

Tresu Investment Holding A/S

Venusvej 44

6000 Kolding

Company Reg. No. 37553727

Interim financial report

Q4 2020

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Statement by the Board of Directors and the Executive Board on the interim financial report

The Board of Directors and the Executive Board have today considered and approved the interim financial report of Tresu Investment Holding A/S for the period from 1 October 2020 to 31 December 2020.

The interim financial report is prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies. The interim financial report has neither been audited nor reviewed.

In our opinion, the interim financial report gives a true and fair view of the Group's financial position as at 31 December 2020 and the results of their operations and cash flows for the period from 1 January 2020 to 31 December 2020.

In our opinion, the management commentary includes a fair representation of the development in the Group's business and financial matters, the results for the quarter and of the Group's financial position and the financial position as a whole for the entities included in the consolidated financial statements.

In addition to the disclosures in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual report 2019.


Kolding, Denmark, 26 February 2021

Executive Board



Heidi Thousgaard Jørgensen
CEO

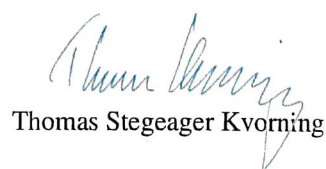
Board of Directors



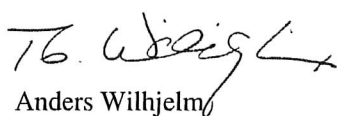
Jean-Marc Lechêne
Chairman



Ola Harald Erici



Thomas Stegeager Kvorning



Anders Wilhjelm



Søren Dan Johansen

Management commentary

	Q4 2020	Q4 2019	2020	2019
Key figures (DKK'000)				
Revenue	68.855	98.737	302.089	388.701
Gross profit/loss	(4.950)	13.072	23.006	32.996
Operating profit/loss	(21.708)	(24.174)	(64.012)	(82.683)
Net financials	(6.006)	(8.777)	(29.539)	(32.762)
Profit/loss for the period	(19.492)	(21.756)	(75.346)	(91.239)
Total assets	816.197	883.851	816.197	883.851
Investments in property, plant and equipment	121	2.908	990	20.912
Equity	(42.990)	32.253	(42.990)	32.253
Ratios				
Gross margin (%)	(7,2)	13,2	7,6	8,5
Net margin (%)	(28,3)	(22,0)	(24,9)	(23,5)
Return on equity (%)			-	(177,4)
Equity ratio (%)			(5,3)	3,6
Return of assets			(7,8)	(9,2)

Ratios**Calculation formula**

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

Q4 2020

The consolidated revenue for Q4 2020 is DKK 68,9m and Operating loss (EBIT) for Q4 2020 is DKK -21,7m. The result in the Group is impacted by amortization of surplus values capitalized as part of the purchase price allocation. The total amount amortized in Q4 was DKK 16,8m.

The consolidated revenue for 2020 is DKK 302,1m and Operating loss (EBIT) for 2020 is DKK -64m. The result in the Group is impacted by amortization of surplus values capitalized as part of the purchase price allocation. The total amount amortized in 2020 was DKK 53,8m.

At the end of Q4 2020 total assets was DKK 816,2 and total equity amounted to DKK -43m.

The financial results of Q4 2020 are in line with expectations.

Outlook

The outlook for the Group for 2021 is revenue growth in the area of 15-25% on 2020, and an EBITDA margin of 11,5-13,0% (adjusted for potential one-off effects)

Consolidated statement of profit or loss and other comprehensive income

DKK'000	Note	Q4 2020	Q4 2019	2020	2019
Revenue	4	68.855	98.737	302.089	388.701
Production costs ^A		(73.805)	(85.665)	(279.083)	(355.705)
Gross profit/(loss)		(4.950)	13.072	23.006	32.996
Research and development costs		(1.140)	(2.966)	(6.246)	(6.311)
Distribution costs		(8.828)	(10.858)	(37.651)	(41.640)
Administrative costs ^B		(6.962)	(15.960)	(46.907)	(60.287)
Other operating income		172	22	3.786	3.131
Other operating expenses		0	(7.484)	0	(10.572)
Operating profit/(loss)		(21.708)	(24.174)	(64.012)	(82.683)
Financial income		2.062	154	3.716	154
Financial expenses ^C		(8.068)	(8.931)	(33.255)	(32.916)
Profit/(loss) before tax ^D		(27.714)	(32.951)	(93.551)	(115.445)
Tax on profit/(loss) for the period		8.222	11.195	18.205	24.206
Profit/(loss) for the period		(19.492)	(21.756)	(75.346)	(91.239)
Exchange rate adjustments, foreign companies*		(1.892)	1.554	(1.896)	2.909
Revaluation of property, plant and equipment*		-	-	-	-
Tax on other comprehensive income		-	-	-	-
Other comprehensive income, net of tax		(1.892)	1.554	(1.896)	2.909
Total comprehensive income/(loss) for the period		(21.384)	(20.202)	(77.242)	(88.330)
Profit/(loss) for the period attributable to:					
Owners of the Company		(19.492)	(21.756)	(75.346)	(91.239)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		(21.384)	(20.202)	(77.242)	(88.330)

