Tresu Investment Holding A/S

Venusvej 44

DK-6000 Kolding

Central Business Reg. No.: 37 55 37 27

Annual Report 2021

Contents

Entity details

Entity

Tresu Investment Holding A/S
Venusvej 44
DK-6000 Kolding
Denmark

Central Business Registration No.: 37 55 53 27
Registered in: Kolding
Financial period: 01.01.2021 - 31.12.2021

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

Board of Directors

Jean-Marc Lechêne, chairman
Ola Harald Erici
Søren Dan Johansen
Stephan Plenz

Executive Board

Heidi Thousgaard Jørgensen
Jannie Tholstrup

Entity auditors

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

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Tresu Investment Holding A/S for the financial year 01.01.2021 - 31.12.2021.

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

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

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

In our opinion, the annual report of Tresu Investment Holding A/S for the financial year 1 January to 31 December 2021 with the file name tresu-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kolding, 24.03.2022

Executive Board

Heidi Thousgaard Jørgensen	Jannie Tholstrup
CEO	*CFO*

Board of Directors

Jean-Marc Lechêne	Ola Harald Erici	Søren Dan Johansen
Chairman		
Stephan Plenz		

Independent Auditor's Reports

To the shareholders of Tresu Investment Holding A/S

Report on the audit of the Financial Statements

Our opinion

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

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Tresu Investment Holding A/S for the financial year 1 January to 31 December 2021 comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Tresu Investment Holding A/S on 23 July 2020 for the financial year 2020. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 1 year including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and other intangible assets At 31 December 2021 the Group has a carrying value of goodwill of DKK 174 million (31 December 2020 – DKK 174 million). The Group has a carrying value of other intangible assets of DKK 295 million (31 December 2020 – DKK 345 million). Goodwill and other intangibles assets with indefinite life is tested annually for impairment. Other intangibles are assessed for impairment annually, and if indicators exist, an impairment test is performed. The assessment of the carrying value of intangible assets is dependent on future cash flows and if these are below initial expectations, there is a risk that the assets will be impaired. The reviews of carrying values performed by the Group contain a number of significant assumptions such as revenue growth, profit margins and discount rates. We focused on this area because the impairment test and the impairment assessment of these assets are complex and are dependent on subjective judgements by Management. We refer to notes 2, 13 and 14 in the Consolidated Financial Statements.	In assessing the impairment test performed by Management, we obtained and evaluated Management's future cash flow forecasts, and the underlying process by which they were prepared including the mathematical accuracy of the cash flow model and agreeing future revenue growth, investment and profit margin assumptions to the latest Board approved budgets and financial forecasts. Furthermore, we assessed whether the model applied by Management comply with the requirements of IFRS. We used our valuation specialist to assist us in evaluating the appropriateness of key assumptions in Management's discount rates. We challenged the reasonableness of Management's future forecasts of revenue growth, investment and profit margin included in the cash flow forecasts in light of the historical accuracy of such forecasts, the current operational results and expected market development. We performed our own sensitivity analysis around these key assumptions to evaluate the change in those assumptions that either individually or collectively would be required for the intangible assets tested to be impaired.
Recognition and measurement of contract work in progress At 31 December 2021 the carrying value of contract work in progress of the group amounts to a net asset of DKK 5 million (31 December 2020 – DKK -12 million) corresponding to a sales value of contract work in progress of DKK 139 million (31 December 2020 – DKK 185 million). In accordance with IFRS 15, revenue from and profit on contract work are recognised over time based on the progress towards complete satisfaction of the individual performance obligations of the contract work (percentage -of-completion method). The progress (stage of completion) is determined and assessed by the proportion of the contract costs incurred at the balance sheet date compared to the total costs including the estimated cost to complete the contract.	We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls regarding the recognition and measurement of contract work in progress. In respect of controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatement. We assessed primarily the internal processes relating to contract acceptance and terms, monitoring of project development, cost incurred and estimating costs to complete and assessment provision for specific project risks. We assessed the accounting policies applied and the Group's application and interpretation of relevant reporting standards. We obtained from Management an overview of the Group's contract work in progress at 31 December

The preparation of reliable forecasts of the total expected contract costs and contract revenue involves significant accounting estimates. We focused on the recognition and measurement of contract work in progress as the application of the percentage-of-completion is complex and requires that Management make significant accounting estimates. We refer to note 18 in the Consolidated Financial Statements.	2021 and contract work completed during the year. Based on project risk and materiality we selected a sample of contracts where we tested the underlying contracts including change orders, original budget, project report including estimate of costs to complete and risk provision per contract. For the selected contracts, we assessed and challenged Management's assumptions for determining stage of completion including their assessment of risk provisions and estimated profit through interviews with project controllers and project management as well as our understanding and assessment of the contract terms, associated project risks and final acceptance.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Tresu Investment Holding A/S for the financial year 1 January to 31 December 2021 with the filename tresu-2021-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF

Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Tresu Investment Holding A/S for the financial year 1 January to 31 December 2021 with the file name tresu-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Vejle, 24 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

