners.

**Financial developments in the fiscal year 2019**

Outlook last year was an expectation of revenue growth in the area of 20-30% and EBITDA margin of 5-10% (adjusted for non-recurring items) as well as a positive cash flow from operating activities in 2019.

The result in the Group is impacted by slower than expected pick-up in ancillary and aftermarket, relocation costs and impairment loss of DKK 5m on the former domicile in Sdr. Bjert, Denmark.

Consolidated revenue for the financial year 2019 is DKK 388,7m (2018: DKK 338,4m) corresponding to revenue growth of 15%.

EBITDA excluding non-recurring items for the year 2019 was DKK 21,2m (2018: DKK -139,3m).

Average number of headcounts in the Group in 2019 was 204 FTE (2018: 308).

Cash flow from operating activities in 2019 amounted to DKK 11,1m (2018: DKK -135,4m) and net investments in property, plant and equipment equaled DKK 18,0m (2018: DKK 1,1m).

At the end of 2019, total assets were DKK 900,3m (2018: 932,2m) and total equity amounted to DKK 32,0m (2018: DKK 70,4m).

The financial results 2019 are in line with expectations.

# Management commentary

### Objective and outlook

COVID-19 is in the preliminary stage in Europe and the United States and Government Authorities are implementing initiatives to secure the health and wellbeing of the population.

We have initiated mitigating actions to reduce the potential impact of COVID-19 on our business and results. Through our sales activities we strive to be in close dialogue with our customers about projects in the pipeline and we do not expect projects to be lost, but maybe postponed.

However, the fundamentals of the primary end-markets we operate in being supplier to the consumer staples sector has historically been relatively resilient against a material change in demand.

### Use of estimates and judgements

Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently results in some uncertainty. This risk and this uncertainty are reflected in the discount rate applied and in the terminal value growth rate.

### Liquidity risk / capital resources

Tresu Group Holding A/S is primarily financed by a senior secured bond at a value of EUR 70,0m issued 22 September 2017 (due 29 September 2022), and with revolving credit facilities issued by Nykredit at EUR 15,0m.

### Credit risk

The major part of Tresu’s products 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 earnings, cash flows and equity are to a certain degree influenced by the development in the exchange rates of EUR and USD as the main part of the revenue is invoiced in DKK and EUR and to a lesser extent USD. The need for hedging is continuously evaluated. No speculative transactions are carried out.

### Interest rate risks

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

# Management commentary

### Intellectual capital resources

The competitive advantage of Tresu 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 Tresu 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.

Tresu 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 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.

### Corporate social responsibility (CSR)

### Business model and approach to CSR

Being a global technology provider, the Group are dedicated to offer a contribution to limiting the Group´s and our customers' environmental and climate footprint, fighting corruption as well as securing good conditions for its employees. For an elaboration of the Group´s business model, please refer to the business activities section on page 11.

### Corporate responsibility policy

Tresu 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 Tresu'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 decision making. In this way we foster a high level of social capital, good working climate and job satisfaction among the employees.

# Management commentary

## Human rights and anti-corruption

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 human rights, corruption and bribery. Furthermore, 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.

The Group´s expectations regarding anti-corruption are specified in our Code of Conduct, which all the employees of the Group must comply with. The Group is not aware of any breaches regarding anti-corruption and human rights in 2019.

## 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

Tresu 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 Tresu 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 Tresu:

- 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 aim for 2019 was to reduce the CO2 emission by 3 tonnes per year and at the same time carry through improvements of our products so that our customers’ contribution to the global CO2 emission would be reduced by at least 1.500 tonnes per year. In 2019 our product improvements helped customers reduce their annual CO2 emission by estimated 1.200 tonnes.

Further, Tresu has moved its headquarter and production facilities in to one 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.

Tresu will in 2020 aim to help our customers to reduce their annual CO2 emission by at least 1.500 tonnes per year.

The goal of Tresu for 2019 was an absenteeism of maximum 30,0 hours absence per 1.000 working hours. The continued focus on the working environment has entailed that the absenteeism has been 29,6 hours absence per 1,000 working hours – a reduction of 0,2 compared to 2018.

In 2020 Tresu will have a continued focus on preventive measures and information. The goal of the Group is an absenteeism of maximum 29,0 hours absence per 1,000 working hours.

# 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 is that the share of women should be at least 14,3% (1 woman) at management level in 2020. 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 2019 16% women. This has been met on executive management level, however we are only at 14% 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.

We still aim at ensuring a greater balance in the composition of gender among manager of the company.

### Events after the balance sheet date

No event after the balance date has happened that will affect the matter of this report, but we refer to the above-mentioned outbreak of COVID-19 in section Objective and outlook.

We have initiated mitigating actions to reduce the potential impact of COVID-19 on our business and results. Through our sales activities we strive to be in close dialogue with our customers about projects in the pipeline and we do not expect projects to be lost, but maybe postponed.

### Parent company's primary activities and development in activities and finances

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

## Consolidated income statement for the period 01.01.2019 – 31.12.2019

| | Notes | 1/1 - 31/12 2019 DKK'000 | 1/1 - 31/12 2018 DKK'000 |
|---|---|---|---|
| Revenue | 3,4 | 388.701 | 338.410 |
| Production costs | 5 | (355.705) | (463.293) |
| **Gross profit/loss** | | **32.996** | **(124.883)** |
| | | | |
| Research and development costs | 6 | (6.311) | (20.046) |
| Distribution costs | | (41.640) | (50.484) |
| Administrative costs | 7,9 | (60.329) | (126.823) |
| Other operating income | | 3.131 | 383 |
| Others operating expenses | | (10.572) | (2.456) |
| **Operating profit/loss (EBIT)** | 8,10 | **(82.725)** | **(324.309)** |
| | | | |
| Financial income | 11 | 154 | 70 |
| Financial expenses | 12 | (32.918) | (31.910) |
| **Profit/loss before tax** | | **(115.489)** | **(356.149)** |
| | | | |
| Tax on profit/loss for the year | 13 | 24.206 | 59.769 |
| **Profit for the year** | | **(91.283)** | **(296.380)** |
| | | | |
| Items that may be recycled subsequently to the income statement: | | | |
| Exchange rate adjustments, foreign companies | | 2.909 | 3.427 |
| Tax on other comprehensive income | | 0 | 0 |
| Other comprehensive income, net of tax | | 2.909 | 3.427 |
| **Total comprehensive income** | | **(88.374)** | **(292.953)** |
| | | | |
| Profit for the year attributable to: | | | |
| Owners of the Company | | (91.283) | (296.380) |
| | | | |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | (88.374) | (292.953) |

# Consolidated balance sheet at 31.12.2019

| | Notes | 31.12.2019 DKK'000 | 31.12.2018 DKK'000 |
|---|---|---|---|
| Goodwill | 14 | 174.000 | 174.000 |
| Completed development projects | | 32.212 | 33.344 |
| Patents and licenses | | 185.300 | 202.544 |
| Brand | | 37.900 | 37.900 |
| Customer relationship | | 139.920 | 169.032 |
| Order backlog | | 0 | 0 |
| **Intangible assets** | 10,15 | **569.333** | **616.820** |
| Land and buildings | | 0 | 3.675 |
| Plant and machinery | | 43.130 | 40.172 |
| Other fixtures and fittings, tools and equipment | | 6.027 | 4.032 |
| Leasehold improvements | | 4.505 | 635 |
| Financial leasing | | 97.980 | 0 |
| **Property, plant and equipment** | 10,16 | **151.642** | **48.514** |
| Deferred tax assets | | 0 | 0 |
| Deposits | | 10.134 | 10.454 |
| **Other non-current assets** | | **10.134** | **10.454** |
| **Non-current assets** | | **731.109** | **675.788** |
| Inventories | 18 | 60.329 | 87.245 |
| Trade receivables | 19 | 35.563 | 58.047 |
| Contract work in progress | 20 | 40.755 | 77.659 |
| Tax receivables | | 3.758 | 2.692 |
| Other short-term receivables | | 6.948 | 6.717 |
| Prepayments | | 1.248 | 1.950 |
| **Receivables** | | **148.601** | **234.310** |
| **Cash** | | **9.118** | **6.073** |
| Assets held for sale | 16 | 11.518 | 16.088 |
| **Current assets** | | **169.237** | **256.471** |
| **Assets** | | **900.346** | **932.259** |