*) Financial figures for 2019 are not restated to reflect split of comprehensive income

Amounts related to the acquisition of Tresu Investment A/S and other non-recurring items:

DKK'000	Q4 2020	Q4 2019	2020	2019
^A Depreciation on assets acquired (PPA)	16.782	9.093	53.739	47.280
^A Impairment of Machines and buildings (PPA)	-	5.000	-	5.000
^B Other expenses 1)	3.304	12.409	18.648	27.690
^B Impairment of goodwill (PPA)	-	-	-	-
^C Interest corporate bonds	6.592	8.501	26.457	26.644
^D Tax regarding other expenses, borrowing costs and corporate bonds	(9.923)	(4.600)	(9.923)	(11.953)
^D Adjustments deferred tax related to PPA	<u>(3.692)</u>	<u>(5.866)</u>	<u>(13.673)</u>	<u>(13.911)</u>
	13.063	24.537	75.248	80.750

1) Other expenses include costs for restructuring and relocation to new facility.

Consolidated statement of financial position - Assets

DKK'000	Note	31 December 2020	31 December 2019
Goodwill		174.000	174.000
Completed development projects		27.067	32.213
Patents and licenses*		168.787	185.300
Brand		37.900	37.900
Customer relationship*		111.573	139.920
Intangible assets		519.327	569.333
Land and buildings		-	-
Plant and machinery		35.777	43.130
Other fixtures and fittings, tools and equipment		4.351	6.027
Leasehold improvements		3.624	4.505
Finance lease		100.869	97.980
Property, plant and equipment		144.621	151.642
Deferred tax assets		-	-
Deposits		10.080	10.134
Other non-current assets		10.080	10.134
Non-current assets		674.028	731.109
Inventories**		68.133	60.329
Trade receivables		29.050	35.284
Contract work in progress**		3.547	24.561
Tax receivables		5.488	3.739
Other short-term receivables		7.878	6.948
Prepayments		3.583	1.248
Receivables		117.679	132.109
Cash		16.490	9.115
Assets as held for sale		8.000	11.518
Finance lease		-	-
Current assets		142.169	152.742
Assets		816.197	883.851

*) Decrease due to recurring amortization

**) Increase/Decrease due to normal operation

Consolidated statement of financial position– Equity and Liabilities

DKK'000	Notes	31 December 2020	31 December 2019
Contributed capital		2.922	2.922
Other reserves		3.124	5.020
Retained earnings		(49.036)	24.311
Equity		(42.990)	32.253
Provisions for deferred tax		76.624	55.272
Other provisions		3.110	4.742
Corporate bonds		518.322	519.062
Finance lease liabilities		90.915	88.772
Other payables		6.874	5.978
Non-current liabilities		695.845	673.826
Current portion of long-term lease liabilities		11.281	9.930
Current portion of long-term other payables		-	896
Bank debt		41.530	70.753
Payable group company		8.000	8.000
Contract liabilities**		40.512	28.449
Trade payables**		20.216	26.723
Income tax payable		-	-
Other payables		41.803	33.021
Current liabilities		163.342	177.772
Total liabilities		859.187	851.598
Equity and liabilities		816.197	883.851

*) Increase due to normal operation

***) Increase/Decrease due to normal operation

Consolidated statement of changes in equity**Consolidated statement of changes in equity**

DKK'000	Contributed capital	Other reserves*	Retained earnings	Total
Equity at 1 January 2019	2.922	2.111	65.550	70.583
Profit for the period	-	-	(91.239)	(91.239)
Other comprehensive income	-	2.909	-	2.909
Tax exempt contribution	-	-	50.000	50.000
Equity at 31 December 2019	2.922	5.020	24.311	32.253

Consolidated statement of changes in equity

DKK'000	Contributed capital	Other reserves*	Retained earnings	Total
Equity at 1 January 2020	2.922	5.020	24.311	32.253
Correction of error**	-	-	1.999	1.999
Restated total equity at the beginning of the financial year	2.922	5.020	26.310	34.252
Profit for the period	-	-	(75.346)	(75.346)
Other comprehensive income	-	(1.896)	-	(1.896)
Tax exempt contribution	-	-	-	-
Equity at 31 December 2020	2.922	3.124	(49.036)	(42.990)

*) Other reserves consist of exchange differences on translating foreign companies.