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

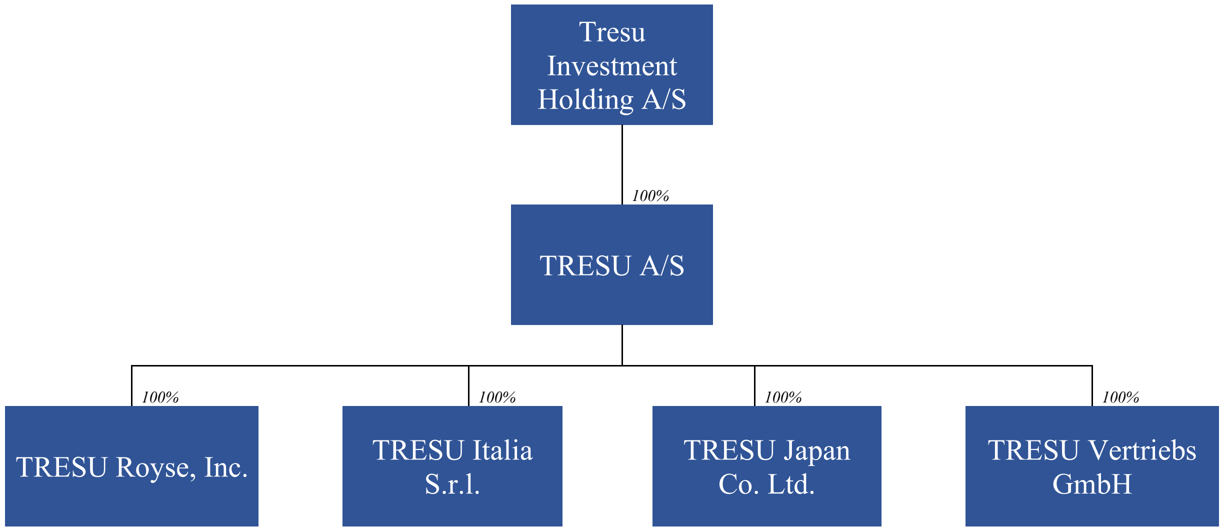
Management commentary

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures				
Revenue	340.917	302.089	388.701	338.410
Gross profit/loss	23.193	17.160	27.574	(124.883)
Operating profit/loss	(51.988)	(63.338)	(81.794)	(324.235)
Net financials	12.302	(29.540)	(32.762)	(31.829)
Profit/loss for the year	(31.485)	(74.673)	(90.350)	(296.313)
Total assets	761.981	815.534	892.590	932.239
Investments in property, plant and equipment	919	1.268	19.289	1.061
Equity	(11.947)	(50.713)	25.479	65.185
EBITDA	16.332	13.445	(7.338)	(154.225)
EBITDA excl. non-recurring items	20.281	31.593	22.140	(139.275)
Ratios				
Gross margin (%)	6,8	5,7	7,1	(36,9)
Net margin (%)	(9,2)	(24,7)	(23,2)	(87,6)
Return on equity (%)	-	-	(199,3)	(191,8)
Equity ratio /%)	-	-	2,9	7,6
Return on assets	(6,8)	(7,8)	(9,2)	(34,8)

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

Management commentary

Group chart as per 31 December 2021



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 2021 we continued working on a number of strategic initiatives with the aim of further strengthening the platform of our core business within custom made in-line flexo printing machines for the packaging manufacturing industry and ancillary products for the digital, flexo and offset printing industry worldwide but also to develop the future organization to support the growth.

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

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

Financial developments in the fiscal year 2021

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

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

Operating profit (EBIT) for the year 2021 was DKK -52,0m (2020: DKK -63,3m).

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

Cash flow from operating activities in 2021 amounted to DKK -6,4m (2020: DKK 45,9) and net investments in property, plant and equipment equalled DKK 0,9m (2020: DKK 1,3m).

At the end of 2021, total assets were DKK 762,0m (2020: 815,5m) and total equity amounted to DKK -11,9m (2020: DKK -50,7m). The equity is positively impacted by a capital injection of DKK 70,0m in 2021.

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

Objective and outlook

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

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

Management commentary

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

Operating risks

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

Credit risk

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

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

Currency risks

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

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

Interest rate risks

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

Intellectual capital resources

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

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

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

Research and development activities

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

Management commentary

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

Corporate social responsibility (CSR)

Business model and approach to CSR

Being a global technology provider, TRESU are dedicated to offer a contribution to limiting the Group´s and our customer's environmental and climate footprint, fighting corruption as well as securing good conditions for its employees. For an elaboration of TRESU´s activity model, please refer to the business activities section on page 10.

Corporate responsibility policy

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

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

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

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

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

Anti-corruption and bribery

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

The Group´s expectations regarding anti-corruption and bribery are specified in our Employee handbook and Code of Conduct, which all the employees of the Group must comply with. The Group operates out of Denmark and adheres to laws and rules concerning corruption and bribery. The Group is not aware of any breaches regarding anti-corruption and bribery in 2021.

In 2022 we expect to introduce the whistleblower schemes in all our companies in the Group.

Human rights

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

Management commentary

We have in our code of Conduct adopted policies on group level related to ethics and with respect to compliance with applicable laws in each jurisdiction. These policies apply to each subsidiary in the Group. Accordingly, each subsidiary shall comply with applicable laws, rules and regulations, including those that may relate to protection of human rights in each jurisdiction where it operates.

The Group strives to continually improve our work environment. We aim to strengthen and implement a shared corporate culture to help us treat all colleagues equally. The Group supports and respects the protection of the UN’s Universal Declaration of Human Rights and the Core Conventions of the International Labor Organization (ILO) and makes sure that the Group is not complicit in abuse of human rights. Use of child labour is prohibited.

The focus will in 2022 be to conduct awareness campaigns internally and to secure that our suppliers conduct its business in compliance with our corporate standards.

The Group´s expectations regarding human rights are specified in our Employee handbook and Code of Conduct, which all the employees of the Group must comply with. The Group is not aware of any breaches regarding human rights in 2021.

Social & Labor conditions

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

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

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

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

Environment and climate

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

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

Management commentary

This means that the Group:

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

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

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

Results achieved and expectations for future CSR activities

The Group's aim for 2021 was to carry through improvements of our products so that our customer's contribution to the global CO2 emission would be reduced by at least 6.000 tonnes per year. The Group's external CO2 reduction impact focuses on the current installed base for two main machines i.e., VT FLEX ES machines and the portfolio of Flexo Innovator machines delivered to TRESU customers. The result in 2021 was a total annual CO2 reduction of above 6.500 tonnes on the external energy consumption associated with the specific TRESU products using the heat recovery systems in the drying design.

Further, the Group has consolidated its headquarters and production facilities into the new domicile in August 2019, which is constructed and erected in accordance with the Danish building regulation 2015 and awarded energy label "A2015". Windows and doors are fitted with 3-layer low-energy glass, lamps are mounted with LED lights and motion sensors, taps are established with hands-free fixtures etc. The relocation has resulted in a reduction of 51% of the internal energy consumption corresponding to a total yearly saving of 263 tonnes CO2.

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

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

In 2022 the Group will have a continued focus on preventive measures and information. The goal of the Group is an absenteeism of maximum 2,8% covering both short term and long-term absenteeism.

Management commentary

Report on the underrepresented gender

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

The Groups' long-term ambition is to achieve a composition of the underrepresented gender at Board of Directors, reflecting the composition of gender in the total organization. The target was that the share of women should be at least 14,3% (1 woman) at management level in 2021. This has been met on executive management level but not on Board of Directors level. Today, there are no women at the Board of Directors level, the board is all appointed based on their specific and relevant industry knowledge. It has not been possible to attract female candidates with enough industry knowledge to match our target.

