Tresu Investment Holding A/S

Eegsvej 14

6091 Bjert

Company Reg. No. 37553727

Interim financial report

Fourth quarter 2018

Contents

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

The Board of Directors and the Executive Board have today considered and approved the interim financial report of Tresu Investment Holding A/S for the period from 1 October 2018 to 31 December 2018.

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

In our opinion, the interim financial report gives a true and fair view of the Group's financial position as at 31 December 2018 and the results of their operations and cash flows for the period from 1 October 2018 to 31 December 2018.

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

In addition to the disclosures in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual report 2017.

Bjert, Denmark, 26 February 2019

Executive Board

Heidi Thousgaard Jørgensen

Board of Directors

Carsten Knudsen

Carsten Nygaard Knudsen
Chairman

Ola Harald Erici

Thomas Stegeager Kvorning

Anders Wilhjelm

Søren Dan Johansen

Management commentary

	Q4 2018	Q4 2017	2018	2017#
Key figures (DKK'000)				
Revenue	87.209	132.379	338.410	286.159
Gross profit/loss	(40.997)	12.381	(124.883)	26.120
Operating profit/loss	(150.826)	(11.155)	(324.235)	(32.847)
Net financials	(8.497)	(6.737)	(31.829)	(27.073)
Profit/loss for the year	(143.768)	(13.484)	(296.313)	(52.434)
Total assets	932.239	1.218.774	932.239	1.218.774
Investments in property, plant and equipment *)	(2.022)	920	1.061	2.495
Equity	70.583	238.471	70.583	238.471
Ratios				
Gross margin (%)	(47,0)	9,4	(36,9)	9,1
Net margin (%)	(164,9)	(10,2)	(87,6)	(18,3)
Return on equity (%)			(191,8)	(44,0)
Equity ratio (%)			7,6	19,6
Return of assets			(34,8)	(2,7)

Ratios	Calculation formula	
Gross margin (%)	Gross profit x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on equity (%)	Profit/loss for the year x 100 / Average equity	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.
Return of assets (%)	Profit before financials x 100 / Total assets	Profit from invested capital

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, which is owned by Tresu Group Holding A/S. Tresu Group Holding A/S is ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The statement of profit or loss and other comprehensive income for the financial year 2017 therefore only includes about 6 months of business activity.

Tresu Investment A/S was merged with Tresu A/S as of 1 Jaunary 2018.

*) Reclassification in Q4 2018 of IT development from Property, plant and equipment to Intangible assets.

Q4 2018

Consolidated YTD Q4 2018 revenue is DKK 87,2m and Operating loss (EBIT) for Q4 2018 is DKK -150,8m. The result in the Group is impacted by amortization of surplus values capitalized as part of the purchase price allocation and impairment losses as well as costs related to overruns on large project, tightening of accounting practices and overcapacity.

As a consequence of the lower activity level in Q4 2018, headcounts has decreased by 44 FTEs during the year such that year-end headcount is 222 FTEs.

YTD 2018

Consolidated revenue for 2018 is DKK 338,4m and Operating loss (EBIT) for 2018 is DKK -324,2m. The result in the Group is impacted by amortization of surplus values capitalized as part of the purchase price allocation and impairment losses as well as costs related to overruns on large projects, expensed development costs, tightening of accounting practices and overcapacity.

As a consequence of the lower activity level in 2018, headcounts has decreased by 80 FTEs during the year such that the total numbers of headcounts in the Group are 222 FTEs end of December 2018.

Cash flow from operating activities in 2018 amounted to DKK -140,9m and net investments in intangible assets, PPE and financial fixed assets (deposits) equalled DKK 26,1m.

The Group has received DKK 125m from the Group's parent company, Tresu Group Holding A/S, as a tax exempt contribution in 2018 in order to secure liquidity, while the Group executes on its strategy and realises its growth ambitions.

At the end of 2018 total assets was DKK 932,2m and total equity amounted to DKK 70,6m.

