

# Q3 2019 Quarterly Results

TRESU Investment Holding A/S

27 November 2019



BRINGING FLEXOGRAPHIC TECHNOLOGY TO A HIGHER LEVEL

# General information

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- The interim financial report appended to this presentation 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
- IFRS 16 Leases standard are implemented as of January 2019. Figures from 2018 are not restated to reflect effects from the standard
- The interim financial report has neither been audited nor reviewed
- The statement of profit or loss in this presentation is complemented with a bridge to Adjusted EBITDA for comparability with prior periods
- Please refer to the interim financial report, including the notes to the financial statements, for full details
- This presentation and report will be available at [www.tresu.dk/investor-relations](http://www.tresu.dk/investor-relations)
- The total nominal amount of bonds held by Altor TG AB, a fully-owned subsidiary of Altor Fund IV, as at the publication date of this report is EUR 12,122,500

**Questions can be directed by phone +45 76 32 36 36 to:**

Heidi Thousgaard Jørgensen  
Chief Executive Officer

Lone Præst  
Chief Financial Officer

# Executive summary

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## 1 Q3 '19 adj. EBITDA of DKK 7m and YTD adj. EBITDA of DKK 11m

- Large orders received in Q3 driving performance, and will continue to contribute to revenues and earnings in Q4 and H1 '20
- Old projects under control – continued focus on commissioning and handover of projects
- Continued monitoring of fixed costs
- Work continues on developing Ancillary and Aftermarket to grow the recurring base
- 2019 revenue and adj. EBITDA guidance maintained

## Progress on turnaround plan

- ## 2
- Top 5 strategic initiatives continue to progress according to plan
  - New CFO Lone Præst commenced in September with Heidi Jørgensen now focusing exclusively on CEO role
  - New dedicated Head of Business Development recruited to assist with implementation of strategy