# Consolidated balance sheet at 31.12.2019

| | Notes | 31.12.2019 DKK'000 | 31.12.2018 DKK'000 |
|---|---|---|---|
| Contributed capital | 21 | 54.556 | 4.556 |
| Other reserves | | 5.021 | 2.112 |
| Retained earnings | | (27.578) | 63.705 |
| **Equity** | | **31.999** | **70.373** |
| | | | |
| Provisions for deferred tax | 22 | 55.272 | 78.344 |
| Other provisions | 23 | 4.742 | 6.671 |
| Corporate bonds | 24 | 519.062 | 517.505 |
| Lease debt | | 88.772 | 123 |
| Other payables | 27 | 5.978 | 6.631 |
| **Non-current liabilities** | | **673.825** | **609.274** |
| | | | |
| Current portion of long-term lease liabilities | 26 | 9.930 | 45 |
| Current portion of long-term other liabilities | | 896 | 896 |
| Bank debt | 25 | 70.753 | 100.581 |
| Payable group company | | 8.515 | 8.514 |
| Contract liabilities | 20 | 6.798 | 15.210 |
| Trade payables | | 64.568 | 90.377 |
| Income tax payable | | 0 | 39 |
| Other payables | 27 | 33.061 | 36.950 |
| **Current liabilities** | | **194.522** | **252.612** |
| | | | |
| **Total liabilities** | | **868.347** | **861.886** |
| | | | |
| **Equity and liabilities** | | **900.346** | **932.259** |

## Consolidated statement of changes in equity for the year 2019

| | Contri-buted capital DKK'000 | Other Reserves DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|---|---|---|---|---|
| **Equity at 1 January 2019** | 4.556 | 2.112 | 63.705 | 70.373 |
| Profit for the period | 0 | 0 | (91.283) | (91.283) |
| Other comprehensive income | 0 | 2.909 | 0 | 2.909 |
| **Comprehensive income** | **0** | **2.909** | **(91.283)** | **(88.374)** |
| Capital increase | 50.000 | 0 | 0 | 50.000 |
| **Equity at 31 December 2019** | **54.556** | **5.021** | **(27.578)** | **31.999** |
| | | | | |
| **Equity at 1 January 2018** | 2.922 | (1.315) | 236.721 | 238.328 |
| Profit for the period | 0 | 0 | (296.380) | (296.380) |
| Other comprehensive income | 0 | 3.427 | 0 | 3.427 |
| **Comprehensive income** | **0** | **3.427** | **(296.380)** | **(292.953)** |
| Capital increase | 1.634 | 0 | 123.364 | 124.998 |
| **Equity at 31 December 2018** | **4.556** | **2.112** | **63.705** | **70.373** |

Other reserves consist of exchange differences on translating foreign companies.

* The Group has received DKK 50.000 thousand from the Group´s parent company, Tresu Group Holding A/S, as a tax-exempt contribution in 2019 in order to secure liquidity.

## Consolidated cash flow statement for the year 2019

| | Notes | 1/1 - 31/12 2019 DKK'000 | 1/1 - 31/12 2018 DKK'000 |
|---|---|---|---|
| Operating profit/loss | | (82.725) | (324.309) |
| Amortization and depreciation losses | | 71.246 | 73.082 |
| Impairment losses | | 5.000 | 96.550 |
| Other provisions | | (2.582) | 5.332 |
| Working capital changes | 29 | 48.665 | 48.453 |
| **Cash flows from ordinary operating activities** | | **39.604** | **(100.892)** |
| Financial income received | | 69 | 70 |
| Financial expenses paid | | (28.533) | (30.535) |
| Income taxes refunded/(paid) | | 0 | (4.528) |
| **Cash flow from operating activities** | | **11.140** | **(135.885)** |
| Acquisition etc. of intangible assets | | (6.369) | (14.934) |
| Acquisition etc. of property, plant and equipment | | (20.912) | (1.061) |
| Acquisition etc. of financial fixed assets | | 0 | (10.143) |
| Proceeds from disposal of financial fixed assets | | 320 | 0 |
| Proceeds from disposal of plant and machinery | | 5.168 | 0 |
| **Cash flow from investing activities** | | **(21.793)** | **(26.138)** |
| Repayment of bank debt | | (29.828) | 33.058 |
| Leasing | | (6.474) | 0 |
| Tax exempt contribution received from parent | | 50.000 | 124.998 |
| Corporate bonds | | 0 | (1.007) |
| **Cash flows from financing activities** | 30 | **13.698** | **157.049** |
| **Increase/decrease in cash and cash equivalents** | | **3.045** | **(4.974)** |
| Cash and cash equivalents 01.01.2019/01.01.2018 | | 6.073 | 11.047 |
| **Cash and cash equivalents end of year** | 30 | **9.118** | **6.073** |
| **Cash and cash equivalents at year end are composed of:** | | | |
| Cash | | 9.118 | 6.073 |
| **Cash and cash equivalents end of year** | | **9.118** | **6.073** |

# Notes to consolidated financial statements

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# Notes to consolidated financial statements

### 1. Changes in accounting policies and significant accounting policies

The Annual Report of Tresu Investment 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 2019 to 31 December 2019, 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 39.

**New standards, interpretations and amendments adopted by the Group**

The Group has adopted all new or changes standards, interpretations and amendments to IFRS that are applicable with effect from 1 January 2019, among others:

- IFRS 16 Leases

The Group has not early adopted any other standards, interpretations or amendments that has been issued but not yet effective.

**IFRS 16, Leases**

The Group has implemented IFRS 16 in the consolidated financial statements for the financial year beginning on 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019.

IFRS 16 replaces IAS 17 and changes the accounting treatment of lease contracts that were previously treated as operating lease contracts. The change in lease accounting requires capitalization of operating lease contracts as right-of-use assets under property, plant and equipment with a related lease liability in liabilities.

**IFRS 16 impact to financial statements**

On transition to IFRS 16, the Group recognized DKK 5,0m of right-of-use assets and lease liabilities. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to these lease liabilities was 3.10 percent on 1 January 2019. Right-of-use assets are calculated at transition date and equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The Group leases properties, vehicles and equipment. Lease contracts are typically made for fixed periods but may have extension options included in the lease term. Lease terms are negotiated on an individual basis and contain different terms and conditions including payment terms, terminations rights, maintenance, deposits and guarantees etc.

The Group has not applied any practical expedients in the transition to IFRS 16, except for minor short-term rentals.

# Notes to consolidated financial statements

### 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 interim 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.

**Goodwill**

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. This risk and this uncertainty are reflected in the discount rate applied and in the terminal value growth rate.

Please see specification in note 14.

**Contract work in progress**

Contract work in progress is continuously assessed to see if the net realizable value is higher than cost incurred.

The completion degree on Contract work in progress is based on an estimate of the total hours to finish the asset. These estimates might change as assets evolve, cf. note 39 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 37.

# 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 only one segment was identified.

**Revenue from sale of products and services split by type:**

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| In-line flexo printing machines | 261.779 | 213.281 |
| Ancillary products | 126.922 | 125.129 |
| **Total activities** | **388.701** | **338.410** |

**Revenue split by geography:**

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Denmark | 7.011 | 6.605 |
| Europe | 227.869 | 153.163 |
| South and North America | 99.807 | 102.895 |
| Asia | 28.002 | 37.984 |
| Middle East and Africa | 25.875 | 37.201 |
| Other markets | 137 | 562 |
| **Total net revenue** | **388.701** | **338.410** |

**Timing of revenue recognition:**

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Products and services transferred at a point in time | 234.263 | 198.128 |
| Products transferred overtime | 154.438 | 140.282 |
| | **388.701** | **338.410** |

Of the total revenue amounting to DKK 388,7m sales to one significant customer amount to a total of DKK 105,2m. For 2019 sales to this customer accounts for 27% of the Group´s total revenue.