At 31 December 2018, Management tested the carrying amount of goodwill. The impairment test indicated a revaluation of goodwill and the Group has therefore recognised an impairment loss on goodwill of DKK 75.000 thousand.

Total impairment loss of DKK 75m for write-downs to the lower of its carrying amount and its fair value have therefore been included in administration costs in the statement of profit or loss and Other Comprehensive Income.

The financial results of Q4 and YTD 2018 are far below expectations and management and Board of Directors regards them highly unsatisfactory.

Outlook

The outlook for the Group for 2019 is revenue growth in the area of 20-30% on 2018, and an EBITDA margin of 5-10% (adjusted for potential one-off effects).

Consolidated statement of profit or loss and other comprehensive income

DKK'000	Note	**Q4 2018**	**Q4 2017**	**1/1-31/12 2018**	**1/1-31/12# 2017**
Revenue	5	87.209	132.379	338.410	286.159
Production costs [A]		(128.206)	(119.998)	(463.293)	(260.039)
Gross profit/(loss)		**(40.997)**	**12.381**	**(124.883)**	**26.120**
Research and development costs		(2.844)	(1.877)	(20.046)	(3.301)
Distribution costs		(14.009)	(9.819)	(50.484)	(19.187)
Administrative costs [B]		(90.903)	(11.840)	(126.749)	(36.479)
Other operating income		383	0	383	0
Other operating expenses		(2.456)	0	(2.456)	0
Operating profit/(loss)		**(150.826)**	**(11.155)**	**(324.235)**	**(32.847)**
Financial income		14	0	70	241
Financial expenses [C]		(8.511)	(6.737)	(31.899)	(27.314)
Profit/(loss) before tax [D]		**(159.323)**	**(17.892)**	**(356.064)**	**(59.920)**
Tax on profit/(loss) for the period		15.555	4.408	59.751	7.486
Profit/(loss) for the period		**(143.768)**	**(13.484)**	**(296.313)**	**(52.434)**
Exchange rate adjustments, foreign companies		1.517	(356)	3.417	(1.316)
Tax on other comprehensive income		0	0	0	0
Other comprehensive income, net of tax		1.517	(356)	3.417	(1.316)
Total comprehensive income/(loss) for the period		(142.251)	(13.840)	(292.896)	(53.750)
Profit/(loss) for the period attributable to:					
Owners of the Company		(143.768)	(13.484)	(296.313)	(52.434)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		(142.251)	(13.840)	(292.896)	(53.750)

#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 statement of profit or loss and other comprehensive income for YTD 2017 therefore only includes about 6 months of business activity.

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

DKK'000	**Q4 2018**	**Q4 2017**	**1/1-31/12 2018**	**1/1-31/12# 2017**
[A] Increased depreciation on assets acquired (PPA)	9.649	16.339	60.156	36.039
[A] Impairment of Machines and buildings (PPA)	3.697	0	21.550	0
[A] Increased production costs from revaluation of inventory in PPA	0	0	0	6.200
[B] Other expenses 1)	8.766	1.936	14.950	16.181
[B] Impairment of goodwill (PPA)	75.000	0	75.000	0
[C] Borrowing costs	0	44	0	17.701
[C] Interest corporate bonds	6.601	6.587	26.391	6.587
[D] Tax regarding other expenses, borrowing costs and corporate bonds	(3.381)	(1.511)	(9.095)	(5.487)
[D] Adjustments deferred tax related to PPA	(2.936)	(4.836)	(18.722)	(9.239)
	97.395	18.559	170.977	67.982

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

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 statement of profit or loss and other comprehensive income for YTD 2017 therefore only includes about 6 months of business activity.