## Liquidity and shareholder support

- ## 3
- Liquidity remains healthy and supportive of the turnaround plan

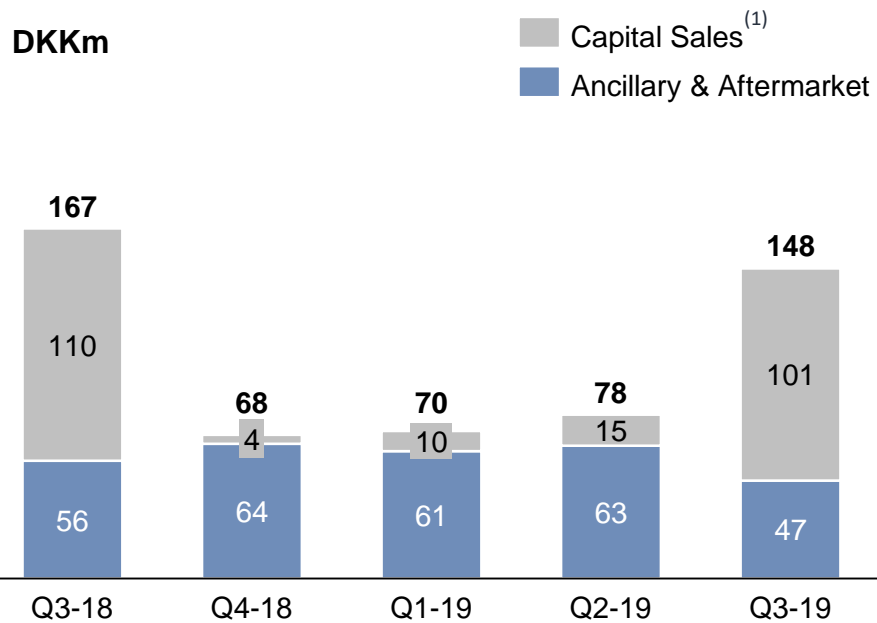
## Q3 '19 reconfirms turnaround effort

DKKm	Q3 2019	Q2 2019	YTD Q3 2019	Comments
Revenue	97.1	92.1	290.0	
Production costs	(89.0)	(86.1)	(270.0)	
<b>Gross profit/(loss)</b>	<b>8.1</b>	<b>6.0</b>	<b>19.9</b>	
R&D costs	(1.5)	(1.4)	(3.3)	
Distribution costs	(10.4)	(8.9)	(30.8)	
Administrative costs	(13.5)	(17.0)	(44.3)	
Other net operating expenses	(0.1)	0.0	0.0	
<b>Operating profit / (loss)</b>	<b>(17.5)</b>	<b>(21.3)</b>	<b>(58.5)</b>	
<b>Adjustments</b>				
D&A	3.7	4.0	11.0	
NRI	6.7	4.6	18.3	
PPA depreciation	12.2	12.2	36.6	
Impairment losses	-	-		
IFRS 16 depreciation on leases	1.9	0.8	3.6	
<b>Adjusted EBITDA (non-IFRS)</b>	<b>7.1</b>	<b>0.2</b>	<b>10.9</b>	
NWC	52.3	55.5	52.3	
Net debt	583.0	571.8	583.0	
Available liquidity	44.8	49.9	44.8	

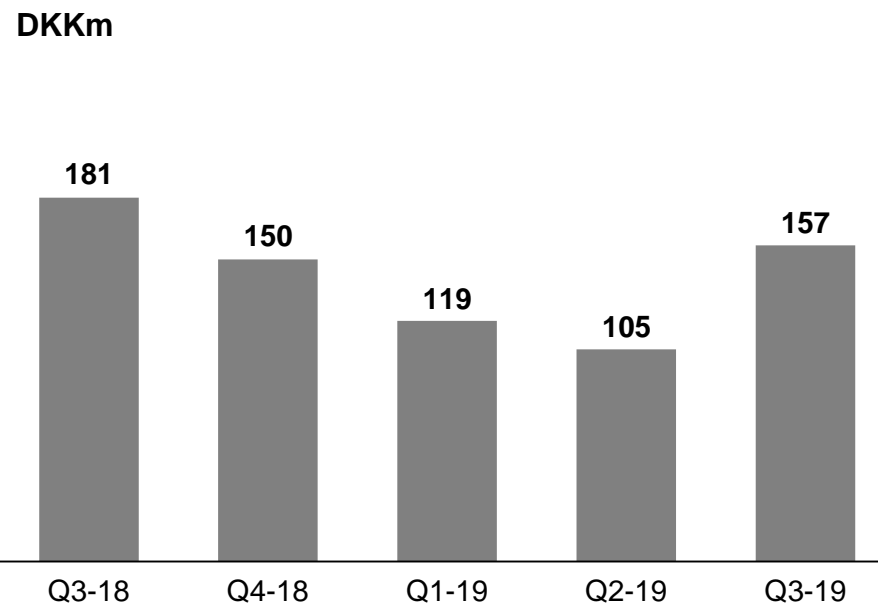
- Q3 adj. EBITDA of DKK 7m with contribution from large orders received in Q3
- However, continued low activity in Ancillary and Aftermarket (including upgrades), while strategy is implemented to ramp up lifecycle management
- Net debt has increased slightly from DKK 572m in Q2 '19 to DKK 583m but cash flow from operating activities before non-recurring items positive in Q3
- Liquidity continues to develop in line with expectations

# Order intake and order book development

## Order intake








## Order book



(1) Includes order intake from Digital segment.