# Notes to consolidated financial statements

## 4. Revenue

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Sales of goods | 224.578 | 174.976 |
| Sales of service | 9.685 | 23.152 |
| Income from contract work in progress (turnkey projects) | 154.438 | 140.282 |
| **Revenue** | **388.701** | **338.410** |

## 5. Production costs

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Materials consumption | 200.254 | 198.664 |
| Write-down of inventories | 0 | 8.438 |
| Other production costs | 2.393 | 23.375 |
| Staff costs | 71.012 | 110.871 |
| Depreciation, amortization and impairment | 63.731 | 91.580 |
| Indirect production costs | 18.315 | 30.365 |
| **Production costs** | **355.705** | **463.293** |

## 6. Research and development costs

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Product development costs | 1.771 | 15.794 |
| Staff costs | 4.540 | 4.252 |
| **Research and development costs** | **6.311** | **20.046** |

# Notes to consolidated financial statements

### 7. Fees to auditors appointed at the Annual General Meeting

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Statutory audit | 561 | 1.332 |
| Other statements with opinions | 0 | 693 |
| Tax and VAT advisory services | 129 | 232 |
| Other services | 45 | 461 |
| **Total fees to auditors appointed at the Annual General Meeting** | **735** | **2.718** |

### 8. Staff costs

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Board fees | 1.620 | 1.393 |
| Wages and salaries | 114.918 | 159.211 |
| Pensions | 8.312 | 10.456 |
| Other social security costs | 2.144 | 1.948 |
| Other staff costs | 3.711 | 4.862 |
| **Total staff costs** | **130.705** | **177.870** |
| | | |
| Staff costs are distributed as follows: | | |
| Production | 71.012 | 110.871 |
| Research and development | 4.540 | 4.252 |
| Sales and distribution | 27.168 | 30.805 |
| Administration | 27.985 | 31.942 |
| **Total staff costs** | **130.705** | **177.870** |
| Average number of employees | 204 | 308 |

# Notes to consolidated financial statements

### Remuneration of management

| | Board of Directors | | Executive board | | Other key management personnel | |
|---|---|---|---|---|---|---|
| | 2019 DKK'000 | 2018 DKK'000 | 2019 DKK'000 | 2018 DKK'000 | 2019 DKK'000 | 2018 DKK'000 |
| Board fee | 1.620 | 1.393 | 0 | 0 | 0 | 0 |
| Salary and wages | 0 | 0 | 2.360 | 1.501 | 6.581 | 2.648 |
| Pension | 0 | 0 | 176 | 108 | 453 | 217 |
| | **1.620** | **1.393** | **2.536** | **1.609** | **7.034** | **2.865** |

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.

### 9. 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.

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Cost to defined contributions plans | 8.312 | 10.456 |

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

# Notes to consolidated financial statements

### 10. Amortization, depreciation and impairment

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Amortization, intangible assets | 53.099 | 64.618 |
| Impairment losses, intangible assets | 0 | 75.000 |
| Depreciation losses, property, plant and equipment | 12.246 | 6.390 |
| Impairment losses, property, plant and equipment | 5.000 | 21.550 |
| Amortization, lease assets | 5.901 | 0 |
| **Total amortization, depreciation and impairment** | **76.246** | **167.558** |

Amortization, depreciation and impairment are distributed as follows:

| | | |
|---|---|---|
| Production | 63.731 | 91.580 |
| Administration | 12.515 | 75.978 |
| **Total amortization, depreciation and impairment** | **76.246** | **167.558** |

### 11. Financial income

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Gain on foreign exchange | 85 | 0 |
| Other financial income | 69 | 70 |
| **Total financial income** | **154** | **70** |

### 12. Financial expenses

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Interest expenses | 28.533 | 28.629 |
| Loss on foreign exchange | 1.465 | 1.367 |
| Other financial expenses | 1.751 | 1.912 |
| Interest regarding financial leasing | 1.169 | 2 |
| **Total financial income** | **32.918** | **31.910** |

# Notes to consolidated financial statements

## 13. Income tax

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Current tax for the year | (1.134) | (2.216) |
| Deferred tax for the year | (23.072) | (58.197) |
| Adjustments recognized for tax from prior periods | 0 | 662 |
| **Corporation tax for the year** | **(24.206)** | **(59.751)** |

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% | 0,1% |
| Tax effect of: | | |
| Non-deductible expenses | -0,7% | -5,3% |
| **Effective tax rate (%)** | **21,3%** | **16,8%** |

| | | |
|---|---|---|
| Corporation tax for the year | 24.206 | 59.751 |
| Total tax for the year | **24.206** | **59.751** |

# Notes to consolidated financial statements

## 14. Goodwill

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Cost at the beginning of the year | 249.000 | 230.600 |
| Revaluation | 0 | 18.400 |
| 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 | 0 |
| Impairment losses for the year | 0 | 75.000 |
| 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 tested for impairment once a year and in the case of impairment indicators. The result of the 2019 analysis did not identify a need to impair goodwill as of 31 December 2019. In the impairment test the discounted value of future net cash flows are compared with the carrying amount of goodwill and brand

The key assumptions underlying the calculation of value in use are the determination of EBITDA growth in the period 2020 to 2024, discount rate and terminal value growth rate.

EBITDA growth is determined based on historical EBITDA realized in the Group, the board approved budget for 2020, adjusted for non-recurring expenses, forecast for 2021-2024 agreed by the board and general parameters such as expected market development and market trends (i.e. sustainability) etc.

The growth rate is based on the following:

- Work continues to improve growth and profitability within ancillary and aftermarket by offering proactive lifecycle management of the installed base and servicing OEMs more extensively
- Continued focus on Digital solutions to capitalize on the improved market conditions
- Continued focus on profitable growth and cost structure
- Increasing global need for packaged foods and beverages
- Sustainability increasingly a key topic in customers’ major investment decisions
- Continue focus on supply chain improvements and lean implementation
- Strong control of OPEX development, focusing on converting from fixed costs to variable costs

## Notes to consolidated financial statements

Key assumptions from the impairment testing of goodwill are as follows:

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 13,1% is used (equivalent to a before tax discount rate of 16,8 %)

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

Sensitivity analyses of the recoverable amount shows a headroom of DKK 34 million if discount rate was increased by 1 % point.

# Notes to consolidated financial statements

**15. Other intangible assets**

| DKK'000 2019 | Completed development projects | Patents and licenses | Brand | Customer relation-ships | Order backlog | Total |
|---|---|---|---|---|---|---|
| Cost at beginning of the year | 40.197 | 227.542 | 37.900 | 212.700 | 25.500 | 543.839 |
| Additions during the year | 6.369 | 0 | 0 | 0 | 0 | 6.369 |
| Disposals during the year | (1.074) | 0 | 0 | 0 | 0 | (1.074) |
| Transfer of assets | 0 | 0 | 0 | 0 | 0 | 0 |
| **Cost at the end of the year** | **45.492** | **227.542** | **37.900** | **212.700** | **25.500** | **549.134** |
| Amortization at the beginning of the year | (6.853) | (24.998) | 0 | (43.668) | (25.500) | (101.019) |
| Amortization for the year | (6.743) | (17.244) | 0 | (29.112) | 0 | (53.099) |
| Reversal regarding disposals | 316 | 0 | 0 | 0 | 0 | 316 |
| Transfer of assets | 0 | 0 | 0 | 0 | 0 | 0 |
| **Amortization and impairment losses at the end of the year** | **(13.280)** | **(42.242)** | **0** | **(72.780)** | **(25.500)** | **(153.802)** |
| **Carrying amount at the end of the year** | **32.212** | **185.300** | **37.900** | **139.920** | **0** | **395.332** |