The target for other management levels is to reach the level of the overall gender split in the group, this is for 2021 16% women. This has been met on executive management level, however we are only at 9% on other management levels. We still aim at ensuring a greater balance in the composition of gender among managers of the company. This is done by encouraging women in the organization to develop their competences and careers, however in all cases the best qualified person will be employed for the job.

The target for Board of Directors, executive management level and other management level has been set to 14% for 2022 supporting that we still aim at ensuring a greater balance in the composition of gender among all managers of the company.

Statement of data ethics Policy

We have in 2021 not established a policy for data ethics. Overtime it will for sure become relevant for TRESU Group, but until now we do not process data or uses algorithms for data analysis, and it is not an integrated part of the TRESU Group's business strategy and business activity. We will continue to follow the best practice within data ethics, and we can confirm that we despite no formal established data ethics policy still among others use awareness campaigns, secure compliance with code of conduct and communicate the importance of protecting fundamental rights for alle stakeholders.

Corporate governance

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

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

Management commentary

Shareholder relations

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

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

The TRESU A/S's principal shareholder is Altor Fund IV, who possesses 99,8% of the Company's shares. Key employees and board members hold a minority of 0,2% of the Company's shares. By the end of 2021 TRESU A/S owns none of its own shares.

Board of Directors

Jean-Marc Lechene

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

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

Ola Harald Erici

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

Søren Dan Johansen

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

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

Stephan Plenz

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

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

Management commentary

Responsibilities of the Board of Directors

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

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

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

Events after the balance sheet date

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

Parent company's primary activities

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

Consolidated statement of comprehensive income

	Notes	1/1 - 31/12 2021 DKK'000	1/1 - 31/12 2020 DKK'000
Revenue	3,4	340.917	302.089
Production costs	5	(317.724)	(284.929)
Gross profit/loss		**23.193**	**17.160**
Distribution costs		(41.691)	(38.451)
Administrative costs	6,8	(33.933)	(45.833)
Other operating income		443	3.786
Operating profit/loss (EBIT)	7,9	**(51.988)**	**(63.338)**
Financial income	10	54.724	3.732
Financial expenses	11	(42.422)	(33.272)
Profit/loss before tax		**(39.686)**	**(92.878)**
Tax on profit/loss for the year	12	8.201	18.205
Loss for the year		**(31.485)**	**(74.673)**
Items that may be recycled subsequently to the income statement:			
Exchange rate adjustments, foreign companies		236	(1.519)
Tax on other comprehensive income		0	0
Other comprehensive income, net of tax		236	(1.519)
Total comprehensive income		**(31.249)**	**(76.192)**
Profit for the year attributable to:			
Owners of the Company		(31.485)	(74.673)
Total comprehensive income for the year attributable to:			
Owners of the Company		(31.249)	(76.192)

Consolidated balance sheet

	Notes	31.12.2021 DKK'000	31.12.2020 DKK'000
Goodwill	13	174.000	174.000
Completed development projects		27.166	27.066
Patents and licenses		146.436	168.787
Brand		37.900	37.900
Customer relationship		83.298	111.573
Intangible assets	9,14	**468.800**	**519.326**
Plant and machinery		30.367	35.778
Other fixtures and fittings, tools and equipment		3.793	4.351
Leasehold improvements		3.375	3.624
Lease assets		91.279	100.869
Property, plant and equipment	9,15	**128.814**	**144.622**
Deposits		10.032	10.080
Other non-current assets		**10.032**	**10.080**
Non-current assets		**607.646**	**674.028**
Inventories	16	56.602	60.670
Trade receivables	17	48.225	29.051
Contract work in progress	18	24.512	9.843
Tax receivables		0	5.903
Other receivables		2.760	7.966
Prepayments		1.171	3.583
Receivables		**133.270**	**117.016**
Cash		**17.565**	**16.490**
Assets held for sale	15	3.500	8.000
Current assets		**154.335**	**141.506**
Assets		**761.981**	**815.534**

Consolidated balance sheet

	Notes	31.12.2021 DKK'000	31.12.2020 DKK'000
Contributed capital	19	2.922	2.922
Other reserves		3.737	3.501
Retained earnings		(18.606)	(57.136)
Equity		**(11.947)**	**(50.713)**
Provisions for deferred tax	20	60.348	83.180
Other provisions	21	8.458	3.110
Corporate bonds	22	429.486	518.322
Lease debt		82.564	90.915
Other payables		8.328	8.329
Non-current liabilities		**589.184**	**703.856**
Current portion of long-term lease liabilities		10.950	11.281
Bank debt	23	36.364	41.530
Payable group company		28	8.000
Contract work, liabilities	18	19.403	21.455
Prepayment customers		43.917	19.056
Trade payables		38.717	20.216
Income tax payable		9.017	415
Other payables	24	26.348	40.438
Current liabilities		**184.744**	**162.391**
Total liabilities		**773.928**	**866.247**
Equity and liabilities		**761.981**	**815.534**

Consolidated statement of changes in equity

	Contri-buted capital DKK'000	Other Reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	2.922	3.501	(57.136)	(50.713)
Profit for the period	0	0	(31.485)	(31.485)
Other comprehensive income	0	236	0	236
Comprehensive income	**0**	**236**	**(31.485)**	**(31.249)**
Tax exempt contribution	0	0	70.015	70.015
Equity at 31 December 2021	**2.922**	**3.737**	**(18.606)**	**(11.947)**
Equity at 1 January 2020	2.922	5.020	17.537	25.479
Profit for the period	0	0	(74.673)	(74.673)
Other comprehensive income	0	(1.519)	0	(1.519)
Comprehensive income	**0**	**(1.519)**	**(74.673))**	**(76.192)**
Tax exempt contribution	0	0	0	0
Equity at 31 December 2020	**2.922**	**3.501**	**(57.136)**	**(50.713)**

Other reserves consist of exchange differences on translating foreign companies.