# Latest status: 5 strategic priorities for turnaround agenda

Strategic priorities	Latest status	Current Status
 <p><b>Right-Sizing</b> lower break-even point</p>	<ul style="list-style-type: none"> <li>• Constant monitoring of utilisation vs capacity to ensure fixed cost base in line with expected order intake</li> <li>• US production facility to cease and volumes consolidated in Denmark (reduction of 13 FTEs), with a pure US sales and service set-up from early 2020</li> </ul>	<b>On Track</b>
 <p><b>Digital</b> improve profitably</p>	<ul style="list-style-type: none"> <li>• Good momentum on development work for next generation model with existing key account</li> </ul>	<b>On Track</b>
 <p><b>Large Project Management</b> secure margins</p>	<ul style="list-style-type: none"> <li>• New bids subject to stringent process via Bid Review Board</li> <li>• Good activity within quotations with new and existing customers – with several projects where Tresu has preferred supplier / incumbent status</li> </ul>	<b>On Track</b>
 <p><b>Supply Chain</b> transform and improve</p>	<ul style="list-style-type: none"> <li>• New HQ / production facility operational since Aug '19</li> <li>• Transformation agenda now set in motion, with continued focus on cost savings</li> </ul>	<b>On Track</b>
 <p><b>Aftermarket</b> grow installed base potential</p>	<ul style="list-style-type: none"> <li>• Work continues on full Ancillary and Aftermarket strategy for proactive lifecycle management of the installed base and servicing OEMs more extensively</li> <li>• Recruitment of additional aftermarket resources in progress to further improve customer experience</li> </ul>	<b>Ongoing</b>

## Appendix

# Statement of profit or loss

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DKKm	Q3 2019	YTD Q3 2019
Revenue	97.1	290.0
Production costs	(89.0)	(270.0)
<b>Gross profit/(loss)</b>	<b>8.1</b>	<b>19.9</b>
R&D costs	(1.5)	(3.3)
Distribution costs	(10.4)	(30.8)
Administrative costs	(13.5)	(44.3)
Other net operating expenses	(0.1)	0.0
<b>Operating profit/(loss)</b>	<b>(17.5)</b>	<b>(58.5)</b>
Net financial expenses	(9.2)	(24.0)
<b>Profit/(loss) before tax</b>	<b>(26.6)</b>	<b>(82.5)</b>
Tax on profit/(loss) for the period	4.5	13.0
<b>Profit/(loss) for the period</b>	<b>(22.1)</b>	<b>(69.5)</b>



# Statement of financial position

DKKm	Sep-19	Jun-19
Intangible assets	576.5	589.4
Property, plant and equipment	157.8	55.9
Other non-current assets	10.3	10.3
<b>Non-current assets</b>	<b>744.6</b>	<b>655.6</b>
Inventories	83.1	97.8
Trade receivables	50.5	40.9
Contract work in progress	39.1	43.0
Tax receivables	5.2	3.3
Other short-term receivables	10.3	9.4
Prepayments	4.9	2.6
<b>Receivables</b>	<b>193.1</b>	<b>196.9</b>
Cash	6.7	7.9
Assets as held for sale	13.0	13.0
Financial lease	0.2	0.7
<b>Current assets</b>	<b>213.0</b>	<b>218.5</b>
<b>Assets</b>	<b>957.6</b>	<b>874.2</b>
Contributed capital	2.9	2.9
Other reserves	4.7	4.5
Retained earnings	46.1	68.2
<b>Equity</b>	<b>53.7</b>	<b>75.6</b>
Provisions for deferred tax	70.2	68.6
Other provisions	5.5	5.8
Corporate bonds <sup>(1)</sup>	518.5	518.0
Finance lease liabilities	99.3	2.5
Other payables	6.9	7.0
<b>Non-current liabilities</b>	<b>700.5</b>	<b>601.9</b>
Current portion of long-term lease liabilities	0.5	1.3
Current portion of long-term other payables	-	-
Bank debt	67.0	57.2
Payable group company	0.3	-
Contract liabilities	15.9	15.2
Trade payables	73.4	64.2
Income tax payable	-	-
Other payables	46.4	58.8
<b>Current liabilities</b>	<b>203.4</b>	<b>196.7</b>
<b>Total liabilities</b>	<b>903.9</b>	<b>798.6</b>
<b>Equity and liabilities</b>	<b>957.6</b>	<b>874.2</b>

(1) Gross corporate bonds of DKK 522.6m excluding capitalised financing fees.