## Notes to consolidated financial statements

| DKK'000 2018 | Completed development projects | Patents and licenses | Brand | Customer relation-ships | Order backlog | Total |
|---|---|---|---|---|---|---|
| Cost at beginning of the year | 58.334 | 224.084 | 56.300 | 212.700 | 25.500 | 576.918 |
| Additions during the year | 12.040 | 2.894 | 0 | 0 | 0 | 14.934 |
| Disposals during the year | (2.664) | 0 | 0 | 0 | 0 | (2.664) |
| Transfer of assets | (27.513) | 564 | (18.400) | 0 | 0 | (45.349) |
| **Cost at the end of the year** | **40.197** | **227.542** | **37.900** | **212.700** | **25.500** | **543.839** |
| Amortization at the beginning of the year | (2.572) | (7.707) | 0 | (14.556) | (12.750) | (37.585) |
| Amortization for the year | (5.465) | (17.291) | 0 | (29.112) | (12.750) | (64.618) |
| Reversal regarding disposals | 267 | 0 | 0 | 0 | 0 | 267 |
| Transfer of assets | 917 | 0 | 0 | 0 | 0 | 917 |
| **Amortization and impairment losses at the end of the year** | **(6.853)** | **(24.998)** | **0** | **(43.668)** | **(25.500)** | **(101.019)** |
| **Carrying amount at the end of the year** | **33.344** | **202.544** | **37.900** | **169.032** | **0** | **442.820** |

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 39. 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 on average 12 years.

Cf. note 14, Management has tested the carrying amount of goodwill and brand using the same assumptions as listed in this note. The recoverable amount does not exceed the carrying amount and Management has not observed indications of impairment on intangible assets.

# Notes to consolidated financial statements

### 16. Property, plant and equipment

| DKK'000 2019 | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment | Leasehold improve-ments | Total |
|---|---|---|---|---|---|
| Cost at beginning of the year | 3.909 | 49.770 | 5.594 | 898 | 60.171 |
| Additions during the year | 0 | 13.854 | 2.763 | 4.295 | 20.912 |
| Disposals during the year | 0 | (27.254) | (768) | (1.704) | (29.726) |
| Transfer of assets held for sale | (3.909) | 0 | 0 | 0 | (3.909) |
| Transfer of assets | 0 | 0 | 0 | 0 | 0 |
| **Cost at the end of the year** | **0** | **36.370** | **7.589** | **3.489** | **47.448** |
| Amortization at the beginning of the year | (234) | (9.597) | (1.562) | (263) | (11.656) |
| Amortization for the year | (156) | (10.897) | (768) | (425) | (12.246) |
| Impairment loss (assets for sale) | 0 | 0 | 0 | 0 | 0 |
| Impairment loss | 0 | 0 | 0 | 0 | 0 |
| Amortization reversed the year | 0 | 27.254 | 768 | 1.704 | 29.726 |
| Transfer of assets held for sale | 390 | 0 | 0 | 0 | 390 |
| Transfer of assets | 0 | 0 | 0 | 0 | 0 |
| **Amortization and impairment losses at the end of the year** | **0** | **6.760** | **(1.562)** | **1.016** | **6.214** |
| **Carrying amount at the end of the year** | **0** | **43.130** | **6.027** | **4.505** | **53.662** |

# Notes to consolidated financial statements

| DKK'000 2018 | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment | Leasehold improve-ments | Total |
|---|---|---|---|---|---|
| Cost at beginning of the year | 27.802 | 34.120 | 5.841 | 851 | 68.614 |
| Additions during the year | 0 | 697 | 317 | 47 | 1.061 |
| Disposals during the year | 0 | (383) | 0 | 0 | (382) |
| Transfer of assets held for sale | (23.893) | (12.178) | 0 | 0 | (36.071) |
| Transfer of assets | 0 | 27.513 | (564) | 0 | 26.949 |
| **Cost at the end of the year** | **3.909** | **49.769** | **5.594** | **898** | **60.171** |
| Amortization at the beginning of the year | (556) | (1.881) | (584) | (85) | (3.106) |
| Amortization for the year | (634) | (4.600) | (978) | (178) | (6.390) |
| Impairment loss (assets for sale) | (9.937) | (7.858) | 0 | 0 | (17.795) |
| Impairment loss | 0 | (3.755) | 0 | 0 | (3.755) |
| Amortization reversed the year | 0 | 324 | 0 | 0 | 324 |
| Transfer of assets held for sale | 10.893 | 9.090 | 0 | 0 | 19.983 |
| Transfer of assets | 0 | (917) | 0 | 0 | (917) |
| **Amortization and impairment losses at the end of the year** | **(234)** | **(9.597)** | **(1.562)** | **(263)** | **(11.656)** |
| **Carrying amount at the end of the year** | **3.675** | **40.172** | **4.032** | **635** | **48.515** |

**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. Further, it is decided to sell the building in USA. Accordingly, the corporate building is presented as assets held for sale. Efforts to sell these assets have started.

Impairment losses of DKK 5.000 thousand for write-downs of the disposal group to lower of its carrying amount and its fair value less costs to sell have been included in other operating expenses in the Statement of Profit or Loss.

The impairment losses have been applied to reduce the carrying amount of property within the disposal group.

The total value of assets for sale, DKK 11.518 thousand, consists of buildings for sale DKK 8.000 thousand in Denmark and DKK 3.518 thousand in USA.

# Notes to consolidated financial statements

## 16. Property, plant and equipment – lease assets

| DKK'000 2019 | Property | Cars | Other assets | Total |
|---|---|---|---|---|
| Cost at Jan 1, 2019 | 0 | 0 | 0 | 0 |
| Transferred from property, plant and equipment | 0 | 0 | 0 | 0 |
| Effect at transition to IFRS 16 | 1.678 | 2.839 | 942 | 5.459 |
| **Cost at Jan 1, 2019 according to IFRS 16** | **1.678** | **2.839** | **942** | **5.459** |
| Foreign exchange rate adjustment | 0 | 0 | 0 | 0 |
| Additions | 97.397 | 0 | 1.025 | 98.422 |
| Disposals | 0 | 0 | 0 | 0 |
| Re-measurre / modification of lease assets | 0 | 0 | 0 | 0 |
| **Cost at Dec 31, 2019** | **99.075** | **2.839** | **1.967** | **103.881** |
| Amortization and inpairment at Jan 1, 2019 | 0 | 0 | 0 | 0 |
| Foreign exchange adjustment | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Ammortization | (4.217) | (1.050) | (634) | (5.901) |
| **Amortization and impairment at Dec 31, 2019** | **(4.217)** | **(1.050)** | **(634)** | **(5.901)** |
| **Carrying amount at Dec 31, 2019** | **94.858** | **1.789** | **1.333** | **97.980** |

One leasing contract of DKK 83 thousand is shorter than 1 year therefore not recognized in the balance sheet.

