

Tresu Investment Holding A/S
Eegsvej 14
6091 Bjert
Central Business Registration No 37553727

Annual Report 2017

The Annual General Meeting adopted the Annual Report on 30.04.2018

Chairman of the General Meeting

Name: Carsten Nygaard Knudsen

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Entity details

Entity

Tresu Investment Holding A/S

Eegsvej 14

6091 Bjert

Central Business Registration No: 37555327

Registered in: Bjert

Financial period: 01.01.2017 - 31.12.2017

Phone: +45 76323500

Web site: www.tresu.com

Board of Directors

Carsten Nygaard Knudsen, chairman

Ola Harald Erics

Thomas Stegeager Kvorning

Anders Wilhjelm

Søren Dan Johansen

Executive Board

Søren Maarssø

Michael Kjøbsted

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Tresu Investment Holding A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and the results of their operations and cash flows for the period from 1 January 2017 to 31 December 2017.

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

We recommend the Annual Report for adoption at the annual general meeting.

Bjert, 30.04.2018

Executive Board

Søren Maarssø

Michael Kjøbsted

Board of Directors

Carsten Nygaard Knudsen

Ola Harald Erici

Thomas Stegeager Kvorning

Chairman

Anders Wilhjelm

Søren Dan Johansen

Independent auditor's report

To the shareholders of Tresu Investment Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Tresu Investment Holding A/S for the financial year 01.01.2017 - 31.12.2017, which comprises the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kolding, 30-04-2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Leopold Larsen
State-Authorised
Public Accountant
MNE no 33229

Management commentary

Financial highlights

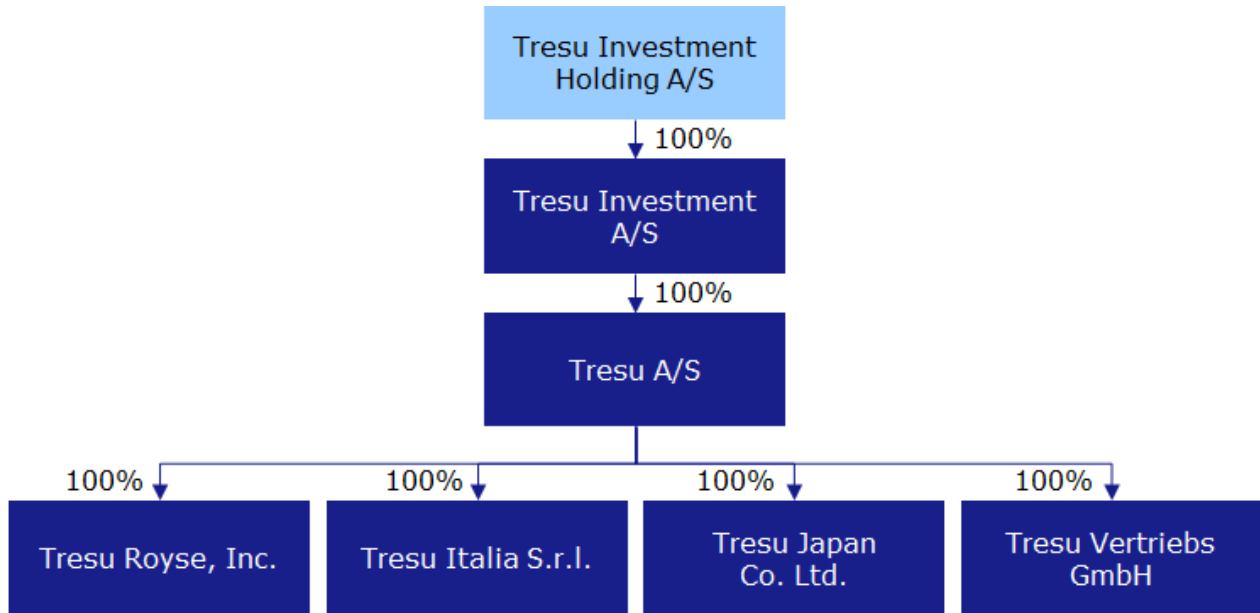
	2017	2016
	DKK'000	DKK'000
Key figures		
Revenue	286.159	0
Gross profit/loss	26.120	0
Operating profit/loss	(32.847)	0
Net financials	(27.073)	0
Profit/loss for the year	(52.434)	0
Total assets	1.218.774	50
Investments in property, plant and equipment	2.495	
Equity	238.471	50
Ratios		
Gross margin (%)	9,13	
Net margin (%)	(18,32)	
Return on equity (%)	(43,97)	
Equity ratio (%)	19,57	100
Return of assets	(2,70)	

As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The income statement for the financial year 2017 therefore only includes 6 months of business activity.

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 (%)	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$	Profit from invested capital

Management commentary

Group chart as per 31 December 2017



Management commentary

Primary activities

Tresu 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 2017 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.

At the end of fiscal year 2017 Tresu Group has a solid business platform focused on the graphical industry in Americas, Europe and Asia, backed up by strong technical competences as well as cost effective production setups in Denmark and the US. This provides a strong platform for securing the competitive strengths that continue to be the basis for value-adding growth for our customers, Tresu Group and for our owners.

Financial developments in the fiscal year 2017

As a result of Altor's ownership acquisition of Tresu Group and the change of parent company and of financial year, historical figures cannot be calculated for the Group, Tresu Investment Holding A/S.

The result in the Group is impacted by amortization of surplus values capitalized as a part of the purchase price allocation, transaction cost and finance cost in connection with the acquisition of Tresu Group.

Consolidated revenue for the financial year 2017 is DKK 286,2m. If the company had been acquired with effect from 1 January 2017, revenue would have been approximately DKK 617,5m. For the same period in 2016 in the acquired Tresu Group the revenue would amount to approximately DKK 505,1m. This corresponds to an increase in revenue in 2017 of 22% compared to fiscal year 2016.

Operating profit (EBIT) for the year 2017 was DKK -32,8m. If the company had been acquired with effect from 1 January 2017, EBIT would have been approximately DKK 80,1m before effect of higher depreciation of PPA. For the same period in 2016 in the acquired Tresu group, EBIT would amount to approximately DKK 65,2m. This is an increase in EBIT in 2017 of 22% compared to fiscal year 2016.

Numbers of headcounts have in 2017 increased by 55 FTE and the total numbers of headcounts in the Group are 303 FTE end of December 2017.

Cash flow from operating activities in 2017 amounted to DKK -96,8m and net investments in Property, plant and equipment equalled DKK 2,5m.

At September 22. 2017 a senior secured bond at a value of EUR 70,0m was issued to replace bank loans. The bond has a variable interest rate of 3m EURIBOR + 500 bps. Due date of the bond is 2022.

At the end of 2017, total assets was DKK 1.218,7m and total equity amounted to DKK 238,5m.

Management commentary

Objective and outlook

The positive development in Tresu Group has continued over the past year with strong revenue and EBIT growth driven by our successful entry into the North American folding carton market. Driven by our relentless focus on reducing our customers' total cost per package, we expect to maintain our current momentum as we continue to penetrate the global folding carton market with our Flexo Innovator machines.

We expect continued consolidation within the Folding Carton industry and expect machine demand to be driven by both replacements as well as new installations. Within Digital printing we see a growing market and expect this to be one of the key drivers in the coming years. The ancillary product segment continues to follow the general market development and support our development in the Aftermarket segment.

Against this outlook the Group expects a stable development in revenue and EBIT as well as a positive cash flow from operating activities for FY 2018. We expect FY 2018 revenue and EBIT to be in line with Tresu A/S' revenue in FY 2016/17.

Liquidity risk / capital resources

Tresu Investment Holding A/S is primarily financed by a senior secured bond at a value of EUR 70,0m issued 22 September 2017 (due in 2022), and with an revolving credit facilities issued by Nykredit at EUR 10,0m

Credit risk

The major part of Tresu Group's products is delivered to well-reputed, large international companies with focus on delivering into the international packaging market.

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

Currency risks

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

Interest rate risks

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

Management commentary

Intellectual capital resources

The competitive advantage of Tresu 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 Tresu 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.

Tresu 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.

Environmental performance

To minimize the environmental footprint, an environmental policy has been implemented. The policy is based on responsible environmental operations and is an integrated part of Tresu Group's targets in terms of both manufacturing our equipment and customers using our equipment in their production. The system is maintained and updated as part of the ISO 14001:2015.

The environmental footprint in manufacturing equipment is primarily caused by the production in Tresu A/S and involves the consumption of electricity, natural gas and water as well as discharge from waste water, waste and emission. Efforts to reduce the environmental impact are on-going in all these areas.

Research and development activities

Development activities comprise continuous development of our product range and development of new ancillary products with the ultimate objective of increasing our customers' uptime and reducing their cost of operations.

Corporate social responsibility

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 decentralisation in decisions making. In this way we foster a high level of social capital, good working climate and job satisfaction among the employees.

Important policies of Tresu Group are the Working Environment Policy and Environmental Policy.

Management commentary

Working Environment Policy

Tresu 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 Tresu Group:

- complies with the rules of the authorities in force at any time
- continuously implements improvements to the working environment
- documents improvements to the working environment
- has a workplace smoking policy
- has a senior policy
- has an alcohol policy
- motivates the employees to be aware of the working environment and to understand the importance of the efforts of each individual person
- involves the employees actively in the working environment work
- identifies the working environment effects on the company's activities
- monitors working environment performances
- improves the working environment by means of planned and preventive measures
- ensures an active safety organisation
- requires that suppliers are aware of the working environment
- can explain purchased equipment's impact on the working environment
- carries out risk assessment of manufactured products
- informs the public of the result of the working environment initiatives

Environmental policy

The environmental policy of Tresu Group acts 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.