# Statement of cash flows

DKKm	Q3 2019	YTD Q3 2019
<b>Operating profit/loss</b>	(17.5)	(58.5)
Amortisation, depreciation	17.8	51.2
Impairment losses	-	-
Other provisions	(0.3)	(1.1)
Working capital changes	3.9	27.7
<b>Cash flows from ordinary operating activities</b>	<b>4.0</b>	<b>19.3</b>
Financial income received	(0.3)	-
Financial expenses paid	(8.9)	(24.0)
Income taxes refunded/(paid)	-	-
<b>Cash flows from operating activities</b>	<b>(5.2)</b>	<b>(4.7)</b>
Acquisition etc. of intangible assets	(1.5)	(2.2)
Acquisition etc. of property, plant and equipment	(2.9)	(9.2)
Acquisition etc. of financial fixed assets	0.2	0.2
Disposal of property, plant and equipment	(1.7)	0.0
<b>Cash flows from investing activities</b>	<b>(5.9)</b>	<b>(11.1)</b>
Loans raised	-	-
Instalments loan	-	-
Overdraft facility	9.8	(33.5)
Capital increase	-	50.0
Corporate bonds	-	-
<b>Cash flows from financing activities</b>	<b>9.8</b>	<b>16.5</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>(1.3)</b>	<b>0.6</b>
Cash and cash equivalents BoP	7.9	6.1
<b>Cash and cash equivalents EoP</b>	<b>6.7</b>	<b>6.7</b>

**Tresu Investment Holding A/S**

**Venusvej 44**

**6000 Kolding**

**Company Reg. No. 37553727**

**Interim financial report**

**Third quarter 2019**

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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 July 2019 to 30 September 2019.

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 September 2019 and the results of their operations and cash flows for the period from 1 January 2019 to 30 September 2019.

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 2018.

Copenhagen, Denmark, 27 November 2019

### Executive Board




Heidi Thousgaard Jørgensen



Lone Præst

### Board of Directors

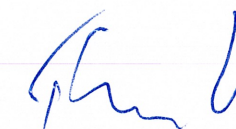


Carsten Nygaard Knudsen

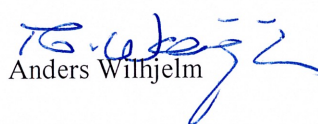
Chairman



Ola Harald Erić



Thomas Stegeager Kvorning



Anders Wilhjelm



Søren Dan Johansen

**Management commentary**

	<b>Q3 2019</b>	<b>Q3 2018*</b>	<b>1/1-30/9 2019</b>	<b>01/1-30/9 2018*</b>	<b>1/1-31/12 2018*</b>
<b>Key figures (DKK'000)</b>					
Revenue	97.134	66.596	289.964	251.201	338.410
Gross profit/loss	8.092	(12.585)	19.924	(83.886)	(124.883)
Operating profit/loss	(17.452)	(36.047)	(58.509)	(173.409)	(324.235)
Net financials	(9.176)	(7.726)	(23.985)	(23.332)	(31.829)
Profit/loss for the period	(22.124)	(33.300)	(69.483)	(152.545)	(296.313)
Total assets	957.596	1.067.237	957.596	1.067.237	932.239
Investments in property, plant and equipment	2.908	(822)	9.190	3.083	1.061
Equity	53.695	212.824	53.695	212.824	70.583
<b>Ratios</b>					
Gross margin (%)	8,3	(18,9)	6,9	(33,4)	(36,9)
Net margin (%)	(22,8)	(50,0)	(24,0)	(60,7)	(87,6)
Return on equity (%)			(52,1)	(67,6)	(191,8)
Equity ratio (%)			5,6	19,9	7,6
Return of assets			(6,1)	(16,2)	(34,8)

**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

\*) Financial figures for 2018 are not restated to reflect IFRS 16

### **Q3 2019 development**

The consolidated revenue for Q3 2019 is DKK 97,1m and Operating loss (EBIT) for Q3 2019 is DKK -17,5m.

The result in the Group is impacted by amortization of surplus values capitalized as part of the purchase price allocation. The total amount in Q3 was DKK 12,2m.