The relationship between the recognition of leases under IFRS 16 and previous recognition according to IAS 17 is shown in the table below:

| DKK'000 | Property | Cars | Other assets | Total |
|---|---|---|---|---|
| Operational leasing end of year 2018 | 1.678 | 2.922 | 774 | 5.374 |
| Short-term leasing | 0 | (83) | 0 | (83) |
| Previously recognized finacial leasing | 0 | 0 | 168 | 168 |
| **Effect at transition to IFRS 16** | **1.678** | **2.839** | **942** | **5.459** |

# Notes to consolidated financial statements

## 17. Subsidiaries

| DKK'000 2019 | Registered in | Corporate form | Interest and share of voting rights, % | Profit/loss of the year DKK'000 | Equity DKK'000 |
|---|---|---|---|---|---|
| Tresu Investment Holding A/S | Kolding, Denmark | A/S | 100,0 | (88.329) | 32.254 |
| Tresu A/S | Kolding, Denmark | A/S | 100,0 | (29.302) | 42.949 |
| Tresu Italia S.r.l. | Varese, Italy | S.r.l. | 100,0 | 1.239 | 3.467 |
| Tresu Royse Inc. | Dallas, USA | Inc. | 100,0 | (469) | 23.369 |
| Tresu Japan Co. Ltd. | Osaka, Japan | Ltd. | 100,0 | 323 | 1.769 |
| Tresu Vertriebs GmbH | Celle, Germany | GmbH | 100,0 | 10 | 3.722 |

| DKK'000 2018 | Registered in | Corporate form | Interest and share of voting rights, % | Profit/loss of the year DKK'000 | Equity DKK'000 |
|---|---|---|---|---|---|
| Tresu Investment Holding A/S | Kolding, Denmark | A/S | 100,0 | (308.823) | 70.583 |
| Tresu A/S | Kolding, Denmark | A/S | 100,0 | (131.928) | 50.406 |
| Tresu Italia S.r.l. | Varese, Italy | S.r.l. | 100,0 | 678 | 2.227 |
| Tresu Royse Inc. | Dallas, USA | Inc. | 100,0 | (108) | 23.187 |
| Tresu Japan Co. Ltd. | Osaka, Japan | Ltd. | 100,0 | 215 | 1.340 |
| Tresu Vertriebs GmbH | Celle, Germany | GmbH | 100,0 | 22 | 3.712 |

## 18. Inventories

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Raw materials | 31.814 | 43.221 |
| Work in progress | 16.756 | 23.401 |
| Finished goods | 9.585 | 12.168 |
| Prepayment for goods | 2.173 | 8.455 |
| **Total inventories** | **60.329** | **87.245** |

# Notes to consolidated financial statements

### 19. Trade receivables

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Account receivable | 41.732 | 63.235 |
| Allowance for bad debts | (6.169) | (5.188) |
| **Account receivable** | **35.563** | **58.047** |
| | | |
| Impairment losses at 1 January | 5.188 | 4.180 |
| Impairment loss provisioned | 981 | 1.471 |
| Realized for the period | 0 | (463) |
| Reversed | 0 | 0 |
| **Impairment losses on receivables** | **6.169** | **5.188** |

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 31 for further information.

# Notes to consolidated financial statements

## 20. Contract work in progress (turnkey projects)

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Sales value of contract work in progress | 316.134 | 278.453 |
| Progress billings regarding contract work in progress | (282.177) | (216.004) |
| | **33.957** | **62.449** |
| Net value in the balance sheet: | | |
| Work in progress | 40.755 | 77.659 |
| Received prepayments from customers | (6.798) | (15.210) |
| | **33.957** | **62.449** |

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. The Group will previously have recognized a contract work in progress for any work performed. 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.

## 21. 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:

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Number of share 1 January | 4.556 | 2.922 |
| Capital increase | 0 | 1.634 |
| **Number of shares 31 December** | **4.556** | **4.556** |

# Notes to consolidated financial statements

## 22. Deferred tax

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Deferred tax assets | 0 | 0 |
| Deferred tax liabilities | 55.272 | 78.334 |
| **Total deffered taxes** | **55.272** | **78.334** |

| 2019 | Deferred tax 01.01 DKK'000 | Recognized in profit DKK'000 | Recognized equity DKK'000 | Recognized in other comp.inc. DKK'000 | Total 31.12 DKK'000 |
|---|---|---|---|---|---|
| Intangible assets | 87.148 | (10.298) | 0 | 0 | 76.850 |
| Property, plant and equipment | 8.458 | (4.170) | 0 | 0 | 4.288 |
| Inventories | 3.300 | 1.064 | 0 | 0 | 4.364 |
| Receivables | 3.849 | 3.572 | 0 | 0 | 7.421 |
| Tax deficit | (22.772) | (13.211) | 0 | 0 | (35.983) |
| Liabilities and other provisions | (1.639) | (29) | 0 | 0 | (1.668) |
| **Temporary differences** | **78.344** | **(23.072)** | **0** | **0** | **55.272** |

| 2018 | Deferred tax 01.01 DKK'000 | Recognized in profit DKK'000 | Recognized equity DKK'000 | Recognized in other comp.inc. DKK'000 | Total 31.12 DKK'000 |
|---|---|---|---|---|---|
| Intangible assets | 102.283 | (15.135) | 0 | 0 | 87.148 |
| Property, plant and equipment | 12.124 | (3.666) | 0 | 0 | 8.458 |
| Inventories | 3.762 | (462) | 0 | 0 | 3.300 |
| Receivables | 19.714 | (15.865) | 0 | 0 | 3.849 |
| Tax deficit | 0 | (22.772) | 0 | 0 | (22.772) |
| Liabilities and other provisions | (1.318) | (297) | (24) | 0 | (1.639) |
| **Temporary differences** | **136.565** | **(58.197)** | **(24)** | **0** | **78.344** |

# Notes to consolidated financial statements

## 23. Provisions

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Warranties 1 January | 6.671 | 1.340 |
| Realized for the period | (3.942) | (5.573) |
| Provisioned for the year | 2.013 | 10.904 |
| **Warranties 31 December** | **4.742** | **6.671** |
| | | |
| Provisions are recognized in the balance sheet: | | |
| Non-current liabilities | 4.742 | 6.671 |
| | **4.742** | **6.671** |

Warranties are provisioned according to a percentage of revenue and covers work to improve products inefficiencies at customers´ site.

**24. Corporate bonds**

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Corporate bonds | 522.879 | 522.711 |
| Corporate bonds fees, amortized | (3.817) | (5.206) |
| | **519.062** | **517.505** |
| Corporate bonds in the balance sheet: | | |
| Non-current liabilities | 519.062 | 517.505 |
| | **519.062** | **517.505** |

| | Currency | Expires | Interest fixed or variabel | Amortized cost DKK'000 | Nominal Value DKK'000 | Fair Value DKK'000 |
|---|---|---|---|---|---|---|
| Corporate bond, 3m Euibor + 500 bps | EUR | Sept. 2022 | Variable | 519.062 | 522.879 | 264.054 |
| **31 December 2019** | | | | **519.062** | **522.879** | **264.054** |

| | Currency | Expires | Interest fixed or variabel | Amortized cost DKK'000 | Nominal Value DKK'000 | Fair Value DKK'000 |
|---|---|---|---|---|---|---|
| Corporate bond, 3m Euibor + 500 bps | EUR | Sept. 2022 | Variable | 517.505 | 522.711 | 313.627 |
| **31 December 2018** | | | | **517.505** | **522.711** | **313.627** |

The market value of corporate bonds is approximate to nominal value as the entity specific risk premium is considered to be unchanged since the date of issue. Since the issue in September 2017, the bonds have been adjusted with the exchange rate EUR/DKK at the end of the year. Level 1 from the fair value hierarchy has been used.

# Notes to consolidated financial statements

## 25. Debt banks

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Overdraft facilities | 70.753 | 100.581 |
| Other bank debts | 0 | 0 |
| **Total bank debts** | **70.753** | **100.581** |
| | | |
| Debts to banks are recognized in the balance sheet: | | |
| Non-current obligations | 0 | 0 |
| Current obligations | 70.753 | 100.581 |
| | **70.753** | **100.581** |

| | Currency | Expires | Interest fixed or variabel | Amortized cost DKK'000 | Nominal Value DKK'000 | Fair Value DKK'000 |
|---|---|---|---|---|---|---|
| Overdraft facility | DKK | 2023 | Variable | 70.753 | 70.753 | 70.753 |
| **31 December 2019** | | | | **70.753** | **70.753** | **70.753** |

| | Currency | Expires | Interest fixed or variabel | Amortized cost DKK'000 | Nominal Value DKK'000 | Fair Value DKK'000 |
|---|---|---|---|---|---|---|
| Overdraft facility | DKK | 2023 | Variable | 100.581 | 100.581 | 100.581 |
| **31 December 2018** | | | | **100.581** | **100.581** | **100.581** |

## 26. Other payables

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Payable staff costs | 15.018 | 24.841 |
| Payable VAT | 3.101 | 3.374 |
| Other liabilities | 14.942 | 8.735 |
| **Total other payables** | **33.061** | **36.950** |

# Notes to consolidated financial statements

### 27. Contingent liabilities

The group participates in a Danish joint taxation arrangement with Nortre Administration ApS serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the group is liable from the financial year 2017 for income taxes etc. for the jointly taxed entities and from 1 July 2017 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

### 28. Pledged assets etc.

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

For third parties security has been given a mortgage pledge deed of DKK 10m.