Consolidated cash flow statement

	Notes	1/1 - 31/12 2021 DKK'000	1/1 - 31/12 2020 DKK'000
Operating profit/loss		(51.988)	(63.338)
Amortization and depreciation		68.319	76.783
Other provisions and payables		3.287	719
Working capital changes	27	5.063	29.332
Cash flows from ordinary operating activities		**24.681**	**43.496**
Financial income received		574	0
Financial expenses paid		(31.636)	(32.618)
Income taxes refunded/(paid)		0	35.053
Cash flow from operating activities		**(6.381)**	**45.931**
Acquisition etc. of intangible assets		(6.873)	(5.521)
Acquisition etc. of property, plant and equipment		(919)	(1.268)
Proceeds from disposal of financial fixed assets		48	53
Disposal ect. of property, plant and equipment		4.725	6.967
Cash flow from investing activities		**(3.019)**	**231**
Repayment of bank debt		(5.166)	(29.222)
Leasing		(10.316)	(9.565)
Tax exempt contribution received of parent company		25.957	0
Cash flows from financing activities	28	**10.475**	**(38.787)**
Increase/decrease in cash and cash equivalents		**1.075**	**7.375**
Cash and cash equivalents at 1 January		16.490	9.115
Cash and cash equivalents end of year	28	**17.565**	**16.490**
Cash and cash equivalents at year end are composed of:			
Cash		17.565	16.490
Cash and cash equivalents end of year		**17.565**	**16.490**

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Notes to consolidated financial statements

1. 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 D, including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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

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

The significant accounting policies adopted can be found in note 35.

Implementation of new standards, amendments, and interpretations

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

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

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

New standards, interpretations and amendments adopted by the Group

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

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

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

Notes to consolidated financial statements

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

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

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

2. Use of estimates and judgement

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

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

Going concern

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

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

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

Goodwill and other non-current assets - impairment

During annual testing of goodwill and other non-current assets for impairment, or when an indication of impairment exists, an assessment is made as to how those activities of the Group (cash-generating units) that relate to goodwill would be able to generate sufficient positive future net cash flows to support the value of goodwill, non-current intangible assets and property, plant and equipment relating to those activities. Due to

Notes to consolidated financial statements

the nature of the business, estimates are made of cash flows for many years ahead, which inherently results in some uncertainty. The Company expects to be able to return to former levels of revenue and EBITDA due to penetration of the US market and the customer portfolio, consisting of market leaders within the Company´s main markets. The risk and uncertainty related to achieving this are reflected in the discount rate applied and in the terminal value growth rate.

Please see specification in note 13.

Contract work in progress

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

The stage of completion on Contract work in progress is based on an estimate of cost to finish the asset. These estimates might change as assets evolve, cf. note 35 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 35.

3. Revenue and segmentation of operations

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

2021	**Solutions DKK'000**	**Ancillary DKK'000**	**Group DKK'000**
Revenue	227.617	113.300	340.917
Revenue, total	**227.617**	**113.300**	**340.917**
Allocated EBITDA	**(2.122)**	**13.216**	**11.094**
non-allocated costs			5.238
EBITDA			**16.332**
Depreciation and amortisation			(68.319)
EBIT			**(51.987)**
Finacial net			12.301
Profit/loss before tax			**(39.686)**

Notes to consolidated financial statements

2020	Solutions DKK'000	Ancillary DKK'000	Group DKK'000
Revenue	197.580	104.509	302.089
Revenue, total	**197.580**	**104.509**	**302.089**
Allocated EBITDA	**10.131**	**7.049**	**17.180**
non-allocated costs			(3.735)
EBITDA			**13.445**
Depreciation and amortisation			(76.783)
EBIT			**(63.338)**
Finacial net			(29.540)
Profit/loss before tax			**(92.878)**

Revenue from sale of products and services split by type:

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

Revenue split by geography:

	2021 DKK'000	2020 DKK'000
Denmark	10.526	6.843
Germany	38.342	48.916
USA	61.947	50.606
China	39.144	18.74
Sweden	40.297	12.972
Hungary	34.383	1.368
Rest of Europe	81.763	126.177
South and North America	10.377	5.670
Rest of Asia	4.031	17.123
Middle East and Africa	19.937	13.493
Other markets	170	187
Total net revenue	**340.917**	**302.089**

Notes to consolidated financial statements

Timing of revenue recognition:

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

4. Revenue

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

5. Production costs

	2021 DKK'000	2020 DKK'000
Materials consumption	188.499	136.971
Write-down of inventories	1.605	1.301
Other production costs	3.473	7.677
Staff costs	39.246	50.249
Depreciation, amortization and impairment	57.954	67.145
Research and development	7.377	6.246
Indirect production costs	19.570	15.340
Production costs	**317.724**	**284.929**

6. Fees to auditors appointed at the Annual General Meeting

	2021 DKK'000	2020 DKK'000
PricewaterhouseCoopers		
Statutory audit	679	518
Other statements with opinions	66	0
Tax and VAT advisory services	167	0
Other services	329	502
Total fees to auditors appointed at the Annual General Meeting	**1.241**	**1.020**

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

Notes to consolidated financial statements

7. Staff costs

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

Remuneration of management

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

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

Notes to consolidated financial statements

8. Defined contribution plans

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

	2021 DKK'000	2020 DKK'000
Cost to defined contributions plans	**5.576**	**6.395**

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

9. Amortization, depreciation and impairment

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

Amortization, depreciation and impairment are distributed as follows:

Production	57.954	67.145
Administration	10.365	9.638
Total amortization, depreciation and impairment	**68.319**	**76.783**

Notes to consolidated financial statements

10. Financial income

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

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

11. Financial expenses

	2021 DKK'000	2020 DKK'000
Interest expenses	27.349	28.489
Loss on foreign exchange	34	765
Other financial expenses	12.873	1.577
Interest expenses regarding leasing liabilities	2.166	2.441
Total financial expenses	**42.422**	**33.272**

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

Notes to consolidated financial statements

12. Income tax

	2021 DKK'000	2020 DKK'000
Current tax for the year	15.727	(5.488)
Deferred tax for the year	(22.234)	(14.631)
Received tax from deferred tax previous years	0	(33.364)
Adjustments tax from deferred tax previous years	731	33.364
Adjustments recognized for current tax from prior periods	(2.425)	1.914
Corporation tax for the year	**(8.201)**	**(18.205)**

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

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

13. Goodwill

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

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

Notes to consolidated financial statements

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

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

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

The EBITDA growth rate is based on the following:

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

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

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

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

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

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

Notes to consolidated financial statements

14. Other intangible assets

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

Notes to consolidated financial statements

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

Apart from goodwill and brand, all other intangible assets are regarded as having determinable useful lives over which the assets are amortized; see accounting policies in note 35. Estimated useful life of Patents is on average 14 years. Estimated useful lives of Customer Relationships are between 4-10 years. Estimated useful lives of completed development projects are between 3-12 years.