***) Correction of provision of tax from 2018

Consolidated statement of cash flows

DKK'000

	YTD 2020	YTD 2019
Operating profit/loss	(64.012)	(82.683)
Amortisation, depreciation	67.218	71.246
Impairment losses	-	5.000
Other provisions	(1.632)	(2.582)
Working capital changes	31.204	48.945
Cash flows from ordinary operating activities	32.778	39.926
Financial income received	1.020	69
Financial expenses paid	(33.255)	(28.533)
Income taxes refunded/paid	35.048	-
Cash flows from operating activities	35.591	11.462
Acquisition etc. of intangible assets	(5.571)	(6.369)
Acquisition etc. of property, plant and equipment	(990)	(20.912)
Proceeds from disposals of financial fixed assets	-	320
Proceeds from disposals of plant and equipment	8.133	5.168
Cash flows from investing activities	1.572	(21.793)
Proceeds from (repayment of) related party borrowings	-	(325)
Leasing	(564)	(6.474)
Repayment of bank debt	(29.224)	(29.828)
Tax exempt contribution received from parent	-	50.000
Corporate bonds	-	-
Cash flows from financing activities	(29.788)	13.373
Increase/decrease in cash and cash equivalents	7.375	3.042
Cash and cash equivalents at the beginning of the period	9.115	6.073
Cash and cash equivalents end of the period	16.490	9.115
Cash and cash equivalents at period end are composed of:		
Cash	16.490	9.115
Cash and cash equivalents end of the period	16.490	9.115

Notes to the consolidated interim financial statements

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Notes

1. Basis of preparation

This interim financial report comprises condensed unaudited consolidated financial statements of Tresu Investment Holding A/S and its subsidiaries.

As of 21 June 2017 Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund, Altor Fund IV Holding AB, acquired Tresu Investment A/S and its subsidiaries through the purchase of the entire share capital of Tresu Investment A/S, also a Danish company.

The unaudited interim consolidated financial statements for Q4 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and additional Danish disclosure requirements for interim financial reports of listed companies, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

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

2. Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group

No additional standards have been implemented in the period, only amendments and improvements to existing standards. These changes have no impact on the Group.

3. Use of estimates and judgement

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

Impairment test includes estimated future cash flow and discounting rate.

The estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4. Revenue

DKK'000	Q4 2020	Q4 2019	2020	2019
Sale of goods	49.696	56.647	179.078	224.578
Sale of service	1.723	2.175	7.254	9.685
Income from contract work in progress (turnkey projects)	17.436	39.915	115.757	154.438
Revenue	68.855	98.737	302.089	388.701

Disaggregation of revenue

In the following table, revenue is disaggregated by major products and service lines, geographical market and timing of revenue recognition.

Reportable segment DKK'000	Revenue external customer			
	Q4 2020	Q4 2019	2020	2019
Primary geographical markets				
Denmark	1.724	2.298	6.843	7.011
Europe	45.929	63.706	189.433	227.862
Americas	13.294	16.897	56.276	76.037
Asia	6.094	12.480	35.857	51.555
Middle East and Africa	1.753	3.356	13.493	26.236
Other markets	61	0	187	0
	68.855	98.737	302.089	388.701
Major products/service lines				
In-line flexo printing machines	41.944	66.204	192.617	261.779
Ancillary products	26.911	33.533	109.472	126.922
	68.855	98.737	302.089	388.701
Timing of revenue recognition				
Products and services transferred at a point in time	51.419	58.822	186.454	234.263
Products transferred over time	17.436	39.915	115.635	154.438
	68.855	98.737	302.089	388.701

5. Asset held for sale

In 2018, the Company decided to sell the corporate building, as the Company vacated the current building and move into a new domicile in 2019. Accordingly, the corporate building is presented as asset held for sale.

6. Financial instruments

DKK'000	31 December 2020	31 December 2019
Categories of financial instruments		
Deposits	10.080	10.134
Trade receivables	29.050	35.284
Other short-term receivables	7.878	6.948
Prepayments	3.583	1.248
Cash	16.490	9.115
Assets at amortized costs	67.081	62.729
Corporate bonds	518.322	519.062
Finance lease liabilities	102.196	98.702
Non-current other payables	0	6.874
Bank debt	41.530	70.753
Trade payables	20.216	64.568
Other payables	41.804	33.021
Financial liabilities measured at amortized cost	724.068	792.980

Financial risks

Financial risks, including market, currency, interest, liquidity and credit risks are consistent with those disclosed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

7. Commitments and contingencies

The Group has since August 2019 leased the facilities on Venusvej in Kolding.

The Group has paid an initial amount of DKK 10m in deposit.

The lease contract includes a non-termination period until October 2033 and the future minimum payments according to the contract is DKK 109,1m for this period.

8. Related parties

The following parties have a controlling interest:

- Harald Mix, Bragevägen 4, Stockholm, indirect real owner
- Altor Fund IV (No.1) AB, Stockholm, shareholder
- Altor Fund IV (No.2) AB, Stockholm, shareholder
- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner
- Tresu Group Holding A/S, CVR-no. 37752088, Kolding, shareholder, parent

9. Subsequent events

No subsequent events.

10. Accounting policies

Except as described in note 2, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019.