### 29. Changes in working capital

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Increase/decrease in inventories | 26.916 | 45.990 |
| Increase/decrease in receivables | 59.859 | 91.916 |
| Increase/decrease in trade payables etc. | (38.110) | (89.453) |
| | **48.665** | **48.453** |

# Notes to consolidated financial statements

### 30. Cash and cash equivalents and change in liabilities arising from financing activities

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Cash and cash equivalents | 9.118 | 6.073 |
| | **9.118** | **6.073** |

The Group has unutilized drawings rights on overdraft facilities DKK 46,2m.

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| **2019** | **01.01<br>DKK'000** | **Cashflow<br>DKK'000** | **Exchange rate regul.<br>DKK'000** | **New leases<br>DKK'000** | **31.12<br>DKK'000** |
| Corporate bonds | 515.970 | 0 | 3.092 | 0 | 519.062 |
| Finance lease liabilities | 168 | (6.474) | 0 | 105.008 | 98.702 |
| Bank debt | 100.581 | (29.828) | 0 | 0 | 70.753 |
| | **616.719** | **(36.302)** | **3.092** | **105.008** | **688.517** |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| **2018** | **01.01<br>DKK'000** | **Cashflow<br>DKK'000** | **Exchange rate regul.<br>DKK'000** | **New leases<br>DKK'000** | **31.12<br>DKK'000** |
| Corporate bonds | 515.409 | (1.007) | 1.568 | 0 | 515.970 |
| Finance lease liabilities | 372 | (204) | 0 | 0 | 168 |
| Bank debt | 67.523 | 33.058 | 0 | 0 | 100.581 |
| | **583.304** | **31.847** | **1.568** | **0** | **616.719** |

# Notes to consolidated financial statements

### 31. Financial risks

## Categories of financial instruments

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Deposits | 10.134 | 10.454 |
| Trade receivables | 35.563 | 58.047 |
| Other short-term receivables | 6.948 | 6.717 |
| Prepayments | 1.248 | 1.950 |
| Cash | 9.118 | 6.073 |
| **Loans and receivables** | **63.011** | **83.241** |
| | | |
| Corporate bonds | 519.062 | 517.505 |
| Finance liabilities | 98.702 | 168 |
| Non-current other payables | 6.874 | 7.527 |
| Bank debt | 70.753 | 100.581 |
| Trade payables | 64.568 | 90.377 |
| Other payables | 33.061 | 36.950 |
| **Financial liabilities measured at amortized cost** | **793.020** | **753.108** |

Practice 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 practice 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. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings as well as expanded credit lines.

**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. Part payment invoices 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 derivates financial instruments to hedge recognized financial assets and liabilities. The Group´s currency exposure is specified below.

## Notes to consolidated financial statements

| 2019 | Cash and cash equiva. DKK'000 | Recei-vables DKK'000 | Bond debt DKK'000 | Other liabilities DKK'000 | Unsecured net position DKK'000 |
|---|---|---|---|---|---|
| EUR | 2.477 | 23.498 | (522.879) | (7.393) | (504.297) |
| USD | 6.486 | 9.799 | 0 | (5.779) | 10.506 |
| SEK | 1 | 0 | 0 | 0 | 1 |
| JPY | 0 | 860 | 0 | (163) | 697 |
| GBP | 0 | 64 | 0 | 0 | 64 |
| | **8.964** | **34.221** | **(522.879)** | **(13.335)** | **(493.029)** |

| 2018 | Cash and cash equiva. DKK'000 | Recei-vables DKK'000 | Bond debt DKK'000 | Other liabilities DKK'000 | Unsecured net position DKK'000 |
|---|---|---|---|---|---|
| EUR | 1.151 | 29.436 | (522.711) | (55.944) | (548.068) |
| USD | 3.487 | 19.643 | 0 | (4.866) | 18.264 |
| SEK | 0 | 0 | 0 | (1.974) | (1.974) |
| JPY | 1.123 | 1.285 | 0 | (106) | 2.302 |
| CNY | 229 | 0 | 0 | 0 | 229 |
| GBP | 3 | 150 | 0 | (32) | 121 |
| | **5.993** | **50.514** | **(522.711)** | **(62.922)** | **(529.126)** |

**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

| Equity sensitivity to exchange rate fluctuations | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Impact if EUR-rate was 1% lower than actual rate | 5.043 | 5.481 |
| | **5.043** | **5.481** |

| Sensitivity of the result to exchange rate fluctuations | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Impact if EUR-rate was 1% lower than actual rate | 5.043 | 5.481 |
| | **5.043** | **5.481** |

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 2019 would have affected comprehensive income and equity by approximately DKK 5,2m. The sensitivity analysis shows the difference between the 31st December 2019 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.

# Notes to consolidated financial statements

| 2019 | 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 |
|---|---|---|---|---|---|---|
| Cash | 9.118 | 0 | 0 | 0 | 9.118 | 0 |
| Corporate bonds | (519.062) | 0 | 0 | 0 | (519.062) | 0 |
| Bank debt | (70.753) | 0 | 0 | 0 | (70.753) | 0 |
| Lease debts | (146) | (708) | (2.610) | (95.238) | (98.702) | 3 |
| | **(580.843)** | **(708)** | **(2.610)** | **(95.238)** | **(679.399)** | |

| 2018 | 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 |
|---|---|---|---|---|---|---|
| Cash | 6.073 | 0 | 0 | 0 | 6.073 | 0 |
| Corporate bonds | (517.505) | 0 | 0 | 0 | (517.505) | 0 |
| Bank debt | (100.581) | 0 | 0 | 0 | (100.581) | 0 |
| Payables to related party | 0 | (515) | 0 | 0 | (515) | 1 |
| Finance lease | (45) | 0 | (123) | 0 | (168) | 1 |
| | **(612.058)** | **(515)** | **(123)** | **0** | **(612.696)** | |

# 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.

| 2019 | Less than 6 months DKK'000 | 6-12 months DKK'000 | 1-5 years DKK'000 | After 5 years DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Bank debt | 842 | 842 | 75.805 | 0 | 77.489 |
| Corporate bonds | 12.276 | 12.276 | 592.716 | 0 | 617.268 |
| Lease debts | 5.130 | 4.800 | 34.001 | 54.771 | 98.702 |
| Trade payables | 64.568 | 0 | 0 | 0 | 64.568 |
| Other payables | 33.061 | 0 | 0 | 0 | 33.061 |
| | **115.877** | **17.918** | **702.522** | **54.771** | **891.088** |

| 2018 | Less than 6 months DKK'000 | 6-12 months DKK'000 | 1-5 years DKK'000 | After 5 years DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Bank debt | 1.282 | 1.283 | 10.254 | 102.542 | 115.361 |
| Corporate bonds | 13.068 | 13.068 | 614.185 | 0 | 640.321 |
| Finance lease obligations | 22 | 22 | 123 | 0 | 167 |
| Trade payables | 90.377 | 0 | 0 | 0 | 90.377 |
| Other payables | 44.950 | 0 | 0 | 0 | 44.950 |
| | **149.699** | **14.373** | **624.562** | **102.542** | **891.176** |

# 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.

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| The liquidity reserve is compressed as follows: | | |
| Cash | 9.118 | 6.073 |
| Unused credit facility | 46.200 | 326 |
| | **55.318** | **6.399** |

**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 20.

**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.

**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 31$^{st}$ December 2019 is 21,07, compared to 8,62 per 31$^{st}$ December 2018. Based on the latest review of the Group´s capital structure, the board expects the financial gearing in 2020 to remain at approximately at the same level as 2019.