This means that Tresu Group:

- complies with the requirements of DNV/EN ISO 14001:2015
- continuously implements and documents improvement to the environment
- complies with the rules of the authorities in force at any time
- 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

Management commentary

- 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

Corporate responsibility

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

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

Tresu 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. Tresu Group will support and respect the protection of the UN's Universal Declaration of Human Rights and the Core Conventions of the International Labour Organization (ILO), and make sure that Tresu is not complicit in abuse of human rights.

Objectives and action plans

For 2017 the aim was to reduce the CO2 emission by 3 tonnes per year and at the same time carry through improvements of our products so that our customers' contribution to the global CO2 emission would be reduced by at least 200 tonnes per year. In 2017 our product improvements helped customers reduce their annual CO2 emission by estimated 677 tonnes.

For 2018 the aim is to reduce Tresu Group's CO2 emission by 3 tonnes per year and at the same time carry through improvements of products so that the customers' contribution to the global CO2 emission will be reduced by at least 500 tonnes per year.

In 2017 the goal of Tresu Group was an absenteeism of 0.6 hours absence per 1,000 working hours. The increased focus on the working environment has entailed that the absenteeism has only been 0.25 hour absence per 1,000 working hours.

2018 will have an increased focus on preventive measures and information. The goal of Tresu Group is an absenteeism of 0.6 hours absence per 1,000 working hours.

Report on the underrepresented gender

The Parent employs less than 50 employees. No policies concerning the composition of genders for the Group as a whole have been prepared, but Tresu Group's Danish subsidiary Tresu A/S has in its annual report disclosed the following:

Management commentary

All Tresu A/S staff was recruited based on professional skills without regard to religion, race, gender, handicap or age. As a group, we look upon diversity as a strength, and we actively combat discrimination and aspire to promote equal treatment. This applies to the management level as well as all other levels in the organisation.

Tresu A/S' 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. Today, there are no women at the Board of Directors level, but the target is that the share of women should be at least 14,3% (1 woman) at management level in 2020. The target has not been met in 2017, as the right competences were not met in the search process.

Tresu A/S has a policy for the underrepresented gender at other management levels. At 30 September 2017 Tresu A/S employed a total of 10% women and 90% men at other management levels which also reflects the composition of gender in the remaining part of the organisation.

We want to work towards ensuring a greater balance in the composition of gender at management level, and we seek e.g. to make female management talents more visible and motivate female talents to submit an application when recruitments are made for various management positions.

Through policies for the underrepresented gender at management level we have succeeded in maintaining 10% women at other management levels, but we still aim at ensuring a greater balance in the composition of gender among managers of the Company.

Events after the balance sheet date

Quarterly dividends are paid from Tresu A/S through Tresu Investment A/S to Tresu Investment Holding A/S to pay bond interest to investors. In March, 2018 (Q1-2018) DKK 6,5m, was paid out as dividend to Tresu Investment Holding A/S.

In Q1-2018 Tresu Group increased its Revolving Credit Facility with Nykredit by EUR 5.0m in order to further strengthen the funding for continued operations and development of Tresu Group.

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

Tresu Investment Holding A/S activities comprise the ownership of 100% of the shares in Tresu Investment A/S and subsidiaries (Tresu Group). As of 21 June 2017 the parent company of the Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB.

The 2017-result of DKK -37,8m is influenced by transaction costs and finance expenses related to the acquisition.

Tresu Investment Holding A/S is financed by a senior secured bond at a value of EUR 70,0m issued 22 September 2017 (due in 2022). The bond has a variable interest rate of 3m EURIBOR + 500 bps. Due date of the bond is 2022.

Consolidated income statement for the period 01.01.2017-31.12.2017

	<u>Notes</u>	<u>1/1-31/12*</u> <u>2017</u> <u>DKK'000</u>	<u>21/3-31/12</u> <u>2016</u> <u>DKK'000</u>
Revenue	3,4	286.159	0
Production costs	5	(260.039)	<u>0</u>
Gross profit/loss		26.120	0
Research and development costs	6	(3.301)	0
Distribution costs		(19.187)	0
Administrative costs	7,9	(36.479)	<u>0</u>
Operating profit/loss	8,10	(32.847)	0
Financial income	11	241	0
Financial expenses	12	(27.314)	<u>0</u>
Profit/loss before tax		(59.920)	0
Tax on profit/loss for the year	13	<u>7.486</u>	<u>0</u>
Profit for the year		<u>(52.434)</u>	<u>0</u>
Items that may be recycled subsequently to the income statement:			
Exchange rate adjustments, foreign companies		(1.316)	0
Tax on other comprehensive income		<u>0</u>	<u>0</u>
Other comprehensive income, net of tax		<u>(1.316)</u>	<u>0</u>
Total comprehensive income		<u>(53.750)</u>	<u>0</u>
Profit for the year attributable to:			
Owners of the Company		<u>(52.434)</u>	<u>0</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<u>(53.750)</u>	<u>0</u>

* As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The income statement for the financial year 2017 therefore only includes 6 months of business activity.

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	31.12.2017	31.12.2016
		DKK'000	DKK'000
Goodwill	14	230.600	0
Completed development projects		55.762	0
Patents		216.377	0
Brand		56.300	0
Customer relationship		198.144	0
Order backlog		<u>12.750</u>	<u>0</u>
Intangible assets	10,15	<u>769.933</u>	<u>0</u>
Land and buildings		27.246	0
Plant and machinery		32.239	0
Other fixtures and fittings, tools and equipment		5.257	0
Leasehold improvements		<u>766</u>	<u>0</u>
Property, plant and equipment	10,16	<u>65.508</u>	<u>0</u>
Deferred tax assets	22	1.240	0
Deposits		<u>312</u>	<u>0</u>
Other non-current assets		<u>1.552</u>	<u>0</u>
Non-current assets		<u>836.993</u>	<u>0</u>
Inventories	18	133.235	0
Trade receivables	19	50.516	0
Contract work in progress	20	175.551	0
Tax receivables		1.878	0
Other short-term receivables		7.602	0
Prepayments		<u>2.449</u>	<u>0</u>
Receivables		<u>371.231</u>	<u>0</u>
Cash		<u>10.550</u>	<u>50</u>
Current assets		<u>381.781</u>	<u>50</u>
Assets		<u>1.218.774</u>	<u>50</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	31.12.2017 DKK'000	31.12.2016 DKK'000
Contributed capital	21	2.922	50
Other reserves		(1.316)	0
Retained earnings		<u>236.865</u>	<u>0</u>
Equity		<u>238.471</u>	<u>50</u>
Provisions for deferred tax	22	137.805	0
Other provisions	23	1.340	0
Corporate bonds	24	515.409	0
Finance lease liabilities	26	164	0
Other payables	27	<u>7.204</u>	<u>0</u>
Non-current liabilities		<u>661.922</u>	<u>0</u>
Current portion of long-term lease liabilities	26	208	0
Current portion of long-term other payables		1.071	0
Bank debt	25	67.523	0
Contract liabilities	20	3.911	0
Trade payables		202.301	0
Income tax payable		5.713	0
Other payables	27	<u>37.654</u>	<u>0</u>
Current liabilities		<u>318.381</u>	<u>0</u>
Total liabilities		<u>980.303</u>	<u>0</u>
Equity and liabilities		<u>1.218.774</u>	<u>50</u>

Consolidated statement of changes in equity for the year 2017

	Contri- buted capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 21 March 2016	50	0	0	50
Other comprehensive income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Equity at 31 December 2016	<u>50</u>	<u>0</u>	<u>0</u>	<u>50</u>
Equity at 1 January 2017	50	0	0	50
Profit for the period	0	0	(52.434)	(52.434)
Other comprehensive income	0	(1.316)	0	(1.316)
Capital increase, cf. note 21	<u>2.872</u>	<u>0</u>	<u>289.299</u>	<u>292.171</u>
Equity at 31 December 2017	<u>2.922</u>	<u>(1.316)</u>	<u>236.865</u>	<u>238.471</u>

Other reserves consist of exchange differences on translating foreign companies.

Consolidated cash flow statement for the year 2017

	Notes	1/1-31/12* 2017 DKK'000	21/3-31/12 2016 DKK'000
Operating profit/loss		(32.847)	0
Amortisation, depreciation and impairment losses		41.492	0
Other provisions		1.230	0
Working capital changes	31	<u>(77.590)</u>	<u>0</u>
Cash flows from ordinary operating activities		<u>(67.715)</u>	<u>0</u>
Financial income received		241	0
Financial expenses paid		(27.314)	0
Income taxes refunded/(paid)		<u>(2.095)</u>	<u>0</u>
Cash flows from operating activities		<u>(96.883)</u>	<u>0</u>
Acquisition etc. of intangible assets		(1.742)	0
Acquisition etc. of property, plant and equipment		(2.495)	0
Acquisition etc. of financial fixed assets		(312)	0
Acquisition etc. of companies, cf. note 33		<u>(762.800)</u>	<u>0</u>
Cash flows from investing activities		<u>(767.349)</u>	<u>0</u>
Loans raised		510.000	0
Instalments loan		(510.000)	0
Overdraft facility		67.523	0
Capital increase		292.171	50
Corporate bonds		<u>515.038</u>	<u>0</u>
Cash flows from financing activities	32	<u>874.732</u>	<u>50</u>
Increase/decrease in cash and cash equivalents		10.500	50
Cash and cash equivalents 01.01.2017/21.03.2016		<u>50</u>	<u>0</u>
Cash and cash equivalents end of year	32	<u>10.550</u>	<u>50</u>
Cash and cash equivalents at year end are composed of:			
Cash		<u>10.550</u>	<u>50</u>
Cash and cash equivalents end of year		<u>10.550</u>	<u>50</u>

* As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The income statement for the financial year 2017 therefore only includes 6 months of business activity.

