

Tresu Investment Holding A/S

Venusvej 44

6000 Kolding

Company Reg. No. 37553727

Interim financial report

Q2 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 April 2020 to 30 June 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.

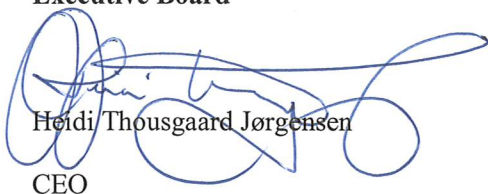
In our opinion, the interim financial report gives a true and fair view of the Group's financial position as at 30 June 2020 and the results of their operations and cash flows for the period from 1 January 2020 to 30 June 2020.

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, 20 August 2020

Executive Board



Heidi Thousgaard Jørgensen
CEO

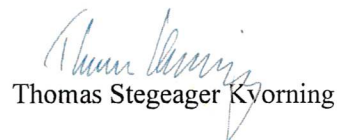
Board of Directors



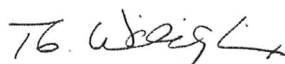
Jean-Marc Lechêne
Chairman



Ola Harald Eriksen



Thomas Stegeager Kvorning



Anders Wilhjelm



Søren Dan Johansen

Management commentary

| | Q2 2020 | Q2 2019 | 1/1-30/6 2020 | 01/1-30/6 2019 | 2019 |
|--|--------------------|--------------------|--------------------------|---------------------------|-------------|
| Key figures (DKK'000) | | | | | |
| Revenue | 74.601 | 92.088 | 169.727 | 192.830 | 388.701 |
| Gross profit/loss | 15.464 | 5.956 | 27.441 | 11.832 | 32.996 |
| Operating profit/loss | (8.601) | (21.307) | (20.571) | (41.057) | (82.683) |
| Net financials | (8.915) | (8.147) | (15.114) | (14.809) | (32.762) |
| Profit/loss for the period | (14.039) | (23.994) | (28.729) | (47.360) | (91.239) |
| Total assets | 867.772 | 874.170 | 867.772 | 874.170 | 900.045 |
| Investments in property, plant and equipment | 5.716 | 3.133 | 5.716 | 4.590 | 20.912 |
| Equity | 4.697 | 75.581 | 4.697 | 75.581 | 32.253 |
| Ratios | | | | | |
| Gross margin (%) | 20,7 | 6,5 | 16,2 | 6,1 | 8,5 |
| Net margin (%) | (18,8) | (26,7) | (16,9) | (24,6) | (23,5) |
| Return on equity (%) | | | (71,6) | (38,3) | (177,4) |
| Equity ratio (%) | | | 0,5 | 8,6 | 3,6 |
| Return of assets | | | (2,4) | (4,7) | (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 |

Q2 2020

The consolidated revenue for Q2 2020 is DKK 74,6m and Operating loss (EBIT) for Q2 2020 is DKK -8,6m. 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 Q2 was DKK 11,7m.

The consolidated revenue for YTD 2020 is DKK 169,7m and Operating loss (EBIT) for YTD 2020 is DKK -20,6m. 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 YTD 2020 was DKK 24,3m.

At the end of Q2 2020 total assets was DKK 867,8 and total equity amounted to DKK 4,7m.

The financial results of Q2 2020 are in line with expectations.

Outlook

Due to the outbreak of COVID-19 and the financial consequences hereof, Tresu Investment Holding A/S suspended the previously announced financial outlook for the financial year 2020 in March 2020. The previously announced outlook for the Group for 2020 was revenue growth of approximately 5-15%, and an EBITDA margin of 11-15% (adjusted for potential one-off effects).

While the future impact of the COVID-19 outbreak remains uncertain, increased visibility with regards to the outlook for the second half of 2020 has now been established. Tresu Investment Holding A/S therefore reinstates a financial outlook for the financial year 2020 with expected revenue decline of approximately 15-25% and an EBITDA margin of 9,5-12,5% (adjusted for potential one-off effects).