## Notes to consolidated financial statements

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

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Bank debt | 70.753 | 100.581 |
| Finance lease obligations | 98.702 | 168 |
| Other payables | 6.874 | 7.527 |
| Payable corporation tax | 0 | 39 |
| Corporate bonds | 519.062 | 517.505 |
| Receivable corporation tax | (1.109) | (2.672) |
| Cash and cash equivalents | (9.118) | (6.073) |
| Other receivables | (10.845) | (8.667) |
| **Net interest-bearing debt** | **674.319** | **608.408** |
| **Equity** | **31.999** | **70.373** |
| **Financial gearing** | **21,07** | **8,65** |

**32. Related parties with controlling interest**

The following parties have a controlling interest:

- Harald Mix, Bragevägen 4, Stockholm, indirect real owner
- Altor Fund IV (No. 1) AB, Stockholm, shareholder
- Altor Fund IV (No. 2) AB, Stockholm, shareholder
- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder, parent

**Transactions with related parties**

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Remuneration etc. of key pleople, cf. note 8 | 11.190 | 13.541 |

Transactions with subsidiaries are eliminated in the consolidated financial statement in accordance with accounting policies, note 37.

## Notes to consolidated financial statements

### 33. 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
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder

### 34. Consolidation

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

- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Venusvej 44, DK-6000 Kolding

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

- Altor Fund IV Holding AB, Stockholm

### 35. Events after the balance sheet date

No event after the balance date has happened that will affect the matter of this report, but we refer to the above-mentioned outbreak of COVID-19 in section Objective and outlook.

We have initiated mitigating actions to reduce the potential impact of COVID-19 on our business and results. Through our sales activities we strive to be in close dialogue with our customers about projects in the pipeline and we do not expect projects to be lost, but maybe postponed.

### 36. Adopting the annual report for publication

The board members have on the board meeting the 30.04.2020 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting the 30.04.2020.

# Notes to consolidated financial statements

### 37. Accounting policies

The 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).

**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 10.

**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. Non-monetary item, measured at fair value, are translated applying the exchange rate at the revaluation time.

When recognising foreign subsidiaries and associates that are independent entities, 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 that is not deductible to tax purposes. 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, associates and joint ventures 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 carryforward, 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 recognized 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 t the tax rules and at the tax rates applicable in the respective countries at the end if 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.

**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 om the stage of completion of the individual contracts, as contract work in progress. See also descriptions below regarding contract work in progress. Where the profit from a contract work cannot be estimated reliably, revenue is only recognized equalling the cost incurred to the extent that it is probable that the cost will be recovered. Revenue from sales of services is recognized in the income statement over the term f agreement as the services are provided. Revenue is recognized net of VAT, duties and sales discounts is measured at fair value if the consideration fixed. Payment fir 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 enforcable 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.

**Research and development costs**

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.

**Financial income**

Financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies, amortization of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Financial expenses**

Financial expenses comprise interest expenses, net capital losses on payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

# 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 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. Capitalized development costs are amortized on a straight-line basis over a six-year useful life. Customer relationships, patens and other intangibles are amortized on a straight-line basis over a 10-20-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, se 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 ae 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. Plan 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-manufactures assets, costs comprise direct and indirect costs of materials, components, sub suppliers and labour costs.

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

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 | 3-7 years |
| Other fixtures and fittings, tools and equipment | 3-7 years |
| Leasehold improvements | 5 years |

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down t 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 exist, impairment tests are made of each assets and group of assets, respectively. Write-down is made to the lower of recoverable amount and carrying amount.

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

# Notes to consolidated financial statements

**Leases applicable from 1 January 2019**

Leased assets and lease commitments 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 almost 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 commitments 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 commitment:

- 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 highly probable that management will exercise
- Payments subject to an extension option that it is highly probable that the Group will exercise
- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.

The lease commitment is measured at amortized cost according to the effective interest method. The lease commitment 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 commitment 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 bass in the income statement.

The leased asset is adjusted for changes to the lease commitment 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 | 15 years |
| Cars | 3-5 years |
| Other assets | 3-5 years |

The Group presents the leased asset and the lease commitment 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 labour costs and indirect productions costs.

Indirect production costs comprise indirect materials and labour 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 bas 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 resources. 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 highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposals groups, are generally measured at the lower of their carrying amount and fair value less costs to sale. 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, investment property or biological assets, which continue to be measured in accordance with Group´s other accounting policies. Impairment losses on initial classifications held-for-sales or held-for-distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

On classified 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.

**Dividend**

Dividend is recognized as a liability at the time of adoption at the general meeting.

**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.

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

**Finance lease commitments**

Lease commitments relating to assets held under finance 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 commitments 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.

**Operating leases**

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

**Contract liabilities**

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

**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 finance 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 finance leases, 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.

## Parent income statement for 01.01.2019 – 31.12.2019

| | Notes | 1/1 - 31/12 2019 DKK'000 | 1/1 - 31/12 2018 DKK'000 |
|---|---|---|---|
| Administration costs | 3,4 | (42) | (67) |
| **Operating profit/loss** | | **(42)** | **(67)** |
| | | | |
| Profit/loss in group subsidaries | | 0 | (346.846) |
| Financial expenses | 5 | (2) | (18) |
| **Profit/loss before tax** | | **(44)** | **(346.931)** |
| | | | |
| Tax on profit/loss for the year | 6 | 0 | 18 |
| **Profit for the year** | | **(44)** | **(346.913)** |
| | | | |
| **Total comprehensive income** | | **(44)** | **(346.913)** |
| | | | |
| Profit for the year attributable to: | | | |
| Owners of the Company | | (44) | (346.913) |
| | | | |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | (44) | (346.913) |

## Parent balance sheet at 31.12.2019

| | Notes | 31.12.2019 DKK'000 | 31.12.2018 DKK'000 |
|---|---|---|---|
| Other fixtures and fittings, tools and equipment | | 0 | 0 |
| **Property, plant and equipment** | | **0** | **0** |
| | | | |
| Investments in group subsidiary | 7,8 | 120.373 | 70.373 |
| **Financial assets** | | **120.373** | **70.373** |
| | | | |
| **Non-current assets** | | **120.373** | **70.373** |
| | | | |
| Other receivables | | 0 | 0 |
| Receivables from group companies | | 279 | 326 |
| Income tax receivable | | 18 | 18 |
| **Receivables** | | **297** | **344** |
| | | | |
| **Cash** | | **3** | **0** |
| | | | |
| **Current assets** | | **300** | **344** |
| | | | |
| **Assets** | | **120.673** | **70.717** |

## Parent balance sheet at 31.12.2019

| | Notes | 31.12.2019 DKK'000 | 31.12.2018 DKK'000 |
|---|---|---|---|
| Contributed capital | 9 | 54.556 | 4.556 |
| Retained earnings | | 65.562 | 65.606 |
| **Equity** | | **120.118** | **70.162** |
| | | | |
| Corporate bonds | | 0 | 0 |
| **Non-current liabilities** | | **0** | **0** |
| | | | |
| Payable group company | | 515 | 515 |
| Other payables | | 40 | 40 |
| **Current liabilities** | | **555** | **555** |
| | | | |
| **Total liabilities** | | **555** | **555** |
| | | | |
| **Equity and liabilities** | | **120.673** | **70.717** |