At the end of Q3 2019 total assets was DKK 957,6m and total equity amounted to DKK 53,7m.

The financial results of Q3 2019 are in line with expectations.

### **YTD 2019**

Consolidated revenue for YTD 2019 is DKK 290,0m and Operating loss (EBIT) for 2019 is DKK -58,5m. The result in the Group is impacted by amortization of surplus values capitalized as a part of the purchase price allocation. Total amount YTD is DKK 36,6m.

Cash flow from ordinary operating activities January to September 2019 amounted to DKK 19,4m and net investments in Property, plant and equipment equalled DKK 9,2m.

In Q2 2019 the Group received DKK 50,0m from the Group's parent company, Tresu Group Holding A/S, as a tax exempt contribution.

### **Outlook**

The outlook for the Group for 2019 remains revenue growth in the area of 20-30% on 2018, and an EBITDA margin of 5-10% (adjusted for potential one-off effects). In addition we expect positive cash flow from operating activities in 2019.

**Consolidated statement of profit or loss and other comprehensive income**

DKK'000	Note	<b>Q3 2019</b>	<b>Q3 2018*</b>	<b>1/1-30/9 2019</b>	<b>1/1-30/9 2018*</b>	<b>1/1-31/12 2018*</b>
<b>Revenue</b>	4	97.134	66.596	289.964	251.201	338.410
Production costs <sup>A</sup>		<u>(89.042)</u>	<u>(79.181)</u>	<u>(270.040)</u>	<u>(335.087)</u>	<u>(463.293)</u>
<b>Gross profit/(loss)</b>		<b>8.092</b>	<b>(12.585)</b>	<b>19.924</b>	<b>(83.886)</b>	<b>(124.883)</b>
Research and development costs		(1.508)	(1.722)	(3.345)	(17.202)	(20.046)
Distribution costs		(10.413)	(12.185)	(30.782)	(36.475)	(50.484)
Administrative costs <sup>B</sup>		(13.532)	(9.555)	(44.327)	(35.846)	(126.749)
Other operating income		1.418	0	3.109	0	383
Other operating expenses		<u>(1.509)</u>	<u>0</u>	<u>(3.088)</u>	<u>0</u>	<u>(2.456)</u>
<b>Operating profit/(loss)</b>		<b>(17.452)</b>	<b>(36.047)</b>	<b>(58.509)</b>	<b>(173.409)</b>	<b>(324.235)</b>
Financial income		0	12	0	56	70
Financial expenses <sup>C</sup>		<u>(9.177)</u>	<u>(7.738)</u>	<u>(23.985)</u>	<u>(23.388)</u>	<u>(31.899)</u>
<b>Profit/(loss) before tax <sup>D</sup></b>		<b>(26.629)</b>	<b>(43.773)</b>	<b>(82.495)</b>	<b>(196.741)</b>	<b>(356.064)</b>
Tax on profit/(loss) for the period		4.505	10.473	13.011	44.196	59.751
<b>Profit/(loss) for the period</b>		<b>(22.124)</b>	<b>(33.300)</b>	<b>(69.483)</b>	<b>(152.545)</b>	<b>(296.313)</b>
Exchange rate adjustments, foreign companies		237	(810)	2.595	1.900	3.417
Tax on other comprehensive income		-	-	-	-	-
Other comprehensive income, net of tax		<u>237</u>	<u>(810)</u>	<u>2.595</u>	<u>1.900</u>	<u>3.417</u>
<b>Total comprehensive income/(loss) for the period</b>		<b>(21.887)</b>	<b>(34.110)</b>	<b>(66.888)</b>	<b>(150.645)</b>	<b>(292.896)</b>
Profit/(loss) for the period attributable to:						
Owners of the Company		<u>(22.124)</u>	<u>(33.300)</u>	<u>(69.483)</u>	<u>(152.545)</u>	<u>(296.313)</u>
Total comprehensive income/(loss) for the period attributable to:						
Owners of the Company		<u>(21.887)</u>	<u>(34.110)</u>	<u>(66.888)</u>	<u>(150.645)</u>	<u>(292.886)</u>