Consolidated statement of profit or loss and other comprehensive income

| DKK'000 | Note | Q2 2020 | Q2 2019 | 1/1-30/6 2020 | 1/1-30/6 2019 | 2019 |
|---|------|--------------------|--------------------|--------------------------|--------------------------|------------------|
| Revenue | 4 | 74.601 | 92.088 | 169.727 | 192.830 | 388.701 |
| Production costs ^A | | (59.137) | (86.132) | (142.286) | (180.998) | (355.705) |
| Gross profit/(loss) | | 15.464 | 5.956 | 27.441 | 11.832 | 32.996 |
| Research and development costs | | (2.052) | (1.360) | (3.609) | (1.837) | (6.311) |
| Distribution costs | | (8.771) | (8.878) | (19.943) | (20.369) | (41.640) |
| Administrative costs ^B | | (16.807) | (17.037) | (28.030) | (30.795) | (60.287) |
| Other operating income | | 3.564 | 460 | 3.570 | 1.691 | 3.131 |
| Other operating expenses | | 0 | (448) | 0 | (1.579) | (10.572) |
| Operating profit/(loss) | | (8.602) | (21.307) | (20.571) | (41.057) | (82.683) |
| Financial income | | (167) | 0 | 1.562 | 303 | 154 |
| Financial expenses ^C | | (8.748) | (8.147) | (16.676) | (15.112) | (32.916) |
| Profit/(loss) before tax ^D | | (17.517) | (29.454) | (35.685) | (55.866) | (115.445) |
| Tax on profit/(loss) for the period | | 3.478 | 5.460 | 6.957 | 8.506 | 24.206 |
| Profit/(loss) for the period | | (14.039) | (23.994) | (28.728) | (47.360) | (91.239) |
| Exchange rate adjustments, foreign companies* | | -632 | 1.162 | -135 | 2.358 | 2.909 |
| Revaluation of property, plant and equipment* | | 2.970 | - | 1.307 | - | - |
| Tax on other comprehensive income | | - | - | - | - | - |
| Other comprehensive income, net of tax | | 2.338 | 1.162 | 1.172 | 2.358 | 2.909 |
| Total comprehensive income/(loss) for the period | | (11.701) | (22.832) | (27.556) | (45.002) | (88.330) |
| Profit/(loss) for the period attributable to: | | | | | | |
| Owners of the Company | | (14.039) | (23.994) | (28.728) | (47.360) | (91.239) |
| Total comprehensive income/(loss) for the period attributable to: | | | | | | |
| Owners of the Company | | (11.701) | (22.832) | (27.556) | (45.002) | (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 | Q2 2020 | Q2 2019 | 1/1-30/6 2020 | 1/1-30/6 2019 | 1/1-31/12 2019 |
|--|--------------------|--------------------|--------------------------|--------------------------|---------------------------|
| ^A Depreciation on assets acquired (PPA) | 11.656 | 12.187 | 24.256 | 24.375 | 47.280 |
| ^A Impairment of Machines and buildings (PPA) | - | - | - | - | 5.000 |
| ^B Other expenses 1) | 5.244 | 4.555 | 6.620 | 11.700 | 27.690 |
| ^B Impairment of goodwill (PPA) | - | - | - | - | - |
| ^C Interest corporate bonds | 6.597 | 6.608 | 13.205 | 13.209 | 26.644 |
| ^D Tax regarding other expenses, borrowing costs and corporate bonds | - | (2.456) | - | (5.480) | (11.953) |
| ^D Adjustments deferred tax related to PPA | <u>(3.467)</u> | <u>(2.682)</u> | <u>(6.955)</u> | <u>(5.363)</u> | <u>(13.911)</u> |
| | 20.030 | 18.212 | 37.126 | 38.441 | 80.750 |

1) Other expenses include costs for restructuring, listing of the bonds, relocation to new facility.

Consolidated statement of financial position - Assets

| DKK'000 | Note | 30 June 2020 | 30 June 2019 | 31 December 2019 |
|--|------|-----------------|-----------------|---------------------|
| Goodwill | | 174.000 | 174.000 | 174.000 |
| Completed development projects | | 30.765 | 28.805 | 32.213 |
| Patents and licenses* | | 178.082 | 194.191 | 185.300 |
| Brand | | 37.900 | 37.900 | 37.900 |
| Customer relationship* | | 126.020 | 154.476 | 139.920 |
| Intangible assets | | 546.767 | 589.372 | 569.333 |
| Land and buildings | | - | 4.910 | - |
| Plant and machinery | | 37.402 | 39.484 | 43.130 |
| Other fixtures and fittings, tools and equipment | | 5.000 | 2.690 | 6.027 |
| Leasehold improvements | | 3.789 | 5.989 | 4.505 |
| Finance lease | | 96.994 | 2.851 | 97.980 |
| Property, plant and equipment | | 143.185 | 55.924 | 151.642 |
| Deferred tax assets | | - | - | - |
| Deposits | | 10.134 | 10.347 | 10.134 |
| Other non-current assets | | 10.134 | 10.347 | 10.134 |
| Non-current assets | | 700.086 | 655.643 | 731.109 |
| Inventories** | | 59.939 | 97.753 | 60.329 |
| Trade receivables | | 26.011 | 40.865 | 35.284 |
| Contract work in progress** | | 35.389 | 42.993 | 40.755 |
| Tax receivables | | 3.993 | 3.253 | 3.739 |
| Other short-term receivables | | 8.314 | 9.392 | 6.948 |
| Prepayments | | 4.532 | 2.637 | 1.248 |
| Receivables | | 138.178 | 196.893 | 148.303 |
| Cash | | 21.508 | 7.938 | 9.115 |
| Assets as held for sale | | 8.000 | 13.000 | 11.518 |
| Finance lease | | - | 696 | - |
| Current assets | | 167.686 | 218.527 | 168.936 |
| Assets | | 867.772 | 874.170 | 900.045 |