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

Notes to consolidated financial statements

15. Property, plant and equipment

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

Notes to consolidated financial statements

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

Assets held for sale

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

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

Notes to consolidated financial statements

15. Property, plant and equipment – lease assets

DKK'000 2021	Property	Cars	Other assets	Total
Cost at Jan 1, 2021	107.761	3.668	4.095	115.524
Foreign exchange rate adjustment	612	(8)	3	607
Additions	0	533	0	533
Disposals	0	(530)	0	(530)
Re-measurre / modification of lease assets	(351)	3	0	(348)
Cost at Dec 31, 2021	**108.022**	**3.666**	**4.098**	**115.786**
Depreciations and impairment at Jan 1, 2021	(11.364)	(1.503)	(1.788)	(14.655)
Foreign exchange adjustment	(120)	32	20	(77)
Disposals	0	530	0	530
Depreciations	(8.099)	(1.078)	(1.139)	(10.315)
Depreciations and impairment at Dec 31, 2021	**(19.583)**	**(2.019)**	**(2.906)**	**(24.517)**
Carrying amount at Dec 31, 2021	**88.439**	**1.647**	**1.193**	**91.279**

DKK'000 2020	Property	Cars	Other assets	Total
Cost at Jan 1, 2020	99.075	2.839	4.102	106.016
Foreign exchange rate adjustment	(3)	(18)	(11)	(32)
Additions	7.970	1.835	0	9.805
Disposals	(198)	(631)	0	(829)
Re-measurre / modification lease assets	917	(357)	4	564
Cost at Dec 31, 2020	**107.761**	**3.668**	**4.095**	**115.524**
Depreciations and impairment at Jan 1, 2020	(4.217)	(1.050)	(652)	(5.919)
Foreign exchange adjustment	0	0	0	0
Disposals	198	631	0	829
Depreciations	(7.345)	(1.084)	(1.136)	(9.565)
Depreciations and impairment at Dec 31, 2020	**(11.364)**	**(1.503)**	**(1.788)**	**(14.655)**
Carrying amount at Dec 31, 2020	**96.397**	**2.165**	**2.307**	**100.869**

Notes to consolidated financial statements

16. Inventories

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

17. Trade receivables

	2021 DKK'000	2020 DKK'000
Account receivable	52.948	34.640
Allowance for bad debts	(4.723)	(5.589)
Accounts receivable	**48.225**	**29.051**
Impairment losses at 1 January	5.589	6.169
Impairment loss provisioned	184	0
Realized for the period	0	(27)
Reversed	(1.050)	(553)
Impairment losses on receivables*	**4.723**	**5.589**

Distributed by age	**Trade receivables DKK'000**	**Trade receivables DKK'000**
Not overdue	32.850	23.521
0-30 days	7.802	2.498
31-60 days	3.748	382
61-90 days	474	134
Above 91 days	8.074	8.105
Accounts receivable	**52.948**	**34.640**

*Related to trade receivables overdue above 91 days.

Notes to consolidated financial statements

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

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

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

Please see note 29 for further information.

Notes to consolidated financial statements

18. Contract work in progress (turnkey projects)

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

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

19. Share capital

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

The share capital can be made up as follows:

	2021 DKK'000	2020 DKK'000
Number of share 1 January	2.922	2.922
Capital increase	0	0
Number of shares 31 December	**2.922**	**2.922**

Notes to consolidated financial statements

20. Deferred tax

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

2021	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	69.024	(12.505)	0	0	56.519
Property, plant and equipment	4.997	105	0	0	5.102
Inventories	2.161	(1.475)	0	0	686
Receivables	8.548	(6.656)	0	0	1.892
Liabilities and other provisions	(1.550)	(2.301)	0	0	(3.851)
Temporary differences	**83.180**	**(22.832)**	**0**	**0**	**60.348**

2020	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	82.682	(13.658)	0	0	69.024
Property, plant and equipment	5.012	(15)	0	0	4.997
Inventories	4.364	(2.203)	0	0	2.161
Receivables	7.421	1.127	0	0	8.548
Tax deficit	(33.364)	33.364	0	0	0
Liabilities and other provisions	(1.668)	118	0	0	(1.550)
Temporary differences	**64.447**	**18.733**	**0**	**0**	**83.180**

Notes to consolidated financial statements

21. Other Provisions

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

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

Notes to consolidated financial statements

22. Corporate bonds

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

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

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

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

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

Notes to consolidated financial statements

23. Debt banks

	2021 DKK'000	2020 DKK'000
Overdraft facilities	36.364	41.530
Total bank debts	**36.364**	**41.530**
Debts to banks are recognized in the balance sheet:		
Current obligations	36.364	41.530
	36.364	**41.530**

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

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

24. Other payables

	2021 DKK'000	2020 DKK'000
Payable staff costs	10.395	17.176
Payable VAT	573	3.267
Other liabilities	15.380	19.995
Total other payables	**26.348**	**40.438**

Notes to consolidated financial statements

25. Contingent liabilities

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

26. Pledged assets etc.

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

27. Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	4.068	(341)
Increase/decrease in receivables	(26.225)	21.818
Increase/decrease in trade payables etc.	27.220	7.855
	5.063	**29.332**

Notes to consolidated financial statements

28. Cash and cash equivalents

	2021 DKK'000	2020 DKK'000
Cash and cash equivalents	17.565	16.490
	17.565	**16.490**

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

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

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

Notes to consolidated financial statements

29. Financial risks

Categories of financial instruments

	2021 DKK'000	2020 DKK'000
Deposits	10.032	10.080
Trade receivables	48.225	28.899
Other short-term receivables	2.760	7.966
Cash	17.565	16.490
Financial assets at amortized cost	**78.582**	**63.435**
Corporate bonds	429.486	518.322
Lease liabilities	93.514	102.196
Non-current other payables	8.328	8.329
Bank debt	36.364	41.530
Payable to group company	28	8.000
Trade payables	38.717	20.216
Other payables	26.348	40.438
Financial liabilities measured at amortized cost	**632.785**	**739.031**

Policy for controlling financial risks

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

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

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

Currency risks

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

Notes to consolidated financial statements

Interest risks

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

Liquidity risks

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

Credit risks

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

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

Currency risks

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

Notes to consolidated financial statements

2021	Cash and cash equiva. DKK'000	Recei-vables DKK'000	Bond debt DKK'000	Other liabilities DKK'000	Unsecured net position DKK'000
EUR	6.381	20.485	(437.547)	(8.220)	(418.900)
USD	8.277	7.949	0	(894)	15.331
JPY	1.544	1.414	0	(212)	2.746
	16.202	**29.848**	**(437.547)**	**(9.326)**	**(400.823)**