Consolidated statement of financial position - Assets

DKK'000	Note	**31 December 2018**	**31 December 2017**
Goodwill	6	174.000	249.000
Completed development projects*		33.344	55.762
Patents and licenses **		202.544	216.377
Brand		37.900	37.900
Customer relationship **		169.032	198.144
Order backlog**		0	12.750
Intangible assets		**616.820**	**769.933**
Land and buildings	7	3.675	27.246
Plant and machinery*	7	40.172	32.239
Other fixtures and fittings, tools and equipment		4.032	5.257
Leasehold improvements		635	766
Property, plant and equipment		**48.514**	**65.508**
Deferred tax assets		0	1.240
Deposits		10.454	312
Other non-current assets		**10.454**	**1.552**
Non-current assets		**675.788**	**836.993**
Inventories ***		87.245	133.235
Trade receivables		58.047	50.516
Contract work in progress ***		77.659	175.551
Tax receivables		2.672	1.878
Other short-term receivables		6.717	7.602
Prepayments		1.950	2.449
Receivables		**234.290**	**371.231**
Cash		**6.073**	**10.550**
Assets as held for sale	8	16.088	0
Current assets		**256.451**	**381.781**
Assets		**932.239**	**1.218.774**

*) Decrease/increase due to reclassification of development projects as plant & machinery
**) Decrease due to recurring amortization
***) Decrease due to normal operation

Consolidated statement of financial position– Equity and Liabilities

DKK'000	Notes	31 December 2018	31 December 2017
Contributed capital		2.922	2.922
Other reserves		2.111	(1.316)
Retained earnings		65.550	236.865
Equity		**70.583**	**238.471**
Provisions for deferred tax		78.344	137.805
Other provisions		6.671	1.340
Corporate bonds		517.505	515.409
Finance lease liabilities		123	164
Other payables		6.631	7.204
Non-current liabilities		**609.274**	**661.922**
Current portion of long-term lease liabilities		45	208
Current portion of long-term other payables		896	1.071
Bank debt *		100.581	67.523
Payable group company		325	0
Contract liabilities *		15.210	3.911
Trade payables**		90.377	202.301
Income tax payable		39	5.713
Other payables		44.909	37.654
Current liabilities		**252.382**	**318.381**
Total liabilities		**862.656**	**980.303**
Equity and liabilities		**932.239**	**1.218.774**

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

Consolidated statement of changes in equity

Consolidated statement of changes in equity

DKK'000	Contributed capital	Other reserves*	Retained earnings	Total
Equity at 1 January 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	2.872	0	289.299	292.171
Equity at 31 December 2017	**2.922**	**(1.316)**	**236.865**	**238.471**

Consolidated statement of changes in equity

DKK'000	Contributed capital	Other reserves*	Retained earnings	Total
Equity at 1 January 2018	2.922	(1.316)	236.865	238.471
Profit for the period	0	0	(296.313)	(296.313)
Other comprehensive income	0	3.427	0	3.427
Tax exempt contribution**	0	0	124.998	124.998
Equity at 31 December 2018	**2.922**	**2.111**	**65.550**	**70.583**

*) Other reserves consist of exchange differences on translating foreign companies.
**) The Group has received DKK 124.998 thousand from the Group's parent company, Tresu Group Holding A/S, as a tax exempt contribution in 2018 in order to secure liquidity.

Consolidated statement of cash flows

DKK'000	Note	1/1-31/12 2018	1/1-31/12# 2017
Operating profit/loss		(324.235)	(32.847)
Amortisation, depreciation		73.082	41.492
Impairment losses		96.550	0
Other provisions		5.332	1.230
Working capital changes		48.873	(77.590)
Cash flows from ordinary operating activities		**(100.398)**	**(67.715)**
Financial income received		70	241
Financial expenses paid		(30.532)	(27.314)
Income taxes refunded/paid		(4.528)	(2.095)
Cash flows from operating activities		**(135.388)**	**(96.883)**
Acquisition etc. of intangible assets		(14.934)	(1.742)
Acquisition etc. of property, plant and equipment		(1.061)	(2.495)
Acquisition etc. of financial fixed assets		(10.143)	(312)
Acquisition etc. of companies		0	(762.800)
Cash flows from investing activities		**(26.138)**	**(767.349)**
Loans raised		0	510.000
Instalments loan		0	(510.000)
Overdraft facility		33.058	67.523
Capital increase		124.998	292.171
Corporate bonds		(1.007)	515.038
Cash flows from financing activities		**157.049**	**874.732**
Increase/decrease in cash and cash equivalents		**(4.477)**	**10.500**
Cash and cash equivalents at the beginning of the period		10.550	50
Cash and cash equivalents end of the period		**6.073**	**10.550**
Cash and cash equivalents at period end are composed of:			
Cash		6.073	10.550
Cash and cash equivalents end of the period		**6.073**	**10.550**