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1. Changes in accounting policies and significant accounting policies

The Annual Report of Tresu Investment Holding A/S (“Parent Company,” formerly known as KR 1828 ApS), a Danish company, and its subsidiary companies has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the EU, and additional Danish requirements applicable to reporting class C enterprises (large), including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act. The parent company has previously published annual report prepared in accordance with the Danish Financial Statements Act. The parent company was established on 21 March 2016 but had no activity in 2016. At 31 December 2016 the balance sheet prepared in accordance with Danish GAAP comprised of DKK 50k in cash and equity amounted to DKK 50k. A restatement of the income statement and balance sheet to IFRS would have no impact on the recognized amounts.

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 subsidiary companies through the purchase of the entire share capital of Tresu Investment A/S, also a Danish company.

The consolidated financial statements are presented for the period 1 January 2017 to 31 December 2017, including its consolidated subsidiaries, effective with the acquisition of Tresu Investment A/S as of 21 June 2017.

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 40.

Tresu Investment Holding A/S has adopted all new, amended or revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning on 1 January 2017.

Effect of new Accounting Standards not yet in force

The IASB has issued a number of standards and interpretations that are not mandatory for Tresu Investment Holding A/S at the time of the publication of the Group’s annual report for 2017. The new standards and interpretations will be implemented as they become mandatory.

IFRS 15, Revenue from Contracts with Customers will replace IAS 11, Construction Contracts and IAS 18, Revenue and associated interpretations. IFRS 15 provides principles that an entity applies to report useful information about the amount, timing, and uncertainty of revenue and cash flows arising from its contracts to provide goods or services to customers. The core principle requires Tresu to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The implementation of the standard might have an effect on the timing of recognition of revenue. The effects of the new standard is currently being analyzed. IFRS 15 is effective for financial years beginning on or after 1 January 2018.

Notes to consolidated financial statements

IFRS 9 Financial Instruments, which replaces IAS 39, changes the classification and resulting measurement of financial assets and liabilities. At the same time a new model for writing down loans and receivables. This may have an effect on the financial statements, as IFRS 9 requires expected credit losses to be recognised on initial recognition instead of, as now, on indication of impairment. The implementation of IFRS 9 is not expected to have a material effect on the Group. IFRS 9 is effective for financial years beginning on or after 1 January 2018.

Issued in January 2016, IFRS 16, Leases, requires lessees to recognise nearly all leases on the balance sheet.

IFRS 16 replaces the existing standard on leasing, IAS 17. IFRS 16 entails that virtually all leases are to be recognised in the balance sheet in the lessor's accounts in the form of a lease obligation and an asset that represents the lessee's right to use the underlying asset. There is no longer a distinction between operational and financial leasing.

Tresu Group will implement IFRS 16 in the 2019 financial year using the favourable transitional provisions, whereby comparative figures are not adapted, and where the effect of the implementation is recognised in retained earnings per share as per 1.1.2019. In addition, it is expected that the Group will use the other available concessions as far as possible, including in regard to leased assets with low value and leases with a residual maturity as per 1 January 2019 of less than 12 months.

As per 31.12.2017, the Group has entered into leases which, according to IAS 17, are categorised as operating leases, with total future minimum lease payments under non-cancellable leases of DKK 2.215 thousand (cf. Note 28) which are not recognised in the balance sheet. A preliminary analysis indicates that these will also meet the definition of leasing contracts in accordance with IFRS 16, and the Group will therefore recognise an asset and an associated liability for these as per 1.1.2019, unless they meet the criteria for low-value assets or leasing contracts with a residual maturity of less than 12 months.

Management has not completed the analysis of the impact of IFRS 16 on the consolidated financial statements, but expects a significant effect on the balance sheet and income statement as well as related key figures. The effect as per 1.1.2019 will not fully correspond to the future minimum lease payments as stated in Note 28 (DKK 2.215.000) for the following reasons:

- The volume of leasing agreements is expected to change moving towards 1.1.2019, partly due to the conclusion of new lease agreements and partly due to the expiry of existing lease agreements.
- The calculated leasing obligation, cf. Note 28, is calculated without discounting back, while the leasing obligation as at 1.1.2019 will be calculated as the present value of remaining lease payments as of this date
- IFRS 16 requires, as a starting point, that service elements incorporated in lease agreements and which do not entitle the Group to use an underlying asset, must be separated and treated as an ongoing operating expense. Tresu Group has not focused on this when calculating minimum lease payments for use for information on liabilities related to operating leases. The total liability disclosed in Note 28 may therefore include payments relating to service elements that will not be included in the lease obligation and right-of-use asset in accordance with IFRS 16.

Notes to consolidated financial statements

- When calculating the lease obligation and thus the right-of-use asset in accordance with IFRS 16, payments are included in a possible extension period if the Tresu Group has an option to extend the lease term and it is reasonably likely that the option will be exercised. IFRS 16 provides further guidance for the valuation of this and there may be renewal options that are not included in the calculation of the leasing obligation in note 28, in accordance with IAS 17, which will be included in the calculation of the lease obligation in accordance with IFRS 16.

After implementation of IFRS 16, the recognised assets are measured at cost less depreciation and amortisation in accordance with the Group's accounting policies for depreciation and amortisation of corresponding assets owned by the Group. In the income statement, expenses relating to lease agreements, which under IAS 17 are treated as operating leases and recognised as operating expenses, shall be recognised instead as depreciation or amortisation of the recognised right-of-use asset and interest on the leasing obligation, respectively. IFRS 16 is therefore expected to have a significant impact on a number of the Group's key figures and key ratios, including EBITDA, which is a significant Key Performance Indicator for the Group, both internally and in communication with the Group's external stakeholders.

Tresu Groups analysis of impact on profit has not yet been completed, while the analysis shows an expected increase in the balance sheet total of 5-10 mDKK.

In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. Management does not anticipate any significant impact on future periods from the adoption of these new IFRS.

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.

During annual testing of goodwill and other non-current assets for impairment, or when an indication of impairment exists, an assessment is made as to how those activities of the Group (cash-generating units) that relate to goodwill would be able to generate sufficient positive future net cash flows to support the value of goodwill, non-current intangible assets and property, plant and equipment relating to those activities. Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently results in some uncertainty. This risk and this uncertainty are reflected in the discount rate applied and in the terminal value growth rate.

Notes to consolidated financial statements

Goodwill etc. in business combination

The amount of goodwill initially recognized as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities are based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

Please see specification regarding allocation of purchase price and fair value in note 33.

Contract work in progress

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

The completion degree on Contract work in progress is based on an estimate of the total hours to finish the asset. These estimates might change as assets evolve, cf. note 40 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.

3. Revenue and segmentation of operations

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

Notes to consolidated financial statements

Revenue from sale of products and services split by type

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
In-line flexo printing machines	214.506	0
Ancillary products	<u>71.653</u>	<u>0</u>
Total for activities	<u>286.159</u>	<u>0</u>

Revenue split by geography

	Revenue external customer	
	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Denmark	16.256	0
Europe	127.271	0
USA	67.604	0
Middle East and Africa	44.162	0
Other markets	<u>30.866</u>	<u>0</u>
Total net revenue	<u>286.159</u>	<u>0</u>

All significant non-current assets are placed in Denmark (831m DKK of a total of 836m DKK).

Significant customers

Of the total revenue amounting to 286 mDKK sales to two significant customers' amount to a total of 130mDKK. For 2017 sales to these customers' accounts for 24% and 20% respectively of the Group's total revenue.

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
4. Revenue		
Sale of goods	95.502	0
Sale of service	4.590	0
Income from contract work in progress (turnkey projects)	<u>186.067</u>	<u>0</u>
Revenue	<u>286.159</u>	<u>0</u>

Notes to consolidated financial statements

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
5. Production costs		
Materials consumption	118.260	0
Write-down of inventories	130	0
Other production costs	30.081	0
Staff costs	55.714	0
Depreciation, amortisation and impairment	40.935	0
Indirect production costs	<u>14.919</u>	<u>0</u>
Production costs	<u>260.039</u>	<u>0</u>
6. Research and development costs		
Product development costs	601	0
Staff costs	2.700	0
Depreciation, amortisation and impairment	<u>0</u>	<u>0</u>
Research and development costs	<u>3.301</u>	<u>0</u>
7. Fees to auditors appointed at the Annual General Meeting		
Statutory audit	610	0
Other statements with opinions	125	0
Tax and VAT advisory services	237	0
Other services	<u>538</u>	<u>0</u>
Total fees to auditors appointed at the Annual General Meeting	<u>1.510</u>	<u>0</u>

Notes to consolidated financial statements

8. Staff costs

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Board fees	340	0
Wages and salaries	74.435	0
Pensions	4.725	0
Other social security costs	1.516	0
Other staff costs	<u>870</u>	<u>0</u>
Total staff costs	<u>81.886</u>	<u>0</u>

Staff costs are distributed as follows:

Production	55.714	0
Research and development	2.700	0
Sales and distribution	12.266	0
Administration	<u>11.206</u>	<u>0</u>
Total staff costs	<u>81.886</u>	<u>0</u>
Average number of employees	<u>300</u>	<u>0</u>

Remuneration of management

	Board of Directors		Executive Board		Other key management personnel	
	2017	2016	2017	2016	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Board fee	340	0	0	0	0	0
Salary and wages	0	0	1.501	0	2.648	0
Pensions	<u>0</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>217</u>	<u>0</u>
	<u>340</u>	<u>0</u>	<u>1.609</u>	<u>0</u>	<u>2.865</u>	<u>0</u>

Remuneration of the executive directors and key management personnel is based on a fixed salary and non-monetary benefits such as company car, telephone etc. Executive directors and other key management personnel are covered by the same pension agreements as other employees. No incentive schemes have been established since 21 June 2017. Usual notification period applies in the event of resignation of management.