2020	Cash and cash equiva. DKK'000	Recei-vables DKK'000	Bond debt DKK'000	Other liabilities DKK'000	Unsecured net position DKK'000
EUR	2.524	21.633	(520.751)	(4.280)	(500.874)
USD	12.274	7.094	0	(6.062)	13.306
JPY	1.005	965	0	(587)	1.383
	15.803	**29.692**	**(520.751)**	**(10.929)**	**(486.185)**

Sensitivity analysis regarding currency risks

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

Notes to consolidated financial statements

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

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

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

Interest rate risks

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

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

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

Notes to consolidated financial statements

Liquidity risks

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

2021	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	0	0	36.364	0	36.364
Corporate bonds	10.759	10.759	487.245	0	508.763
Lease debts	5.536	5.536	37.573	58.288	106.933
Trade payables	38.717	0	0	0	38.717
Other payables	26.348	0	0	0	26.348
	81.360	**16.295**	**561.182**	**58.288**	**717.125**

2020	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	0	0	41.530	0	41.530
Corporate bonds	12.276	12.276	536.736	0	561.288
Lease debts	5.702	5.702	38.915	51.877	102.196
Trade payables	20.216	0	0	0	20.216
Other payables	40.438	0	0	0	40.438
	78.632	**17.978**	**617.181**	**51.877**	**765.668**

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

Notes to consolidated financial statements

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

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

	2021 DKK'000	2020 DKK'000
The liquidity reserve comprises of as follows:		
Cash	17.565	16.490
Unused credit facility	80.500	68.500
	98.065	**84.990**

Credit risks

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

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

Default of loan agreement

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

Optimization of capital structure

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

Internal control

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

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

Notes to consolidated financial statements

Financial gearing

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

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

	2021 DKK'000	2020 DKK'000
Bank debt	36.364	41.530
Lease debts	93.514	102.196
Corporate bonds	429.486	518.322
Receivable corporation tax	7.258	(5.903)
Cash and cash equivalents	(17.565)	(16.490)
Net interest-bearing debt	**549.057**	**639.655**
Equity	**(10.187)**	**(50.713)**
Financial gearing	**-**	**-**

Notes to consolidated financial statements

30. Related parties with controlling interest

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner (99,9% ownership)
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder (100% ownership), parent

Other related parties include the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 7.

Transactions with related parties

	2021 DKK'000	**2020 DKK'000**
Remuneration etc. of key management personnel, cf. note 7	13.726	12.575
Tax exempt contribution	70.015	0

Transactions with subsidiaries are eliminated in the consolidated financial statement in accordance with accounting policies, note 35.

Notes to consolidated financial statements

31. Shareholder relation

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

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder

32. 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 largest group:

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

33. Events after the balance sheet date

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

34. Adopting the annual report for publication

The board members have on the board meeting the 24.03.2022 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting the 24.03.2022.

Notes to consolidated financial statements

35. Accounting policies

The Annual Report of Tresu Investment 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 D enterprises.

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

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Consolidated financial statements

The consolidated financial statements comprise the Parent (Tresu Investment 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 9.

Basis of consolidation

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

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

Foreign currency translation

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

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

Notes to consolidated financial statements

Tax on profit/loss for the year

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

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

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

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

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

Segment information

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

Revenue

The Group recognized revenue from the following major sources:

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

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

Notes to consolidated financial statements

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

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

Contract work in progress

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

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

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

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

Production costs

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

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

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

Notes to consolidated financial statements

Distribution costs

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

Administrative costs

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

Other operating income

Other operating income comprises gain on sale of fixed assets.

Other operating expenses

Other operating expenses comprises loss on sale of fixed assets.

Financial income

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

Financial expenses

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

Notes to consolidated financial statements

Balance Sheet

Goodwill and other intangible assets

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

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

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

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

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

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

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

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

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

Estimated useful lives and residual values are reassessed annually.

Notes to consolidated financial statements

Property, plant and equipment

Land and buildings are measured at costs less accumulated and impairment losses. Land is not depreciated. 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 labor costs.

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

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

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

Estimated useful lives and residual values are reassessed annually.

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

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

Impairment of intangible and tangible assets

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

If any such indication 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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to consolidated financial statements

Inventories

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

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

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

Receivables

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

Contract work in progress

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

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

If the selling price of a contract work in progress cannot be made up reliably, it is measured at the lower of cost incurred and net realizable value.

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

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

Prepayments

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

Notes to consolidated financial statements

Asset held for sale

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

Such assets, or disposals groups, are measured at the lower of their carrying amount and fair value less costs to 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 or investment property, 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.

Other provisions

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

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

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

Notes to consolidated financial statements

Liabilities

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

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

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

Lease liabilities

Lease liabilities relating to assets held under leases are recognized in the balance sheet as liabilities other than provisions, and at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortized costs.

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

Contract liabilities

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

Prepayments received from customers

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

Cash flow statement

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

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

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

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

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

Notes to consolidated financial statements

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

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

Tax exempt contribution

Tax exempt contribution consist of cash and debt conversion. Cash is recognized at nominal value and debt conversions are recognized at fair value.

Parent statement of comprehensive income

	Notes	1/1 - 31/12 2021 DKK'000	1/1 - 31/12 2020 DKK'000
Management fee		4.800	13.617
Administration costs	3,4,5	(7.328)	(13.732)
Operating profit/loss		**(2.528)**	**(115)**
Profit/loss in group subsidaries		(100.000)	25.000
Financial income	6	54.357	2.128
Financial expense	7	(37.618)	(27.849)
Profit/loss before tax		**(85.789)**	**(836)**
Tax on profit/loss for the year	8	(5.459)	(22)
Profit for the year		**(91.248)**	**(858)**
Total comprehensive income		**(91.248)**	**(858)**
Profit for the year attributable to:			
Owners of the Company		(91.248)	(858)
Total comprehensive income for the year attributable to:			
Owners of the Company		(91.248)	(858)

Parent balance sheet

	Notes	31.12.2021 DKK'000	31.12.2020 DKK'000
Investments in group subsidiary	9,10	531.208	631.208
Financial assets		**531.208**	**631.208**
Deferred tax asset	12	3.851	1.145
Other non-current assets		**3.851**	**1.145**
Non-current assets		**535.059**	**632.353**
Other receivables		107	135
Receivables from group companies		3.957	13.617
Tax receivables		0	1.988
Receivables		**4.064**	**15.740**
Cash		**1.134**	**625**
Current assets		**5.198**	**16.365**
Assets		**540.257**	**648.718**