*) Decrease due to recurring amortization

**) Increase/Decrease due to normal operation

Consolidated statement of financial position– Equity and Liabilities

| DKK'000 | Notes | 30 June 2020 | 30 June 2019 | 31 December 2019 |
|--|-------|-----------------|-----------------|---------------------|
| Contributed capital | | 2.922 | 2.922 | 2.922 |
| Other reserves | | 6.192 | 4.470 | 5.020 |
| Retained earnings | | (4.417) | 68.190 | 24.311 |
| Equity | | 4.697 | 75.582 | 32.253 |
| Provisions for deferred tax | | 48.313 | 68.564 | 55.272 |
| Other provisions | | 4.886 | 5.827 | 4.742 |
| Corporate bonds | | 519.756 | 518.010 | 519.062 |
| Finance lease liabilities | | 87.626 | 2.471 | 88.772 |
| Other payables | | 6.874 | 7.046 | 5.978 |
| Non-current liabilities | | 667.455 | 601.918 | 673.826 |
| Current portion of long-term lease liabilities | | 10.333 | 1.256 | 9.930 |
| Current portion of long-term other payables | | - | - | 896 |
| Bank debt | | 68.187 | 57.232 | 70.753 |
| Payable group company | | 8.000 | - | 8.000 |
| Contract liabilities** | | 12.715 | 15.155 | 6.798 |
| Trade payables** | | 53.235 | 64.221 | 64.568 |
| Income tax payable | | - | - | - |
| Other payables | | 43.150 | 58.806 | 33.021 |
| Current liabilities | | 195.620 | 196.671 | 193.966 |
| Total liabilities | | 863.075 | 798.588 | 867.792 |
| Equity and liabilities | | 867.772 | 874.170 | 900.045 |

*) Increase due to normal operation

**) 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 | - | - | (47.360) | (47.360) |
| Other comprehensive income | - | 2.359 | - | 2.359 |
| Tax exempt contribution | - | - | 50.000 | 50.000 |
| Equity at 30 June 2019 | 2.922 | 4.470 | 68.190 | 75.582 |

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 |
| Profit for the period | - | - | (28.728) | (28.729) |
| Other comprehensive income | - | 1.172 | - | 1.172 |
| Tax exempt contribution | - | - | - | - |
| Equity at 30 June 2020 | 2.922 | 6.192 | (4.417) | 4.697 |