Notes to consolidated financial statements

9. Defined contribution plans

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

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Cost to defined contributions plans	<u>4.725</u>	<u>0</u>

There are no benefit plans to employees outside Denmark.

10. Amortization, depreciation and impairment

Amortisation and impairment losses, intangible assets	38.385	0
Depreciation and impairment losses, property, plant and equipment	<u>3.106</u>	<u>0</u>
Depreciation, amortisation and impairment	<u>41.491</u>	<u>0</u>

Amortisation, depreciation and impairment are distributed as follows:

Production	40.935	0
Research and development	0	0
Sales and distribution	0	0
Administration	<u>556</u>	<u>0</u>
Total amortisation, depreciation and impairment	<u>41.491</u>	<u>0</u>

11. Financial income

Gains on foreign exchange	162	0
Other financial income	<u>79</u>	<u>0</u>
Financial income	<u>241</u>	<u>0</u>

12. Financial expenses

Interest expense	12.084	0
Loss on foreign exchange	2.395	0
Other financial expenses	12.818	0
Interest regarding finance lease	<u>17</u>	<u>0</u>
Financial expenses	<u>27.314</u>	<u>0</u>

Notes to consolidated financial statements

13. Income tax

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Current tax for the year	(136)	0
Deferred tax for the year	<u>(7.350)</u>	<u>0</u>
Corporation tax for the year	<u>(7.486)</u>	<u>0</u>

Income tax expense attributable to income before income taxes differed from the amounts computed by applying the Danish income tax rate of 22,0%. For foreign entities is used the actual tax rate in the country concerned.

Tax on profit for 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%	-0,7 %	0,0 %
Tax effect of:		
Non-deductible expenses	-9,8 %	0,0 %
Other taxes and adjustments	<u>0,0 %</u>	<u>0,0 %</u>
Effective tax rate (%)	<u>12,5 %</u>	<u>22,0 %</u>

Tax for the year is disaggregated as follows:

Corporation tax for the year	<u>7.486</u>	<u>0</u>
Total tax for the year	<u>7.486</u>	<u>0</u>

Payable and receivable corporation tax

Receivable corporation tax	1.878	0
Payable corporation tax	5.713	0

14. Goodwill

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Cost at the beginning of the year	0	0
Additions during the year	<u>230.600</u>	<u>0</u>
Cost at the end of the year	<u>230.600</u>	<u>0</u>
Impairment losses at the beginning of the year	(0)	(0)
Impairment losses for the year	(0)	(0)
Impairment losses at the end of the year	<u>(0)</u>	<u>(0)</u>
Carrying amount at the end of year	<u>230.600</u>	<u>0</u>

Notes to consolidated financial statements

The Acquired enterprise Tresu Investment A/S was acquired because of the potential for future growth. The impairment test is made at group level, because only one CGU has been identified.

At 31 December 2017, Management has tested the carrying amount of goodwill and brand for impairment. The recoverable amount exceeded then the carrying amount. An impairment test will be performed in the event of indication of impairment and at least once a year as per 31 December as part of the presentation of the Annual Report.

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

EBITDA growth is determined based on historical EBITDA realized in Tresu Group the period immediately prior to the beginning of the budget period, adjusted for non-recurring expenses, expected market developments and subsidiaries acquired. For the 2018 budget period (2018-2022), this is equivalent to an annual EBITDA growth rate of approximately 10 %.

The growth rate is based on the following:

- Increase focus on aftermarket sales.
- Continued focus on Digital products to support improved market conditions.
- Market growth within Americas, EMEA and APAC
- Strong focus on lean implementation (Continues Improvement) together with purchase price savings
- Strong control of OPEX development. OPEX in % of revenue expect do improve by 10% from 2018 to 2023

The discount rate is determined based on the Company's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to an after-tax discount rate of 8,5 %

The terminal value growth rate of 2 % is based on estimated economic growth.

Notes to consolidated financial statements

15. Other intangible assets

DKK'000	Completed development projects	Patents	Brand	Customer relation- ships	Order backlog	Total
Cost at the beginning of the year	0	0	0	0	0	0
Acquisition of Tresu Investment	57.400	224.084	56.300	212.700	25.500	575.984
Additions during the year	1.734		0	0	0	1.734
Disposals during the year	<u>(800)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(800)</u>
Cost at the end of the year	<u>58.334</u>	<u>224.084</u>	<u>56.300</u>	<u>212.700</u>	<u>25.500</u>	<u>576.918</u>
Amortization at the beginning of the year	0	0	0	0	0	0
Amortization for the year	<u>(2.572)</u>	<u>(7.707)</u>	<u>0</u>	<u>(14.556)</u>	<u>(12.750)</u>	<u>(37.585)</u>
Amortization and impairment losses at the end of the year	<u>(2.572)</u>	<u>7.707</u>	<u>0</u>	<u>(14.556)</u>	<u>(12.750)</u>	<u>(37.585)</u>
Carrying amount at the end of year	<u>55.762</u>	<u>216.377</u>	<u>56.300</u>	<u>198.144</u>	<u>12.750</u>	<u>539.333</u>

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 40. Estimated useful life of Patents is on average of 14 years. Estimated useful lives of customer relationships are between 4-10 years. Estimated useful lives of completed development projects are on average 12 years. Estimated useful lives of order backlog are on average 1 year.

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

Notes to consolidated financial statements

16. Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other Fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at the beginning of the year	0	0	0	0	0
Acquisition of Tresu Investment	27.763	32.987	4.577	792	66.119
Additions during the year	39	1.133	1.264	59	2.495
Disposals during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cost at the end of the year	<u>27.802</u>	<u>34.120</u>	<u>5.841</u>	<u>851</u>	<u>68.614</u>
Amortization at the beginning of the year	0	0	0	0	0
Amortization for the year	(556)	(1.881)	(584)	(85)	(3.106)
Amortization reversed during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amortization and impairment losses at the end of the year	<u>(556)</u>	<u>(1.881)</u>	<u>(584)</u>	<u>(85)</u>	<u>(3.106)</u>
Carrying amount at the end of year	<u>27.246</u>	<u>32.239</u>	<u>5.257</u>	<u>766</u>	<u>65.508</u>

17. Subsidiaries

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Interest and share of voting rights, % 2017</u>	<u>Interest and share of voting rights, % 2016</u>
Tresu Investment A/S	Bjert, Denmark	A/S	100,0	0
Tresu A/S	Bjert, Denmark	A/S	100,0	0
Tresu Italia S.r.l.	Varese, Italy	S.r.l.	100,0	0
Tresu Royce Inc.	Dallas, USA	Inc.	100,0	0
Tresu Japan Co. Ltd.	Osaka, Japan	Ltd.	100,0	0
Tresu Vertriebs GmbH	Celle, Germany	GmbH	100,0	0

All subsidiaries are acquired in a business combination, cf. note 33.

Notes to consolidated financial statements

18. Inventories

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Raw materials	50.490	0
Work in progress	47.821	0
Finished goods	13.241	0
Prepayments for goods	<u>21.683</u>	<u>0</u>
Inventories	<u>133.235</u>	<u>0</u>

Inventories with a bookkept value of 733k are expected to be sold after more than 12 month from the balance sheet date.

Notes to consolidated financial statements

19. Trade receivables

	2017	2016
	DKK'000	DKK'000
Accounts receivable	54.696	0
Allowance for bad debts	<u>(4.180)</u>	<u>0</u>
Accounts receivable	<u>50.516</u>	<u>0</u>
Impairment losses at 1 January	0	0
Additions related to the acquisition of Tresu Investment A/S (the amount corresponds to the amount that fair value of trade receivables was lower than the gross amount at the time)	4.070	0
Impairment loss provisioned	225	0
Realized for the period	-115	0
Reversed	<u>0</u>	<u>0</u>
Impairment losses on receivables	<u>4.180</u>	<u>0</u>
Age of impaired trade receivables		
Overdue for 1-30 days	0	0
Overdue for 31-90 days	0	0
Overdue for 91-120 days	0	0
Overdue for more than 120 days	<u>1.402</u>	<u>0</u>
	<u>1.402</u>	<u>0</u>
Age of receivables that are past due but not impaired		
Overdue for 1-30 days	6.476	0
Overdue for 31-90 days	1.390	0
Overdue for 91-120 days	2.592	0
Overdue for more than 120 days	<u>7.971</u>	<u>0</u>
	<u>18.429</u>	<u>0</u>
Receivables that are not due and not impaired		
Denmark	1.749	0
EU	11.388	0
USA	9.289	0
Other countries	<u>8.259</u>	<u>0</u>
	<u>30.685</u>	<u>0</u>

No trade receivables in 2016.

The Group has no significant credit risks related to a single customer or market. Write-downs for bad and doubtful receivables are made if the receivables based on an individual evaluation, shows indication of impairment.

Notes to consolidated financial statements

20. Contract work in progress (Turnkey projects)

	2017	2016
	DKK'000	DKK'000
Sales value of contract work in progress	357.328	0
Progress billings regarding contract work in progress	(185.688)	0
	171.640	0
Net value in the balance sheet:		
Work in progress	175.551	0
Received prepayments from customers	(3.911)	0
	171.640	0
Customer's detained payments for completed work	15.593	0

	01.01.	Net additions	Revenue recognized from liabilities opening balance	Business combinations	31.12
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
2017					
Contract work in progress (asset)	0	19.339	0	156.212	175.551
Prepayments received from customers	0	(86.589)	0	90.500	3.911
Contract liabilities (prepayments)	0	(86.589)	0	90.500	3.911

	01.01.	Net additions	Revenue recognized from liabilities opening balance	Business combinations	31.12.
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
2016					
Contract work in progress (asset)	0	0	0	0	0
Prepayments received from customers	0	0	0	0	0
Contract liabilities (prepayments)	0	0	0	0	0

Notes to consolidated financial statements

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 payments from customers in line with the agreed payments terms at placing the order, prior to shipment of machines and a minor part after installation/commissioning acceptance. The Group will previously have recognised a contract work in progress for any work performed. Any amount previously recognised as a contract work in progress is reclassified to trade receivables at the point at which it is invoiced to the customer.