Parent balance sheet

	Notes	31.12.2021 DKK'000	31.12.2020 DKK'000
Contributed capital	11	2.922	2.922
Retained earnings		94.992	116.225
Equity		**97.914**	**119.147**
Corporate bonds	13	429.486	518.322
Non-current liabilities		**429.486**	**518.322**
Income tax payable		6.177	0
Payable group company		238	8.238
Other payables	14	6.442	3.011
Current liabilities		**12.857**	**11.249**
Total liabilities		**442.343**	**529.570**
Equity and liabilities		**540.257**	**648.718**

Parent statement of change in equity

	Contri-buted capital DKK'000	Other Reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	2.922	0	116.225	119.147
Profit for the period	0	0	(91.248)	(91.248)
Tax exempt contribution	0	0	70.015	70.015
Equity at 31 December 2021	**2.922**	**0**	**94.992**	**97.914**
Equity at 1 January 2020	2.922	0	117.083	120.005
Profit for the period	0	0	(858)	(858)
Tax exempt contribution	0	0	0	0
Equity at 31 December 2020	**2.922**	**0**	**116.225**	**119.147**

Parent cash flow statement

	Notes	1/1 - 31/12 2021 DKK'000	1/1 - 31/12 2020 DKK'000
Operating profit/loss		(2.528)	(115)
Amortization and depreciation		0	259
Working capital changes	17	(3.460)	(990)
Cash flows from ordinary operating activities		**(5.988)**	**(846)**
Financial income received		95	0
Financial expenses paid		(29.214)	(27.849)
Income taxes refunded/(paid)		0	6.101
Cash flow from operating activities		**(35.107)**	**(22.594)**
Dividend received from TRESU A/S		0	25.000
Cash flow from investing activities		**0**	**25.000**
Tax exempt contribution received from parent		25.957	0
Group receivables / payables		9.659	(1.885)
Cash flows from financing activities		**(35.616)**	**(1.885)**
Increase/decrease in cash and cash equivalents		**509**	**521**
Cash and cash equivalents at 1 January		625	103
Cash and cash equivalents end of year		**1.134**	**625**
Cash and cash equivalents at year end are composed of:			
Cash		1.134	625
Short-term debt to banks		0	0
Cash and cash equivalents end of year	18	**1.134**	**625**

Notes to the parent financial statement

Overview notes

1. Accounting policies and significant accounting policies
2. Use of estimates and judgement
3. Fees to auditors appointed at the Annual General Meeting
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Notes to parent financial statement

1. Accounting policies and significant accounting policies

The Annual Report of Tresu Investment Holding A/S, a Danish company, has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, and additional Danish requirements applicable to reporting class D enterprises, 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 35 of the consolidated financial statements.

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

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

2. Use of estimates and judgement

Recoverable amounts for capital participation in subsidiaries

On indication that the book value (cost) of investments in subsidiaries has fallen, any impairment requirement is determined based on the specification of the capital value of the subsidiary in question, cf. the section on Recoverable amount of Goodwill in the Consolidated financial statement note 2 and the section on impairment loss in note 35 of the Consolidated financial statements.

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

Other significant estimates and judgement

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

Notes to parent financial statement

3. Fees to auditors appointed at the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit	250	160
Other statements with oppinions	0	0
Tax and VAT advisory service	132	0
Other services	125	502
Total fees to auditors appointed at the Annual General Meeting	**507**	**662**

Other services relate to courses, bonds and extra work in relations to last year's accounts.

4. Staff costs

	2021 DKK'000	2020 DKK'000
Board fees	1.200	1.104
Wages and salaries to the Executive Board	3.706	4.385
Pensions	250	248
Other social security costs	10	5
Other staff costs	0	0
Total staff costs	**5.166**	**5.742**
Average number of employees	2	2

Staff costs are recognized in administration costs.

Remuneration of management

	Board of Directors		Executive Board	
	2021 DKK'000	2020 DKK'000	2021 DKK'000	2020 DKK'000
Board fees	1.200	1.104	0	0
Wages and salaries to the Executive Board	0	0	3.706	4.385
Pensions	0	0	250	248
Allocated to TRESU A/S	(1.140)	(1.048)	(3.758)	(4.406)
	60	**56**	**198**	**227**

Notes to parent financial statement

5. Defined contribution plans

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

6. Financial income

	2021 DKK'000	2020 DKK'000
Interest income	95	0
Gain on foreign exchange	175	0
Other financial income	54.087	2.128
Total financial income	**54.357**	**2.128**

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

7. Financial expenses

	2021 DKK'000	2020 DKK'000
Interest expense	25.249	26.457
Other financial expenses	12.369	1.392
Total financial expenses	**37.618**	**27.849**

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

Notes to parent financial statement

8. Income tax

	2021 DKK'000	2020 DKK'000
Current tax for the year	7.434	(1.988)
Deferred tax for the year	(2.597)	(5)
Adjustments recognized for current tax from prior periods	731	(6.101)
Adjustments recognized for deferred tax from prior periods	(109)	8.116
Corporation tax for the year	**5.459**	**22**

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

Tax on profit the year breaks down as follows:		
Calculated tax on profit for the year before tax	22,0%	22,0%
Change in deferred tax from change in corporation tax rate	0,0%	0,0%
Tax effect of:		
Adjustment prior year	(0,7%)	(241,3%)
Non-deductible expenses/non-taxable income	(27,7%)	216,7%
Effective tax rate	**(6,4%)**	**(2,6%)**

9. Investments in group subsidiaries

	2021 DKK'000	2020 DKK'000
Cost at the beginning of the year	1.054.619	1.054.619
Cost at the end of the year	**1.054.619**	**1.054.619**
Impairment at the beginning of the year	(423.411)	(423.411)
Impairment for the year	(100.000)	0
Impairment end of the year	**(523.411)**	**(423.411)**
Carrying amount end of year	**531.208**	**631.208**

Notes to parent financial statement

An impairment loss has been recognized in 2021 as the acquisition cost exceeds the investments recoverable value. The basis of the impairment test has been executed in line with steps outlined in note 13 to group financial statements and with respect of the net debt level in the group subsidiaries.