## 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 2019** | 4.556 | 0 | 65.606 | 70.162 |
| Profit for the period | 0 | 0 | (44) | (44) |
| Capital increase | 50.000 | 0 | 0 | 50.000 |
| **Equity at 31 December 2019** | **54.556** | **0** | **65.562** | **120.118** |
| | | | | |
| **Equity at 1 January 2018** | 2.922 | 0 | 289.155 | 292.077 |
| Profit for the period | 0 | 0 | (346.913) | (346.913) |
| Capital increase | 1.634 | 0 | 123.364 | 124.998 |
| **Equity at 31 December 2018** | **4.556** | **0** | **65.606** | **70.162** |

# Parent cash flow statement for the year 2019

| | Notes | 1/1 - 31/12 DKK'000 | 1/1 - 31/12 DKK'000 |
|---|---|---|---|
| Operating profit/loss | | (42) | (67) |
| Amortization and depreciation losses | | | 0 |
| Working capital changes | 12 | 47 | (427) |
| **Cash flows from ordinary operating activities** | | **5** | **(494)** |
| Financial expenses paid | | (2) | (3) |
| Income taxes refunded/(paid) | | 0 | 0 |
| **Cash flow from operating activities** | | **3** | **(497)** |
| Acquisition etc. of group subsidiary | | 0 | 0 |
| Tax exempt contribution in subsidiary | | (50.000) | (124.998) |
| **Cash flow from investing activities** | | **(50.000)** | **(124.998)** |
| Capital increase | | 50.000 | 124.998 |
| **Cash flows from financing activities** | | **50.000** | **124.998** |
| **Increase/decrease in cash and cash equivalents** | | **3** | **(497)** |
| Cash and cash equivalents 01.01.2019/01.01.2018 | | 0 | 497 |
| **Cash and cash equivalents end of year** | 13 | **3** | **0** |
| **Cash and cash equivalents at year end are composed of:** | | | |
| Cash | | 3 | 0 |
| **Cash and cash equivalents end of year** | | **3** | **0** |

# Notes to the parent financial statement

## Overview notes

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

# Notes to parent financial statement

### 1. Changes in accounting policies and significant 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 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 37 of the consolidated financial statements.

### Instances where the parent company´s accounting policies differ from the Group

Investment in group subsidiaries
Investment in group subsidiaries are measured at cost. If the acquisition cost exceeds the investments recoverable value, an impairment loss I 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 37 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

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Statutory audit | 36 | 40 |
| Tax and VAT advisory service | 0 | 0 |
| **Total fees to auditors appointed at the Annual General Meeting** | **36** | **40** |

### 4. Staff costs

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Average number of employees | 0 | 0 |

Staff costs are recognized in administration costs.

### 5. Financial expenses

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Interest expense to related party | 0 | 10 |
| Other financial expenses | 2 | 8 |
| **Total financial expenses** | **2** | **18** |

# Notes to parent financial statement

## 6. Income tax

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Current tax for the year | 0 | 19 |
| Deferred tax for the year | 0 | 0 |
| Adjustments recognized for tax from prior periods | 0 | (1) |
| **Corporation tax for the year** | **0** | **18** |

Income tax expense attributable to income before income taxes differed form 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 | 0,0% | 22,0% |
| Change in deferred tax from change in corporation tax rate | 0,0% | 0,0% |
| Tax effect of: | | |
| Non-deductible expenses | 0,0% | -0,8% |
| **Effective tax rate** | **0,0%** | **21,2%** |

| | | |
|---|---|---|
| Total tax for the year is disaggregated as follows: | | |
| Corporation tax for the year | 0 | 18 |
| **Total tax for the year** | **0** | **18** |

## 7. Investments in subsidiaries

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Cost at the beginning of the year | 70.373 | 292.221 |
| Additions | 0 | 0 |
| Received dividend | 0 | 0 |
| Impairment losses | 0 | (346.846) |
| Capital increase | 50.000 | 124.998 |
| **Carrying amount end of year** | **120.373** | **70.373** |

## Notes to parent financial statement

### 8. Subsidiaries

| | Registered in | Corporate form | Interest and share of voting rights, % 2019 | Interest and share of voting rights, % 2018 |
|---|---|---|---|---|
| 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:

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Number of shares 1st January | 4.556 | 2.922 |
| Capital increase by cash deposit | 50.000 | 1.634 |
| **Number of shares 31st December** | **54.556** | **4.556** |

# Notes to parent financial statement

### 10. Contingent liabilities

The Group participates in a Danish joint taxation arrangement with Nortre Administration ApS serving as the administration company. According t the joint taxation provisions of the Danish Corporation Tax Act, the group is liable from the financial year 2013 for income taxes etc. for the jointly taxed entities and from 1st July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

### 11. Pledged assets etc.

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

### 12. Changes in working capital

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Increase/decrease in trade payables etc. | 47 | (427) |
| | **47** | **(427)** |

### 13. Cash and cash equivalents and change in liabilities arising from financing activities

| | 2019<br>DKK'000 | 2018<br>DKK'000 |
|---|---|---|
| Cash and cash equivalents | | 45 |
| | **0** | **45** |

# Notes to parent financial statement

## 14. Financial risks

| Categories of financial instruments | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| Cash | 3 | 0 |
| | **3** | **0** |
| Trade payables | 0 | 0 |
| Other payables | 40 | 40 |
| Financial liabilities measured at amortized cost | **40** | **40** |

### Practice for controlling financial risks

Reference is made to note 31 of the consolidated financial statement for a decription of the practice for controlling financial risks.

It is Parent´s practice not ot make any speculation in financial risks.

### Sensitivity analysis regarding currency risks

The Company´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 currency in question had been 1% lower at the end of the year than the actual rate used. 1%is the sensitivity factor used in the internal reporting of currency risks. 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 of the year.

### Interest rate risks

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

The Parent 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 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.

## Notes to parent financial statement

| 2019 | Interest rate adjustment date or maturity date<br>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 |
|---|---|---|---|---|---|---|
| Cash | 3 | 0 | 0 | 0 | 3 | 0 |
| | **3** | **0** | **0** | **0** | **3** | |

| 2018 | Interest rate adjustment date or maturity date<br>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 |
|---|---|---|---|---|---|---|
| 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.

| 2019 | Less than months DKK'000 | 6-12 months DKK'000 | 1-5 years DKK'000 | After 5 years DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | | |
| Trade payables | 0 | 0 | 0 | 0 | 0 |
| Other payables | 40 | 0 | 0 | 0 | 40 |
| | **40** | **0** | **0** | **0** | **40** |

| 2018 | Less than months DKK'000 | 6-12 months DKK'000 | 1-5 years DKK'000 | After 5 years DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | | |
| Trade payables | 0 | 0 | 0 | 0 | 0 |
| Other payables | 40 | 0 | 0 | 0 | 40 |
| | **40** | **0** | **0** | **0** | **40** |

The Group´s liquidity reserve consists of liquid assets.

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

| | 2019 DKK'000 | 2018 DKK'000 |
|---|---|---|
| The liquidity reserve is compressed as follows: | | |
| Cash | 3 | 0 |
| | **3** | **0** |

### Credit risks

The Group is not exposed to signigicant credit risks.

# Notes to parent financial statement

Default of loan agreements

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

**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 33 in the consolidated financial statement.

**15. Related parties with controlling interests**

The following parties have a controlling interest:

- The following parties have a controlling interest:
- Harald Mix, Bragevägen 4, Stockholm, indirect real owner
- Altor Fund IV (No. 1) AB, Stockholm, shareholder
- Altor Fund IV (No. 2) AB, Stockholm, shareholder
- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder

**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. Consolidation**

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

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

# Notes to parent financial statement

### 18. Events after the balance sheet date

No event after the balance date has happened that will affect the matter of this report, but we refer to the above-mentioned outbreak of COVID-19 in section Objective and outlook.

We have initiated mitigating actions to reduce the potential impact of COVID-19 on our business and results. Through our sales activities we strive to be in close dialogue with our customers about projects in the pipeline and we do not expect projects to be lost, but maybe postponed.

### 19. Adopting the annual report for publication

The board members have on the board meeting on the 30.04.2020 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting on 30.04.2020.