21. 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:

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Number of shares 1 January	50	0
Capital increase by cash deposit	<u>2.872</u>	<u>50</u>
Number of shares 31 December	<u>2.922</u>	<u>50</u>

On 15 June 2017, the company's share capital was increased by DKK 450.000.

On 20 June 2017, the company's share capital was increased by DKK 2.356.576.

On 6 December 2017, the company's share capital was increased by DKK 65.638.

Notes to consolidated financial statements

22. Deferred tax

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Deferred tax assets	1.240	0
Deferred tax liabilities	<u>137.805</u>	<u>0</u>
Total deferred taxes	<u>136.565</u>	<u>0</u>

	Deferred tax	Recognized	Acquis.	Recognized	Total
	01.01.	in profit	of	in other	31.12
2017	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Intangible assets	0	(5.232)	107.515	0	102.283
Property, plant and equipment	0	(3.307)	15.431	0	12.124
Inventories	0	(25)	3.787	0	3.762
Receivables	0	2.379	17.335	0	19.714
Liabilities and other provisions	<u>0</u>	<u>(1.165)</u>	<u>(153)</u>	<u>0</u>	<u>(1.318)</u>
Temporary differences	<u>0</u>	<u>(7.350)</u>	<u>143.915</u>	<u>0</u>	<u>136.565</u>

	Deferred tax	Recognized	Acquis.	Recognized	Total
	01.01.	in profit	of	in other	31.12
2016	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Intangible assets	0	0	0	0	0
Property, plant and equipment	0	0	0	0	0
Inventories	0	0	0	0	0
Receivables	0	0	0	0	0
Liabilities and other provisions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Temporary differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to consolidated financial statements

23. Provisions

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Warranties 1 January 2017	0	0
Realized for the period	(2.926)	0
Provisioned for the year	<u>4.266</u>	<u>0</u>
Warranties 31 December 2017	<u>1.340</u>	<u>0</u>
Provisions are recognized in the balance sheet:		
Non-current liabilities	<u>1.340</u>	<u>0</u>
	<u>1.340</u>	<u>0</u>

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

Warranty commitments relate to sold items delivered with a one-year warranty. This liability is calculated on the basis of previous years' experience. The liabilities are expected to be settled in 2018. As at 31 December 2017, the remaining liability amounts to mDKK 1,3, which is expected to be paid in 2018.

24. Corporate bonds

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Corporate bonds	521.143	0
Corporate bonds fees, amortized	<u>(5.734)</u>	<u>0</u>
	<u>515.409</u>	<u>0</u>
Corporate bonds in the balance sheet:		
Non-current liabilities	515.409	0
Current liabilities	<u>0</u>	<u>0</u>
	<u>515.409</u>	<u>0</u>

Notes to consolidated financial statements

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variable</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DK'000</u>
Corporate bonds, 3m Euribor + 500 bps	EUR	Sept 2022	Variable	515.409	521.143	521.143
31 December 2017				<u>515.409</u>	<u>521.143</u>	<u>521.143</u>

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variable</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DK'000</u>
Corporate bonds, 3m Euribor + 500 bps	DKK		Variable	0	0	0
31 December 2016				<u>0</u>	<u>0</u>	<u>0</u>

The market value of corporate bonds is approximate to nominal value as the entity specific risk premium is considered to be unchanged since the date of issue. Since the issue in September 2017, the bonds have been adjusted with the exchange rate EUR/DKK at the end of the year. Level 3 from the fair value hierarchy has been used.

25. Debts banks

	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Overdraft facilities	67.516	0
Other bank debt	<u>7</u>	<u>0</u>
	<u>67.523</u>	<u>0</u>
Debts to banks are recognized in the balance sheet:		
Non-current obligations	0	0
Current obligations	<u>67.523</u>	<u>0</u>
	<u>67.523</u>	<u>0</u>

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variable</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DK'000</u>
Overdraft facility	DKK	2023	Variable	67.516	67.516	67.516
Other bank debt	DKK	2018	Variable	7	7	7
31 December 2017				<u>67.523</u>	<u>67.523</u>	<u>67.523</u>

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variable</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DK'000</u>
Overdraft facility	DKK		Variable	0	0	0
31 December 2016				<u>0</u>	<u>0</u>	<u>0</u>

Notes to consolidated financial statements

26. Finance lease obligations

The Group has leased production equipment for 5 years period, and has made commitments to purchase the assets when the contracts expire. All leases follow a fixed instalment profile and the leases are non-cancellable during the agreed lease term, but may be renewed on renewal terms. The Group has guaranteed the residual value of assets at the end of the lease term. The net present values of minimum lease payments are 372k DKK.

Financial liabilities also include the capitalised residual obligation on finance leases, which is measured at amortized cost. The fair value of finance lease obligations with a fixed interest rate is recognized to the net present value of future repayments and interest payment by using the current interest curve derived from current market interest rates.

27. Other payables

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Payable staff costs	17.195	0
Payable VAT	5.471	0
Other liabilities	<u>14.988</u>	<u>0</u>
Other payables current	<u>37.654</u>	<u>0</u>

Other payables (non-current) DKK 7.204k are debt concerning acquisition of intangible assets for which instalments on debt are paid according to the usage of the intangible asset.

28. Operational lease obligations

For the year 2017 the Group has concluded lease contracts regarding operating leases of tools and premises. The future minimum payments according to contracts are distributed by DKK 1,841m within year 1 and DKK 2,215m between 2 and 5 years. There are no obligations after 5 years.

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Within a year from balance date	1.841	0
Between 1 and 5 years from balance date	2.215	0
After 5 years from balance date	<u>0</u>	<u>0</u>
	<u>4.056</u>	<u>0</u>
Minimum lease payments in profit for the year	<u>381</u>	<u>0</u>

Notes to consolidated financial statements

29. Contingent liabilities

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

30. Pledged assets etc.

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

For third parties security has been given a mortgage deed of mDKK 10.

The carrying amount of mortgaged development projects are mDKK 26,6.

Bank warranties regarding customers amounting to mDKK 3,6 have been made.

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
31. Changes in working capital		
Increase/decrease in inventories	6.550	0
Increase/decrease in receivables	(1.994)	0
Increase/decrease in trade payables etc	<u>73.034</u>	<u>0</u>
	<u>(77.590)</u>	<u>0</u>

32. Cash and cash equivalents and changes in liabilities arising from financing activities

Cash and cash equivalents	<u>10.550</u>	<u>50</u>
	<u>10.550</u>	<u>50</u>

The group has unutilized drawing rights on overdraft facilities of 3,8 mDKK

Notes to consolidated financial statements

	01.01.	Cashflow	Non-cash changes		31.12
			Exchange rate regul.	New leases	
2017	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Corporate bonds	0	515.038	371	0	515.409
Finance lease liabilities	0	0	0	372	372
Bank debt	0	67.523	0	0	67.523
	0	582.561	371	372	583.304

No changes in liabilities arising from financing activities occurred in 2016.

33. Acquisitions

As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S. They purchased 100% for the amount of 873,1 mDKK. The ultimate majority-owner is the private equity Fund Altor Fund IV Holding AB, which has acquired the company as a portfolio company.

In 2017, the Group acquired the following subsidiaries/activities

Name	Primary activity	Acquisition date	Ownership acquired %	Voting share acquired %	Purchase price, mDKK
Tresu Investment A/S	Holding of shares in Tresu A/S	21.06.2017	100	100	873

Notes to consolidated financial statements

Fair value of acquired net assets and recognized goodwill

Intangible assets	<u>DKK '000</u>
Patents	224.084
Customer relationship	212.700
Brand	56.300
Completed development projects	57.400
Order backlog	25.500
Tangible assets	
Plant and machinery and equipment etc.	38.356
Land & buildings	27.763
Currents asset	
Inventories	126.685
Trade receivables	70.800
Contract work in progress	156.212
Other receivables	11.100
Cash	110.300
Noncurrent liabilities	
Deferred tax	(133.100)
Other payables	(7.500)
Current liabilities	
Contract liabilities	(90.500)
Trade payables	(177.600)
Tax payable	(17.200)
Other payables	<u>(48.800)</u>
Acquired net assets	<u>642.500</u>
Goodwill	<u>230.600</u>
Cash payment	<u>873.100</u>
Acquired cash, cf. above	<u>(110.300)</u>
Net cash outflow of acquisition of company	<u>762.800</u>

Notes to consolidated financial statements

	<u>DK '000</u>
Total payment	<u>873.100</u>
Acquired net assets	<u>(642.500)</u>
Goodwill arising from the acquisition	<u>230.600</u>

The Group has incurred transaction costs of DKK 5,7m, classified as administrative costs for 2017.

For this acquisition, the Group paid a purchase price that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive difference is primarily attributable to expected future growth in the acquired business. Provisions for loss on trade receivables related to the acquisition of Tresu Investment A/S, corresponds to the amount that fair value of trade receivables was lower than the gross amount at the time.

A purchase price allocation has been prepared by external consultants to identify the fair values of the purchased assets. The purchase price allocation has made significant changes in the distribution of values. The following intangible assets were identified in the process; Patents, Customer relationships, Brand and order backlog.

Of the Group's profit for the year 2017 (6 months), DKK -15m attributable to Tresu Investment Holding A/S following the acquisition. Of the Group's revenue, DKK 286m is attributable to Tresu Investment Holding A/S. Had the enterprise been acquired with effect from 1 January 2017, revenue for the year 2017 would have been approx. DKK 617,5m. Operating profit (EBIT) for the year 2017 (6 months) was DKK -32,8m. If the enterprise had been acquired with effect from January 1. 2017, EBIT would have been approximately DKK 80,1m. before effect of higher depreciation of PPA.