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 statement of profit or loss and other comprehensive income for YTD 2017 therefore only includes about 6 months of business activity.

Notes to consolidated interim financial statements
Overview notes

Notes

1. Basis of preparation

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

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

The unaudited interim consolidated financial statements for Q4 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and additional Danish disclosure requirements for interim financial reports of listed companies, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

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

2. Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group

The Group has adopted all new or changed standards, interpretations and amendments to IFRS that are applicable with effect from 1 January 2018, among others:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRIC 22 about transactions in foreign currency and prepayments

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

IFRS 15 Revenue from Contracts with Customers

The new standard IFRS 15 has also been adopted, however no material changes to the accounting policies have been identified. The new standards are effective as of 1 January 2018.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the initial application date of 1 January 2018. No material impact was identified; accordingly, no adjustment has been recognized in the financial statements.

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The five-step model consists of the following:

1. Identify the contract(s) with a customer,
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Effects of IFRS 15 have been analysed and it has been concluded that the standard only has an insignificant effect on recognition and measurement concerning revenue.

IFRS 9 Financial Instruments

IFRS 9 *'Financial instruments'* replaces IAS 39 *'Financial Instruments: Recognition and Measurement'*, of which amongst other items replaces the ‘incurred loss’ model with an ‘expected credit loss’ (ECL) model. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The effect of the change from the ‘incurred loss’ model in IAS 39 to the ‘expected credit loss’ model in IFRS 9 is immaterial due to the low credit risk in the Group. Other than this, the implementation of IFRS 9 has not had material impact on classification and measurement of financial instruments.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Considerations*

The Interpretation clarifies that, the transaction date exchange rate shall be used on initial recognition of the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have a material impact on the Group’s consolidated financial statements.

3. Standards issued but not yet effective

The IASB has issued a number of standards and interpretations effective for annual periods beginning after 1 January 2019, that are not mandatory for Tresu Investment Holding A/S at the time of the publication of the Q4 interim financial statements. The new standards and interpretations will be implemented as they become mandatory.

The Group has the following update to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

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 on the balance sheet in the lessee's accounts in the form of a lease liability 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 on 1 January 2019 using the modified retrospective approach where the cumulative effect of initially applying the standard is recognised in opening equity at the date of initial application 1 January 2019.

If IFRS 16 was implemented by the end of December 2018, it would increase the balance sheet with DKK 8,1m related to the existing leasing contracts.

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.

4. Use of estimates and judgement

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

Impairment test includes estimated future cash flow and discounting rate.

The estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 2.

5. Revenue

DKK'000	Q4 2018	Q4 2017	1/1-31/12 2018	1/1-31/12 2017
Sale of goods	47.119	56.058	174.976	95.502
Sale of service	5.506	562	23.152	4.590
Income from contract work in progress (turnkey projects)	34.584	75.759	140.282	186.067
Revenue	87.209	132.379	338.410	286.159