\*) Financial figures for 2018 are not restated to reflect IFRS 16



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

DKK'000	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>1/1-30/9 2019</b>	<b>1/1-30/9 2018</b>	<b>1/1-31/12 2018</b>
<sup>A</sup> Depreciation on assets acquired (PPA)	12.197	12.093	36.572	50.507	60.156
<sup>A</sup> Impairment of Machines and buildings (PPA)	-	-	-	17.853	21.550
<sup>B</sup> Other expenses 1)	6.681	1.207	18.281	6.185	14.950
<sup>B</sup> Impairment of goodwill (PPA)	-	-	-	-	75.000
<sup>C</sup> Interest corporate bonds	6.823	6.598	20.032	19.790	26.391
<sup>D</sup> Tax regarding other expenses, borrowing costs and corporate bonds	(2.971)	(1.717)	(8.429)	(5.715)	(9.095)
<sup>D</sup> Adjustments deferred tax related to PPA	<u>(2.682)</u>	<u>(2.488)</u>	<u>(8.045)</u>	<u>(15.039)</u>	<u>(18.722)</u>
	20.049	15.693	58.411	73.581	170.230

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 September 2019	30 September 2018***	31 December 2018***
Goodwill		174.000	249.000	174.000
Completed development projects		27.942	30.723	33.344
Patents and licenses*		189.507	204.221	202.544
Brand		37.900	37.900	37.900
Customer relationship*		147.198	176.310	169.032
<b>Intangible assets</b>		<b>576.547</b>	<b>698.154</b>	<b>616.820</b>
Land and buildings		5.666	3.714	3.675
Plant and machinery		39.103	15.608	40.172
Other fixtures and fittings, tools and equipment		5.149	7.289	4.032
Leasehold improvements		8.683	680	635
Finance lease	2	99.172	0	0
<b>Property, plant and equipment</b>		<b>157.774</b>	<b>27.291</b>	<b>48.514</b>
Deferred tax assets		0	30.177	0
Deposits		10.250	4.627	10.454
<b>Other non-current assets</b>		<b>10.250</b>	<b>34.804</b>	<b>10.454</b>
<b>Non-current assets</b>		<b>744.571</b>	<b>760.249</b>	<b>675.788</b>
Inventories**		83.144	118.653	87.245
Trade receivables		50.466	55.188	58.047
Contract work in progress**		39.105	89.853	77.659
Tax receivables		5.176	1.878	2.672
Other short-term receivables		10.337	9.300	6.717
Prepayments		4.879	3.359	1.950
<b>Receivables</b>		<b>193.108</b>	<b>278.231</b>	<b>234.290</b>
<b>Cash</b>		<b>6.684</b>	<b>8.797</b>	<b>6.073</b>
Assets as held for sale		13.000	19.960	16.088
Finance lease	2	233	0	0
<b>Current assets</b>		<b>213.573</b>	<b>306.988</b>	<b>256.451</b>
<b>Assets</b>		<b>957.596</b>	<b>1.067.237</b>	<b>932.239</b>