Notes to consolidated financial statements

34. Financial risks

Categories of financial instruments

	31.12.2017	31.12.2016
	DKK'000	DKK'000
Deposits	312	0
Trade receivables	50.516	0
Other short-term receivables	7.602	0
Prepayments	2.449	0
Cash	<u>10.550</u>	<u>50</u>
Loans and receivables	<u>71.429</u>	<u>50</u>
Corporate bonds	515.409	0
Finance lease liabilities	372	0
Non-current other payables	8.275	0
Bank debt	67.523	0
Trade payables	202.301	0
Other payables	<u>37.654</u>	<u>0</u>
Financial liabilities measured at amortized cost	<u>831.534</u>	<u>0</u>

Practice for controlling financial risks

The Tresu 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 risks and liquidity risks. The Group manages the financial risks centrally and coordinates the Group's liquidity management, including capital procurement and placement of surplus funds.

It is the Group's practice not to make any speculation in financial risks.

The Tresu 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

Liquidity risks

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents as well as undrawn credit facilities. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings as well as expanded credit lines.

Credit risks

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

Credit risk on ongoing contract work for the account of a third party is limited. Part payment invoices are thus agreed to follow minimum the costs 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 derivative financial instruments to hedge recognized financial assets and liabilities. The Group's currency exposure at 31 December 2017 is specified below.

	Cash and cash equiva. DKK'000	Recei- vables DKK'000	Bond debt DKK'000	Other liabilites DKK'000	Unsecured Net position DKK'000
2017					
EUR	3.920	59.690	(521.143)	(92.984)	(550.517)
USD	3.668	14.298	0	(5.078)	12.888
SEK	3	370	0	(2.253)	(1.881)
JPY	1.073	1.069	0	(287)	1.856
CNY	263	0	0	0	263
GBP	0	174	0	0	174
CAD	0	20	0	0	20
31 December 2017	<u>8.927</u>	<u>75.621</u>	<u>(521.143)</u>	<u>(100.602)</u>	<u>(537.197)</u>

Notes to consolidated financial statements

	Cash and cash equiva. DKK'000	Recei- vables DKK'000	Bond debt DKK'000	Other liabilites DKK'000	Unsecured Net position DKK'000
2016					
EUR	0	0	0	0	0
USD	0	0	0	0	0
SEK	0	0	0	0	0
JPY	0	0	0	0	0
CNY	0	0	0	0	0
31 December 2016	0	0	0	0	0

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 price than the actual exchange rate, then it would have had a corresponding net negative impact on equity and profit for the year.

	2017 DKK'000	2016 DKK'000
Equity sensitivity to exchange rate fluctuations		
Impact if EUR-rate was 1% lower than actual rate	5.505	0
	5.505	0
The sensitivity of the result to exchange rate fluctuations		
Impact if EUR-rate was 1% lower than actual rate	5.505	0
	5.505	0

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 31 December 2017 would have affected comprehensive income and equity by approximately DKK 5,2m. The sensitivity analysis shows the difference between the 31 December 2017 fair value calculated for the Group's assets and liabilities denominated in EUR.

Notes to consolidated financial statements

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 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.

Interest rate adjustment date or maturity date.

	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000	Average duration, year
2017						
Cash	10.550	0	0	0	10.550	0
Corporate bonds	(515.409)	0	0	0	(515.409)	0
Bank debt	(67.523)	0	0	0	(67.523)	0
Finance lease obligations	<u>(208)</u>	<u>0</u>	<u>(164)</u>	<u>0</u>	<u>(372)</u>	1
	<u>(572.590)</u>	<u>0</u>	<u>(164)</u>	<u>0</u>	<u>(572.754)</u>	
	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000	Average duration, year
2016						
Cash	50	0	0	0	50	0
Corporate bonds	0	0	0	0	0	
Bank debt	0	0	0	0	0	
Finance lease obligations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
	<u>50</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50</u>	

The Group has interest-bearing liabilities and so it is affected by interest rate fluctuations. An increase in the interest rate level of 1 percentage point per annum for 2017 compared to the interest rate level at the balance sheet date would have had a negative impact of DKK 5,7m on comprehensive income and equity for 2017. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity.

Notes to consolidated financial statements

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.

	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2017					
Non-derivative financial liabilities					
Bank debt	430	1.266	6.751	68.791	77.238
Corporate bonds	6.514	19.543	612.343	0	638.400
Finance lease obligations	187	21	164	0	372
Trade payables	202.301	0	0	0	202.301
Trade payables	<u>37.654</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37.654</u>
	<u>247.086</u>	<u>20.830</u>	<u>619.258</u>	<u>68.791</u>	<u>955.965</u>

	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2016					
Non-derivative financial liabilities					
Bank debt	0	0	0	0	0
Finance lease obligations	0	0	0	0	0
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Groups liquidity reserve consists of liquid assets and unused credit facilities. Management assesses the Group's liquidity requirements on a regular basis.

	2017 DKK'000	2016 DKK'000
The liquidity reserve is composed as follows:		
Cash	10.550	50
Unused credit facilities	<u>3.800</u>	<u>0</u>
	<u>14.350</u>	<u>50</u>

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 relates to the Group's largest customers. Those customers are required to partly pay advance payments in order to reduce the credit risks.

Notes to consolidated financial statements

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 on unpaid receivables from the sale of goods and services can be found in note 19, and information about detained payments for completed work can be found in note 20.

Default of loan agreements

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

Optimisation 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 maximising returns to the Group's stakeholders through an optimisation of the equity/debt ratio. The Group's overall strategy is that the Group's capital structure shall consist of debt comprising financial liabilities in the form of corporate bonds, bank debt and financial leasing liabilities, cash equivalents and equity.

Financial gearing

The company's board of directors reviews the Group's capital structure twice a year in connection with the presentation of half-yearly reports and annual reports. As part of this review, the board assesses the Group's capital costs and the risks associated with the individual types of capital. The financial gearing as per 31 December 2017 is 2,41 (31.12.2016: -1,00) Based on the latest review of the Group's capital structure, the board expects to reduce the financial gearing in 2018 as equity expects to increase faster than net interest-bearing debt.

At balance date the financial gearing can be calculated accordingly:

	2017	2016
	DKK'000	DKK'000
Bank debt	67.523	0
Finance lease obligations	372	0
Other payables	8.275	0
Payable corporation tax	5.713	0
Corporate bonds	515.409	0
Receivable corporation tax	(1.878)	0
Cash and cash equivalents	(10.550)	(50)
Other receivables	(10.051)	0
Net interest-bearing debt	<u>574.813</u>	<u>(50)</u>
Equity	<u>238.471</u>	<u>50</u>
Financial gearing	<u>2,41</u>	<u>(1)</u>

Notes to consolidated financial statements

35. Related parties with controlling interest

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner.
- Tresu Group Holding A/S, CBR-no. 37752088, Bjert, shareholder, parent.

Transaction with related parties

During the financial year, the Group has had the following transactions with related parties;

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Group		
Key people in management:		
Remuneration etc., cf. note 8	4.814	0
Management fee to related party	8.000	0
Payables to related party	8.000	0

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

36. Shareholder relations

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

- Tresu Group Holding A/S, CBR-no. 37752088, Bjert, shareholder.

37. Consolidation

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

- Tresu Group Holding A/S, CBR-no. 37752088, Eegsvej 14, 6091 Bjert.

38. Events after the balance sheet date

Apart from the events recognized or disclosed in the consolidated financial statements, no events have occurred after the reporting period of importance to the consolidated financial statements.

39. Adopting the annual report for publication

The board members have on the board meeting the 30.04.2018 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting the 30.04.2018

Notes to consolidated financial statements

40. Accounting policies

The AI 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 C enterprises (large),

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 possibly or actually exercising controlling influence. See also Group chart under management commentary.

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.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* IAS 19 *Employee Benefits* respectively;

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisitions-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Accounting policies

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

If uncertainties regarding the measurement of acquired identifiable assets, liabilities, contingent liabilities or the consideration for the business combination exist at the acquisition date, initial recognition takes place on the basis of preliminary fair values. If identifiable assets, liabilities, contingent liabilities and the consideration for the business combination are subsequently determined to have had a different fair value at the acquisition date than first assumed, goodwill is adjusted up until 12 months ("measurement period") after the acquisition date. The effect of the adjustments is recognized in the opening equity, and the comparative figures are restated accordingly. Goodwill is not adjusted subsequently except in the event of material errors.

Costs that can be attributed directly to the transfer of ownership are recognized in the income statement when they are incurred.

Accounting policies

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 in 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, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates. Non-monetary items, measured at fair value, are translated applying the exchange rate at the revaluation time.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised in other comprehensive income.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year 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 receivable is recognized in the balance as calculated tax of the years taxable income, regulated with paid tax on account, and using rates enacted at the balance sheet date.

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method. However, deferred tax is not recognized on temporary differences relating to goodwill that is not deductible for tax purposes. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on management's planned use of the asset or settlement of the liability. If specific dividend plans exist for subsidiaries, associates and joint ventures in countries levying withholding tax on distributions, deferred tax is recognized on expected dividend payments. Deferred tax assets, including the tax base of tax loss carryforwards, are recognized under other on-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 the same legal tax entity and jurisdiction.

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

Accounting policies

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.

Revenue

The Group recognizes 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 the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer.

Revenue from ancillary products is generally recognised upon shipment of products, provided there are no significant uncertainties regarding customer acceptance, persuasive evidence of an arrangement exists, the sales price is fixed and determinable, and it is probable that the sale is 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 cost of sales.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method), see also description below regarding contract work in progress.

Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress

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 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.