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

Consolidated statement of cash flows

| DKK'000 | YTD June 2020 | YTD June 2019 | Year 2019 |
|--|------------------|------------------|-----------------|
| Operating profit/loss | (20.571) | (41.057) | (82.683) |
| Amortisation, depreciation | 32.354 | 33.340 | 71.246 |
| Impairment losses | - | - | 5.000 |
| Other provisions | 145 | (837) | (2.582) |
| Working capital changes | 16.728 | 23.839 | 48.945 |
| Cash flows from ordinary operating activities | 28.656 | 15.285 | 39.926 |
| Financial income received | (34) | 302 | 69 |
| Financial expenses paid | (15.451) | (15.112) | (28.533) |
| Income taxes refunded/paid | - | - | - |
| Cash flows from operating activities | 13.171 | 475 | 11.462 |
| Acquisition etc. of intangible assets | (227) | (678) | (6.369) |
| Acquisition etc. of property, plant and equipment | (5.716) | (6.282) | (20.912) |
| Acquisition etc. of financial fixed assets | - | 7 | - |
| Proceeds from disposals of financial fixed assets | - | 0 | 320 |
| Proceeds from disposals of plant and equipment | 8.133 | 1.692 | 5.168 |
| Cash flows from investing activities | 2.190 | (5.261) | (21.793) |
| Proceeds from (repayment of) related party borrowings | - | - | (325) |
| Leasing | (402) | - | (6.474) |
| Repayment of bank debt | (2.566) | (43.349) | (29.828) |
| Tax exempt contribution received from parent | - | 50.000 | 50.000 |
| Corporate bonds | - | - | - |
| Cash flows from financing activities | (2.968) | 6.651 | 13.373 |
| Increase/decrease in cash and cash equivalents | 12.393 | 1.865 | 3.042 |
| Cash and cash equivalents at the beginning of the period | 9.115 | 6.073 | 6.073 |
| Cash and cash equivalents end of the period | 21.508 | 7.938 | 9.115 |
| Cash and cash equivalents at period end are composed of: | | | |
| Cash | 21.508 | 7.938 | 9.115 |
| Cash and cash equivalents end of the period | 21.508 | 7.938 | 9.115 |

Notes to the consolidated interim financial statements

Overview notes

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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 Q2 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 | Q2 2020 | Q2 2019 | 1/1-30/6 2020 | 1/1-30/6 2019 |
|--|--------------------|--------------------|--------------------------|--------------------------|
| Sale of goods | 44.552 | 51.951 | 86.232 | 114.614 |
| Sale of service | 612 | 2.818 | 3.690 | 4.852 |
| Income from contract work in progress (turnkey projects) | 29.437 | 37.319 | 79.805 | 73.364 |
| Revenue | 74.601 | 92.088 | 169.727 | 192.830 |

Disaggregation of revenue

In the following table, revenue is disaggregated by major products and service lines, geographical market and timing of revenue recognition. As mentioned in Note 2 effects of IFRS 15 have been analysed and it has been concluded that the standard only has an insignificant effect on recognition and measurement concerning revenue.

| Reportable segment DKK'000 | Revenue external customer | | | |
|--|----------------------------------|--------------------|--------------------------|--------------------------|
| | Q2 2020 | Q2 2019 | 1/1-30/6 2020 | 1/1-30/6 2019 |
| Primary geographical markets | | | | |
| Denmark | 1.031 | 883 | 2.436 | 2.732 |
| Europe | 42.554 | 47.114 | 108.015 | 99.201 |
| Americas | 16.216 | 17.630 | 29.065 | 45.486 |
| Asia | 12.183 | 16.825 | 23.817 | 27.569 |
| Middle East and Africa | 2.607 | 9.636 | 6.309 | 17.842 |
| Other markets | 10 | 0 | 85 | 0 |
| | 74.601 | 92.088 | 169.727 | 192.830 |
| Major products/service lines | | | | |
| In-line flexo printing machines | 46.109 | 63.559 | 111.769 | 129.186 |
| Ancillary products | 28.492 | 28.529 | 57.958 | 63.644 |
| | 74.601 | 92.088 | 169.727 | 192.830 |
| Timing of revenue recognition | | | | |
| Products and services transferred at a point in time | 45.164 | 54.769 | 89.921 | 119.466 |
| Products transferred over time | 29.437 | 37.319 | 79.806 | 73.364 |
| | 74.601 | 92.088 | 169.727 | 192.830 |

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.

In Q2, the US property was sold and have been removed from asset held for sale.

6. Financial instruments

| DKK'000 | 30 June 2020 | 30 June 2019 |
|---|----------------|----------------|
| Categories of financial instruments | | |
| Deposits | 10.134 | 10.347 |
| Trade receivables | 26.011 | 40.865 |
| Other short-term receivables | 8.314 | 9.392 |
| Prepayments | 4.532 | 2.637 |
| Cash | 21.508 | 7.938 |
| Assets at amortized costs | 70.499 | 71.179 |
| Corporate bonds | 519.756 | 518.010 |
| Finance lease liabilities | 97.959 | 3.727 |
| Non-current other payables | - | - |
| Bank debt | 68.187 | 57.232 |
| Trade payables | 53.235 | 64.221 |
| Other payables | 43.149 | 58.807 |
| Financial liabilities measured at amortized cost | 782.286 | 701.997 |

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

Effective July 23, 2020, Jean-Marc Lechêne was elected as chairman of the board of directors.

Also, effective July 23, 2020, PwC was elected as new accountant for the group.

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.