\*) Decrease due to recurring amortization

\*\*\*) Increase/Decrease due to normal operation

\*\*\*\*) Financial figures for 2018 are not restated to reflect IFRS 16

**Consolidated statement of financial position– Equity and Liabilities**

DKK'000	Notes	30 September 2019	30 September 2018***	31 December 2018
Contributed capital		2.922	2.922	2.922
Other reserves		4.706	584	2.111
Retained earnings		46.067	209.318	65.550
<b>Equity</b>		<b>53.695</b>	<b>212.824</b>	<b>70.583</b>
Provisions for deferred tax		70.239	123.348	78.344
Other provisions		5.523	4.481	6.671
Corporate bonds		518.470	516.643	517.505
Finance lease liabilities	2	99.336	141	123
Other payables		6.926	6.624	6.631
<b>Non-current liabilities</b>		<b>700.493</b>	<b>651.597</b>	<b>609.274</b>
Current portion of long-term lease liabilities	2	479	40	45
Current portion of long-term other payables		0	1.071	896
Bank debt		67.044	46.927	100.581
Payable group company		263	286	325
Contract liabilities**		15.858	17.552	15.210
Trade payables**		73.385	87.304	90.377
Income tax payable		0	4.622	39
Other payables		46.378	45.014	44.909
<b>Current liabilities</b>		<b>203.407</b>	<b>202.816</b>	<b>252.382</b>
<b>Total liabilities</b>		<b>903.901</b>	<b>854.413</b>	<b>861.656</b>
<b>Equity and liabilities</b>		<b>957.596</b>	<b>1.067.237</b>	<b>932.239</b>

\*) Increase due to normal operation

\*\*\*) Decrease due to normal operation

\*\*\*) Financial figures for 2018 are not restated to reflect IFRS 16

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

DKK'000	<b>Contributed capital</b>	<b>Other reserves*</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2018</b>	2.922	(1.316)	236.865	238.471
Profit for the period	-	-	(152.545)	(152.545)
Other comprehensive income	-	1.900	-	1.900
Tax exempt contribution	-	-	124.998	124.998
<b>Equity at 30 September 2018</b>	<b>2.922</b>	<b>584</b>	<b>209.318</b>	<b>212.824</b>

**Consolidated statement of changes in equity**

DKK'000	<b>Contributed capital</b>	<b>Other reserves*</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2019</b>	2.922	2.111	65.550	70.583
Profit for the period	-	-	(69.483)	(69.483)
Other comprehensive income	-	2.595	-	2.595
Tax exempt contribution**	-	-	50.000	50.000
<b>Equity at 30 September 2019</b>	<b>2.922</b>	<b>4.706</b>	<b>46.067</b>	<b>53.695</b>

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

\*\*\*) In Q2 2019 the Group received DKK 50.000 thousand from the Group's parent company, Tresu Group Holding A/S, as a tax exempt contribution.

**Consolidated statement of cash flows**

DKK'000	<b>YTD September 2019</b>	<b>YTD September 2018</b>
Operating profit/loss	(58.509)	(173.409)
Amortisation, depreciation	51.165	58.646
Impairment losses	0	17.853
Other provisions	(1.148)	3.501
Working capital changes	27.742	24.510
<b>Cash flows from ordinary operating activities</b>	<b>19.250</b>	<b>(68.866)</b>
Financial income received	0	56
Financial expenses paid	(23.985)	(23.388)
Income taxes refunded/paid	0	0
<b>Cash flows from operating activities</b>	<b>(4.736)</b>	<b>(92.231)</b>
Acquisition etc. of intangible assets	(2.150)	(8.600)
Acquisition etc. of property, plant and equipment	(9.190)	(3.083)
Acquisition etc. of financial fixed assets	203	(4.315)
Disposal of property, plant and equipment	21	0
<b>Cash flows from investing activities</b>	<b>(11.116)</b>	<b>(15.998)</b>
Loans raised	0	0
Instalments loan	0	(168)
Overdraft facility	(33.537)	18.985
Capital increase	50.000	124.998
Corporate bonds	0	631
<b>Cash flows from financing activities</b>	<b>16.463</b>	<b>106.476</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>611</b>	<b>(1.753)</b>
Cash and cash equivalents at the beginning of the period	6.073	10.550
<b>Cash and cash equivalents end of the period</b>	<b>6.684</b>	<b>8.797</b>
Cash and cash equivalents at period end are composed of:		
Cash	6.684	8.797
<b>Cash and cash equivalents end of the period</b>	<b>6.684</b>	<b>8.797</b>

## 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 Q3 2019 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 2018 ('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

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

- IFRS 16 Leases

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### IFRS 16, Leases

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

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

Tresu Group assesses whether a contract is or contains a lease at inception of the contract. Tresu Group recognizes a right-of-use assets and corresponding lease liabilities at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liabilities, e.g. revised discount rate, change in the lease term or change in future lease payments resulting from a change in an index.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Tresu Group's incremental borrowing rate. Generally, Tresu Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase option if Tresu Group is reasonably certain to exercise the options; and
- amounts expected to be payable lease under residual value guarantees.