Accounting policies

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 amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

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

Research and development costs

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

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amortization, depreciation 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, stationery and office supplies as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Financial income

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

Financial expenses

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

Accounting policies

Balance sheet

Goodwill and other intangible assets

On initial recognition, goodwill is recognised 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. Capitalized development costs are amortized on a straight-line basis over a six-year useful life. Customer relationships, patents and other intangibles are amortized on a straight-line basis over a 10-to 20-year useful life. Costs for acquired assets represent the purchase price at 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 the lower value, see the section below regarding impairment.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a 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 recognised as intangible assets. Other development costs are recognised 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 indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Accounting policies

Profits and losses from the 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.

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Plant and machinery as well as other fixtures and fittings, 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 asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs.

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

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

Buildings	33 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down 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. Profits or losses are recognized in the income statement under other operating income/-expenses.

Impairment of intangible and tangible assets

The carrying amounts of both intangible assets and items of property, plant and equipment are reviewed annually for indicators of impairment in addition to that reflected through amortisation and depreciation. However, goodwill and intangible assets with indefinite useful lives are tested annually for impairment, the first time being at the end of the acquisition year.

Accounting policies

If any such indication exists, impairment tests are made of each asset 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 asset or the group of assets.

Inventories

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation 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 in cost.

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 equalling 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 resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total sub activities of the individual projects has been applied.

If the selling price of a contract work in progress cannot be made up reliably, it is measured at the lower of costs 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.

Costs 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 cost.

Accounting policies

Dividend

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

Other provisions

Other provisions comprise anticipated costs 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.

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 the nominal amount is recognized in the statement of comprehensive income over the term of the loan.

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

Finance lease commitments

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

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

Operating leases

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

Contract liabilities

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

Accounting policies

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 investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

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

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

Parent income statement for 01.01.2017-31.12.2017

	<u>Notes</u>	<u>1/1-31/12*</u> <u>2017</u> <u>DKK'000</u>	<u>21/3-31/12</u> <u>2016</u> <u>DKK'000</u>
Management fee		731	0
Administration costs	3,4,5	<u>(16.974)</u>	<u>0</u>
Operating profit/loss		(16.243)	0
Financial expenses	6	<u>(24.688)</u>	<u>0</u>
Profit/loss tax before tax		(40.931)	0
Tax on profit/loss for the year	7	<u>3.118</u>	<u>0</u>
Profit/loss for the year		<u>(37.813)</u>	<u>0</u>
Items that may be recycled subsequently to the income statement:			
Tax on other comprehensive income		<u>0</u>	<u>0</u>
Other comprehensive income, net of tax		<u>0</u>	<u>0</u>
Total comprehensive income		<u>(37.813)</u>	<u>0</u>
Profit for the year attributable to:			
Owners of the Company		<u>(37.813)</u>	<u>0</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<u>(37.813)</u>	<u>0</u>

*As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The income statement for the financial year 2017 therefore only includes 6 months of business activity.

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Other fixtures and fittings, tools and equipment		<u>447</u>	<u>0</u>
Property, plant and equipment		<u>447</u>	<u>0</u>
Investments in group subsidiary	8	<u>774.621</u>	<u>0</u>
Financial assets		<u>775.861</u>	<u>0</u>
Deferred tax asset	11	<u>1.240</u>	<u>0</u>
Other non-current assets		<u>775.861</u>	<u>0</u>
Non-current assets		<u>776.308</u>	<u>0</u>
Other receivables		1.717	0
Income tax receivable	7	<u>1.878</u>	<u>0</u>
Receivables		<u>3.595</u>	<u>0</u>
Cash		<u>61</u>	<u>50</u>
Current assets		<u>3.656</u>	<u>50</u>
Assets		<u><u>779.964</u></u>	<u><u>50</u></u>

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital	10	2.922	50
Retained earnings		<u>251.486</u>	<u>0</u>
Equity		<u>254.408</u>	<u>50</u>
Corporate bonds	12	<u>515.409</u>	<u>0</u>
Non-current liabilities		<u>515.409</u>	<u>0</u>
Bank debt		7	0
Trade payables		208	0
Payables to group subsidiaries		283	0
Other payables	13	<u>9.649</u>	<u>0</u>
Current liabilities		<u>10.147</u>	<u>0</u>
Liabilities		<u>525.556</u>	<u>0</u>
Equity and liabilities		<u><u>779.964</u></u>	<u><u>50</u></u>

Parent statement of changes in equity

	Contri- buted capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 21 March 2016	50	0	0	50
Profit for the period	0	0	0	0
Other comprehensive income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Equity at 31 December 2016	<u>50</u>	<u>0</u>	<u>0</u>	<u>50</u>
Equity at 1 January 2017	50	0	0	50
Profit for the period	0	0	(37.813)	(37.813)
Other comprehensive income	0	0	0	0
Capital increase, cf. note 10	<u>2.872</u>	<u>0</u>	<u>289.299</u>	<u>292.171</u>
Equity at 31 December 2017	<u>2.922</u>	<u>0</u>	<u>251.486</u>	<u>254.408</u>

Parent cash flow statement for the year 2017

	<u>Notes</u>	1/1-31/12* 31.12.2017 DKK'000	21/3-31/12 31.12.2016 DKK'000
Operating profit/loss		(16.243)	0
Amortisation, depreciation and impairment losses		23	0
Working capital changes	16	<u>8.837</u>	<u>0</u>
Cash flows from ordinary operating activities		<u>(7.383)</u>	<u>0</u>
Financial expenses paid		(24.688)	0
Income taxes refunded/(paid)		<u>0</u>	<u>0</u>
Cash flows from operating activities		<u>(32.071)</u>	<u>0</u>
Acquisition etc. of property, plant and equipment		(470)	0
Acquisition etc. of group subsidiary		(873.100)	0
Dividend received from Tresu Investment A/S		105.000	0
Capital increase in group subsidiary		<u>(6.564)</u>	<u>0</u>
Cash flows from investing activities		<u>(775.134)</u>	<u>0</u>
Loans raised		510.000	0
Instalments on loans etc.		(510.000)	0
Capital increases		292.171	50
Corporate bonds		<u>515.038</u>	<u>0</u>
Cash flows from financing activities	17	<u>807.209</u>	<u>50</u>
Increase/decrease in cash and cash equivalents		4	50
Cash and cash equivalents 01.01.2017		<u>50</u>	<u>0</u>
Cash and cash equivalents end of year	17	<u>54</u>	<u>50</u>
Cash and cash equivalents at year end are composed of:			
Cash		61	50
Short-term debt to banks		<u>(7)</u>	<u>0</u>
Cash and cash equivalents end of year		<u>54</u>	<u>50</u>

* As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The income statement for the financial year 2017 therefore only includes 6 months of business activity.

Notes to the parent financial statement

Overview notes

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Notes to the parent financial statement

1. Changes in accounting policies and significant accounting policies

The Annual Report of Tresu Investment Holding A/S (“Parent Company,” formerly known as KR 1828 ApS), 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 disclosure requirements applicable to reporting class C enterprises (large), including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act. At 31 December 2016 the balance sheet prepared in accordance with Danish GAAP comprised of DKK 50k in cash and equity amounted to DKK 50k. A restatement of the income statement and balance sheet to IFRS would have no impact on the recognized amounts.

As of June 21, 2017 Tresu Investment Holding A/S acquired Tresu Investment A/S and its subsidiary companies through the purchase of the entire share capital of Tresu Investment A/S, also a Danish company.

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 a detailed description of the parent company's use accounting policies are referred to note 40 of the consolidated financial statements.

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

Investment in group subsidiaries

Investments 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 participations 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 statements Note 2 and the section on impairment loss in Note 40 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.

In the year 2017 the Group has had a significant amount of non-recurring expenses, and the result in subsidiaries are expected to be positive in 2018.

Other significant estimates and judgement

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

Notes to the parent financial statement

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
3. Fees to auditors appointed at the Annual General Meeting		
Statutory audit	309	0
Other statements with opinions	125	0
Tax and VAT advisory services	11	0
Other services	<u>190</u>	<u>0</u>
Total fees to auditors appointed at the Annual General Meeting	<u>635</u>	<u>0</u>
4. Staff costs		
Board fees	290	0
Wages and salaries to the Executive Board	742	0
Pensions	59	0
Other social security costs	1	0
Other staff costs	<u>31</u>	<u>0</u>
Total staff costs	<u>1.124</u>	<u>0</u>
Average number of employees	<u>0</u>	<u>0</u>

Staff costs are recognized in administration costs.

5. 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 basic salaries and wages. The payment regarding each employee is paid to an independent pension company.

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
6. Financial expenses		
Interest expense	11.545	0
Loss on foreign exchange	387	0
Other financial expenses	<u>12.756</u>	<u>0</u>
Financial expenses	<u>24.688</u>	<u>0</u>

Notes to the parent financial statement

7. Income tax

	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
Current tax for the year	(1.878)	0
Deferred tax for the year	(1.240)	0
Adjustments recognised for tax from prior periods	<u>0</u>	<u>0</u>
Corporation tax for the year	<u>(3.118)</u>	<u>0</u>

Income tax expense attributable to income before income taxes differed from the amounts computed by applying the Danish income tax rate of 22.0%.