10. Subsidiaries

	Registered in	Corporate form	Interest and share of voting rights, % 2021	Interest and share of voting rights, % 2020
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

11. Share capital

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

The share capital can be made up as follows:

	2021 DKK'000	2020 DKK'000
Number of shares 1st January	2.922	2.922
Capital increase by cash deposit	0	0
Number of shares 31st December	**2.922**	**2.922**

Notes to parent financial statement

12. Deferred tax

	2021 DKK'000	2020 DKK'000
Deferred tax assets	3.851	1.145
Deferred tax liabilities	0	0
Total deferred tax	**3.851**	**1.145**

The deferred tax assets relate to the difference between the tax rules and accounting rule for amortized bond fees, and we expect to utilize the tax asset within the next 3 years as it links to the expiration of the bonds as well.

2021	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
Property, plant and equipment	0	0	0	0	0
Tax deficit	0	0	0	0	0
Liabilities and other provisions	(1.145)	(2.706)	0	0	(3.851)
Temporary differences	**(1.145)**	**(2.706)**	**0**	**0**	**(3.851)**

2020	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
Property, plant and equipment	13	(13)	0	0	0
Tax deficit	(8.116)	8.116	0	0	0
Liabilities and other provisions	(1.144)	(1)	0	0	(1.145)
Temporary differences	**(9.247)**	**8.102**	**0**	**0**	**(1.145)**

Notes to parent financial statement

13. Corporate bonds

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

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

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

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

We have successfully renegotiated the expiration date of the corporate bonds with all stakeholders in 2021. Part of the bonds amounting to EUR12.1m have been cancelled in connection with the renegotiation process lowering the overall nominal value of corporate bonds.

Notes to parent financial statement

14. Liabilities

	2021 DKK'000	2020 DKK'000
Payable staff costs	732	1.110
Other liabilities	5.710	1.901
	6.442	**3.011**

15. Contingent liabilities

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

16. Pledged assets etc.

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

17. Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in receivables	29	(81)
Increase/decrease in trade payables etc.	3.431	1.071
	3.460	**990**

Notes to parent financial statement

18. Cash and cash equivalents from financing activities

	2021 DKK'000	2020 DKK'000
Cash and cash equivalents	1.134	625
	1.134	**625**

19. Financial risks

Categories of financial instruments	2021 DKK'000	2020 DKK'000
Cash	1.134	625
	1.134	**625**
Corporate bonds	429.486	518.322
Payable Group companies	0	8.000
Other payables	6.442	3.011
Financial liabilities measured at amortized cost	**435.928**	**529.333**

Practice for controlling financial risks

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

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

Notes to parent financial statement

Currency risks

The Parent has not entered into any derivative financial instruments to hedge recognized financial assets and liabilities. The Parent´s currency exposure at 31st December 2021 is specified below:

2021	Cash and cash equval. DKK'000	Recei-vables DKK'000	Bond debt DKK'000	Other liabilities DKK'000	Unsecured Net position DKK'000
EUR	1.141	0	(437.547)	(3.255)	(439.661)
31st December 2021	**1.141**	**0**	**(437.547)**	**(3.255)**	**(439.661)**

2020	Cash and cash equval. DKK'000	Recei-vables DKK'000	Bond debt DKK'000	Other liabilities DKK'000	Unsecured Net position DKK'000
EUR	1	0	(520.751)	0	(520.750)
31st December 2020	**1**	**0**	**(520.751)**	**0**	**(520.750)**

Sensitivity analysis regarding currency risks

Equity sensitivity to exchange rate fluctuations	2021 DKK'000	2020 DKK'000
Impact if EUR-rate was 1% lower than actual rate	4.397	5.009
	4.397	**5.009**

Sensitivity of the result to exchange rate fluctuations	2021 DKK'000	2020 DKK'000
Impact if EUR-rate was 1% lower than actual rate	4.397	5.009
	4.397	**5.009**

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

Notes to parent financial statement

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.

Sensitivity to interest rate fluctuations	**2021 DKK'000**	**2020 DKK'000**
Impact if interest rate was 1% higher than actual rate	(4.397)	(2.332)
	(4.397)	**(2.332)**

Sensitivity to interest rate fluctuations	**2021 DKK'000**	**2020 DKK'000**
Impact if EUR-rate was 1% lower than actual rate	12	0
	12	**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.

2021	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:					
Corporate bonds	10.759	10.759	487.245	0	508.763
Group payables	238	0	0	0	238
Other payables	6.442	0	0	0	6.442
	17.439	**10.759**	**487.245**	**0**	**515.443**

2020	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:					
Corporate bonds	12.276	12.276	536.736	0	561.288
Group payables	0	0	8.000	0	8.000
Other payables	3.011	0	0	0	3.011
	15.287	**12.276**	**544.736**	**0**	**572.299**

The Parent Group´s liquidity reserve consists of cash.

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

	2021 DKK'000	2020 DKK'000
The liquidity reserve is compressed as follows:		
Cash	1.134	625
	1.134	**625**

Notes to parent financial statement

Credit risks

The Group is not exposed to significant credit risks.

Default of loan agreements

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

Optimization of capital structure

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

20. Related parties with controlling interests

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner (99,9% ownership)
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder (100% ownership), parent

Other related parties include the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 4.

Transactions with related parties	**2021 DKK'000**	**2020 DKK'000**
Remuneration etc. of key people cf. note 4	5.166	5.742
Management fee from group subsidiaries	4.800	13.617
Dividend received from TRESU A/S	0	25.000
Tax exempt contribution	70.015	0

21. 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
- Tresu Group Holding A/S, CBR-no. 37 75 20 88, Kolding, shareholder, parent

Notes to parent financial statement

22. 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 largest group:

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

23. Events after the balance sheet date

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

24. Adopting the annual report for publication

The board members have on the board meeting on the 24.03.2022 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting on 24.03.2022.

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Heidi Jørgensen
Adm. direktør
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Søren Dan Johansen
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IP: 93.160.xxx.xxx
2022-03-25 15:59:57 UTC
NEM ID

Lars Almskou Ohmeyer
Statsautoriseret revisor
On behalf of: PricewaterhouseCoopers Statsautoriseret…
Serial number: PID:9208-2002-2-518406400911
IP: 176.20.xxx.xxx
2022-03-25 16:01:27 UTC
NEM ID

Heidi Bonde
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On behalf of: PricewaterhouseCoopers Statsautoriseret…
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