The lease liabilities are subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if Tresu Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

### **IFRS 16 impact to financial statements**

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

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

Right-of-use assets amounts to DKK 99,4m as at 30 September 2019. Lease liabilities are included in Financial debts and amount to DKK 99,8m.

Interest related to the lease liabilities and depreciation related to the right-of-use assets are recognised in income statement and amounts to DKK 4,1m



Tresu Group has not applied any practical expedients in the transition to IFRS 16.

### 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	Q3 2019	Q3 2018	1/1-30/9 2019	1/1-30/9 2018
Sale of goods	53.283	43.053	167.901	124.927
Sale of service	2.660	2.731	7.512	17.675
Income from contract work in progress (turnkey projects)	41.191	20.812	114.551	108.599
<b>Revenue</b>	<b>97.134</b>	<b>66.596</b>	<b>289.964</b>	<b>251.201</b>

### 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			
	Q3 2019	Q3 2018	1/1-30/9 2019	1/1-30/9 2018
<b>Primary geographical markets</b>				
Denmark	1.983	1.949	4.714	5.504
Europe	64.938	26.074	164.126	109.297
USA	13.669	24.244	59.154	67.530
Middle East and Africa	5.044	3.622	22.885	33.364
Other markets	11.500	10.708	39.084	35.507
	<b>97.134</b>	<b>66.596</b>	<b>289.964</b>	<b>251.201</b>
<b>Major products/service lines</b>				
In-line flexo printing machines	66.367	36.595	195.552	151.334
Ancillary products	30.767	30.001	94.412	99.867
	<b>97.134</b>	<b>66.596</b>	<b>289.964</b>	<b>251.201</b>

**Timing of revenue recognition**

Products and services transferred at a point in time	55.943	45.784	175.413	142.602
Products transferred over time	41.191	20.812	114.551	108.599
	<u>97.134</u>	<u>66.596</u>	<u>289.964</u>	<u>251.201</u>

**5. Asset held for sale**

In June 2018, the Company decided to sell the corporate building, as the Company will vacate the current building and move into a new domicile in 2019. Accordingly, the corporate building is presented as asset held for sale. Efforts to sell this asset have started.

**6. Financial instruments – Fair values and risk management**

DKK'000	30 September 2019	30 September 2018
<b>Categories of financial instruments</b>		
Deposits	10.250	4.627
Trade receivables	50.466	55.188
Other short-term receivables	10.337	9.300
Prepayments	4.879	3.359
Cash	6.684	8.797
<b>Assets at amortized costs</b>	<b>82.617</b>	<b>81.271</b>
Corporate bonds	518.470	516.643
Finance lease liabilities	99.815	181
Non-current other payables	0	7.695
Bank debt	67.044	46.927
Trade payables	73.385	87.304
Other payables	46.378	45.014
<b>Financial liabilities measured at amortized cost</b>	<b>805.092</b>	<b>703.764</b>

**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 2018.

## **7. Commitments and contingencies**

The Group has entered into an agreement to lease a new company facility site at Venusvej in Kolding. The new company site was constructed by a property developer and subsequently leased to Tresu Group as of August 2019. The new site was fully operational as of August 2019.

The Group initially provided a payment guarantee of DKK 8.350 thousand to be written down equally in July 2019, October 2019, January 2020 and March 2020. The payment guarantee stands at 6.263 thousand as of the balance date. The Group has moreover paid an initial amount of DKK 10.000 thousand in deposit.

The lease contract includes a non-termination period of 14,3 years and the future minimum payments according to the contract is DKK 119m for this period.

## **8. Related parties**

The following parties have a controlling interest:

- 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 2018.