Tax on profit for 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:		
Non-deductible expenses	<u>-14,4 %</u>	<u>0,0 %</u>
Effective tax rate	<u>7,6 %</u>	<u>22,0 %</u>

Tax for the year is disaggregated as follows:

Corporation tax for the year	<u>1.878</u>	<u>0</u>
Total tax for the year	<u>1.878</u>	<u>0</u>

Payable and receivable corporation tax

Receivable corporation tax	1.878	0
Payable corporation tax	0	0

Notes to the parent financial statement

	Investments in group subsidiary 2017 <u>DKK'000</u>
8. Investments in group subsidiary	
Cost beginning of year	0
Additions	873.100
Received dividend	(105.000)
Capital increase	<u>6.521</u>
Carrying amount end of year	<u>774.621</u>

9. Subsidiaries

	<u>Registered in</u>	<u>Corporate form</u>	<u>Interest and share of voting rights, % 2017</u>	<u>Interest and share of voting rights, % 2016</u>
Tresu Investment A/S	Bjert, Denmark	A/S	100,0	0
Companies owned by Tresu Investments A/S:				
Tresu A/S	Bjert, Denmark	A/S	100,0	0
Tresu Italia S.r.l.	Varese, Italy	S.r.l.	100,0	0
Tresu Royce Inc.	Dallas, USA	Inc.	100,0	0
Tresu Japan Co. Ltd.	Osaka, Japan	Ltd.	100,0	0
Tresu Vertriebs GmbH	Celle, Germany	GmbH	100,0	0

Notes to the parent financial statement

10. 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:

	2017	2016
	DKK'000	DKK'000
Number of shares 1 January	50	0
Capital increase by cash deposit	<u>2.872</u>	<u>50</u>
Number of shares 31 December	<u>2.922</u>	<u>50</u>

On 15 June 2017, the company's share capital was increased by DKK 450.000.

On 20 June 2017, the company's share capital was increased by DKK 2.356.576.

On 6 December 2017, the company's share capital was increased by DKK 65.638.

11. Deferred tax

	2017	2016
	DKK'000	DKK'000
Deferred tax assets	1.240	0
Deferred tax liabilities	<u>0</u>	<u>0</u>
Total deferred taxes	<u>1.240</u>	<u>0</u>

	Deferred tax	Recognized	Acquis.	Recognized	Total
	01.01.	in profit	of	directly	31.12
	DKK'000	DKK'000	entities	in equity	DKK'000
2017					
Property, plant and equipment	0	20	0	0	20
Liabilities and other provisions	<u>0</u>	<u>(1.260)</u>	<u>0</u>	<u>0</u>	<u>(1.260)</u>
Temporary differences	<u>0</u>	<u>(1.240)</u>	<u>0</u>	<u>0</u>	<u>(1.240)</u>

	Deferred tax	Recognized	Acquis.	Recognized	Total
	01.01.	in profit	of	directly	31.12
	DKK'000	DKK'000	entities	in equity	DKK'000
2016					
Property, plant and equipment	0	0	0	0	0
Liabilities and other provisions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Temporary differences	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the parent financial statement

12. Corporate bonds

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Corporate bonds	521.143	0
Corporate bonds fees, amortized	<u>5.734</u>	<u>0</u>
	<u>515.409</u>	<u>0</u>
Corporate bonds in the balance sheet:		
Non-current obligations	515.409	0
Current obligations	<u>0</u>	<u>0</u>
	<u>515.409</u>	<u>0</u>

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variable</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DK'000</u>
Corporate bonds, 3m EURIBOR + 500 bps	EUR	Sept 2022	Variable	515.409	521.143	521.143
31 December 2017				<u>515.409</u>	<u>521.143</u>	<u>521.143</u>

	<u>Currency</u>	<u>Expires</u>	<u>Interest fixed or variable</u>	<u>Amortized cost DKK'000</u>	<u>Nominal Value DKK'000</u>	<u>Fair Value DK'000</u>
Corporate bonds, 3m EURIBOR + 500 bps	DKK		Variable	0	0	0
31 December 2016				<u>0</u>	<u>0</u>	<u>0</u>

The market value of corporate bonds is approximate to nominal value as the entity specific risk premium is considered to be unchanged since the date of issue. Since the issue in September 2017, the bonds have been adjusted with the exchange rate EUR/DKK at the end of the year. Level 3 from the fair value hierarchy has been used.

13. Other payables

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Payable staff costs	190	0
Payable VAT	0	0
Other liabilities	<u>9.459</u>	<u>0</u>
Other payables, current	<u>9.649</u>	<u>0</u>

Other liabilities mainly comprise of management fee to related party, cf. note 19.

Notes to consolidated financial statements

14. Contingent liabilities

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

15. Pledged assets etc.

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

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
16. Changes in working capital		
Increase/decrease in inventories	0	0
Increase/decrease in receivables	(1.717)	0
Increase/decrease in trade payables etc.	<u>10.554</u>	<u>0</u>
	<u>8.837</u>	<u>0</u>

17. Cash and cash equivalents and changes in liabilities arising from financing activities

			<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Cash and cash equivalents			<u>61</u>	<u>50</u>
			<u>61</u>	<u>50</u>
	01.01.	Cashflow		Non-cash changes
				Exchange rate regul.
				New leases
				31.12
2017	DKK'000	DKK'000	DKK'000	DKK'000
Corporate bonds	0	515.038	371	0
Bank debt	0	7	0	0
	<u>0</u>	<u>515.045</u>	<u>371</u>	<u>0</u>
			<u>0</u>	<u>515.416</u>

No changes in liabilities arising from financing activities occurred in 2016.

Notes to consolidated financial statements

18. Financial risks

Categories of financial instruments

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Cash	<u>61</u>	<u>50</u>
Loans and receivables	<u>61</u>	<u>50</u>
Corporate bonds	515.409	0
Bank debt	7	0
Trade payables	208	0
Other payables	<u>9.649</u>	<u>0</u>
Financial liabilities measured at amortized cost	<u>525.273</u>	<u>0</u>

Practice for controlling financial risks

Reference is made to note 34 of the consolidated financial statement for a description of the practice for controlling financial risks.

It is Parent's practice not to make any speculation in financial risks.

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 31 December 2017 is specified below.

	<u>Cash and</u> <u>cash equiva.</u> <u>DKK'000</u>	<u>Recei-</u> <u>vables</u> <u>DKK'000</u>	<u>Bond</u> <u>debt</u> <u>DKK'000</u>	<u>Other</u> <u>liabilites</u> <u>DKK'000</u>	<u>Unsecured</u> <u>Net</u> <u>position</u> <u>DKK'000</u>
2017					
EUR	<u>2</u>	<u>0</u>	<u>(521.143)</u>	<u>0</u>	<u>(521.141)</u>
31 December 2017	<u>2</u>	<u>0</u>	<u>(521.143)</u>	<u>0</u>	<u>(521.141)</u>
	<u>Cash and</u> <u>cash equiva.</u> <u>DKK'000</u>	<u>Recei-</u> <u>vables</u> <u>DKK'000</u>	<u>Bond</u> <u>debt</u> <u>DKK'000</u>	<u>Other</u> <u>liabilites</u> <u>DKK'000</u>	<u>Unsecured</u> <u>Net</u> <u>position</u> <u>DKK'000</u>
2016					
EUR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
31 December 2016	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the parent financial statement

Sensitivity analysis regarding currency risks

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

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 31 December 2017 would have affected comprehensive income and equity by approx. DKK 5,2m. The sensitivity analysis shows the difference between the 31 December 2017 fair value calculated for the Group's assets and liabilities denominated in EUR.

Interest rate risks

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

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

Notes to consolidated financial statements

Interest rate adjustment date or maturity date.

	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000	Average duration, year
2017						
Cash	61	0	0	0	61	0
Corporate bonds	(515.409)	0	0	0	(515.409)	0
Bank debt	(7)	0	0	0	(7)	0
	(515.355)	0	0	0	(515.355)	
	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000	Average duration, year
2016						
Cash	50	0	0	0	50	0
Corporate bonds	0	0	0	0	0	
Bank debt	0	0	0	0	0	
	50	0	0	0	50	

The company has interest-bearing liabilities and so it is affected by interest rate fluctuations. An increase in the interest rate level of 1 percentage point per annum for 2017 compared to the interest rate level at the balance sheet date would have had a negative impact of DKK 5,2m on comprehensive income and equity for 2017. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity.

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.

	Less than 6 months DKK'000	Between 6-12 months DKK'000	1-5 years DKK'000	After 5 years DKK'000	Total DKK'000
2017					
Non-derivative financial liabilities:					
Bank debt		7	0	0	7
Corporate bonds		6.514	19.543	612.343	638.400
Trade payables		208	0	0	208
Other liabilities		9.649	0	0	9.649
		16.378	19.543	612.343	648.264

Notes to consolidated financial statements

2016	Less than 6 months DKK'000	Between 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	0	0	0
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Groups liquidity reserve consists of liquid assets
Management assesses the Group's liquidity requirements on a regular basis.

	2017 DKK'000	2016 DKK'000
The liquidity reserve is composed as follows:		
Liquid assets	<u>61</u>	<u>50</u>
	<u>61</u>	<u>50</u>

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.

Optimisation of capital structure

Capital structure is managed for the Group as a whole, and there is thus no practice for parent company. Cf. note 34 in the consolidated financial statement.

Notes to the parent financial statement

19. Related parties with controlling interest

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner.
- Tresu Group Holding A/S, CBR-no. 37752088, Bjert, shareholder, parent.

Transactions with related parties

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Key people in management:		
Remuneration etc., cf. note 3	1.124	0
Management fee from group subsidiaries	731	0
Receivables from group subsidiaries	283	0
Management fee to related party	8.000	0
Payables to related party	8.000	0

20. Shareholder relations

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

- Tresu Group Holding A/S, CBR-no. 37752088, Bjert, shareholder.

21. Consolidation

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

- Tresu Group Holding A/S, CBR-no. 37752088, Eegsvej 14, 6091 Bjert.

22. Events after the balance sheet date

Apart from the events recognized or disclosed in the consolidated financial statements, no events have occurred after the reporting period of importance to the consolidated financial statements.

23. Adopting the annual report for publication

The board members have on the board meeting on the 30.04.2018 approved present Annual Report for publication. The Annual Report will be submitted to the shareholders for approval at the Annual General Meeting on the 30.04.2018.