Disaggregation of revenue

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

Reportable segment	**Revenue external customer**			
DKK'000	**Q4 2018**	**Q4 2017**	**1/1-31/12 2018**	**1/1-31/12 2017**
Primary geographical markets				
Denmark	1.110	2.539	6.605	16.256
Europe	64.291	40.955	174.299	127.271
USA	18.698	27.736	90.513	67.604
Middle East and Africa	2.305	29.542	41.938	44.162
Other markets	805	31.607	25.055	30.866
	87.209	132.379	338.410	286.159
Major products/service lines				
In-line flexo printing machines	63.365	99.250	213.281	214.506
Ancillary products	23.844	33.129	125.129	71.653
	87.209	132.379	338.410	286.159
Timing of revenue recognition				
Products and services transferred at a point in time	52.625	56.620	198.128	100.092
Products transferred over time	34.584	75.759	140.282	186.067
	87.209	132.379	338.410	286.159

6. Goodwill

Impairment loss of goodwill

At 31 December 2018, Management tested the carrying amount of goodwill. The impairment test indicated a revaluation of goodwill and the Group has therefore recognised an impairment loss on goodwill of DKK 75.000 thousand.

Total impairment loss of DKK 75.000 thousand for write-downs to the lower of its carrying amount and its fair value have therefore been included in administration costs in the statement of profit or loss and Other Comprehensive Income.

7. Property, plant and equipment

Impairment loss of land, building and machinery

The Group has recognised an impairment loss on land and buildings of DKK 9.937 thousand and on machines of DKK 11.613 thousand classified as held for sale based on indication of sales price from the buyer side.

Total impairment losses of DKK 21.550 thousand for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have therefore been included in production costs in the statement of profit or loss and Other Comprehensive Income.

In October 2018 the Group decided to sell part of the above machines, which had previously been impaired as at 30 June 2018. Refer to note 8 for information about the assets and liabilities of the disposal group that were classified as held for sale at 31 December 2018.

8. Assets held for sale

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

Impairment losses of DKK 17.795 thousand for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in production cost in the statement of profit or loss and OCI.

The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the disposal group.

9. Corporate bonds

Announcement of prospectus and Public Listing of Bonds

On 27 September 2018 Tresu Investment Holding A/S published the prospectus on the listing of EUR 70.000.000 worth of bonds with maturity date on 29 September 2022. No offering of bonds took place by Tresu Investment Holding A/S in connection with the publication of the prospectus and listing of the bonds.

The gross amount of corporate bonds owing is DKK 522.711 thousand (translated from EUR 70.000 thousand). Net capitalised transaction expenses of DKK 5.206 thousand are netted against the above amount in the statement of financial position and amortised during the life of the bonds.

10. Financial instruments – Fair values and risk management

DKK'000	**31 December 2018**	**31 December 2017**
Categories of financial instruments		
Deposits	10.454	312
Trade receivables	58.047	50.516
Other short-term receivables	6.717	7.602
Prepayments	1.950	2.449
Cash	6.073	10.550
Assets at amortized costs	**83.241**	**71.429**
Corporate bonds	517.505	515.409
Finance lease liabilities	168	372
Non-current other payables	7.527	8.275
Bank debt	100.581	67.523
Trade payables	90.377	202.301
Other payables	44.909	37.654
Financial liabilities measured at amortized cost	**761.067**	**831.534**

Financial risks

Financial risks, including market, currency, interest, liquidity and credit risks are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

11. Commitments and contingencies

The Group has entered into an agreement to lease a new company facility site at Venusvej in Kolding. The new company site will be constructed by a property developer and subsequently leased to TRESU Group. The construction is expected to be finalized in summer 2019.

The expected lease commencement date is July 2019 and the Group is providing a payment guarantee of DKK 8.350 thousand that will be written down in lockstep with quarterly lease payments made in July 2019, October 2019, January 2020 and March 2020. The Group has paid an initial amount of DKK 10.000 thousand in deposit.

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

12. Related parties

The following parties have a controlling interest:

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

The Group has received DKK 124.998 thousand from the Group's parent company, Tresu Group Holding A/S, as a tax exempt contribution in 2018 in order to secure liquidity. DKK 50.000 thousands was received in Q2 2018 and 74.998 thousands was received in Q3.

13. Subsequent events

On 1 February 2019 Tresu Investment Holding A/S announced that effective 1 February 2019 Heidi Thousgaard Jørgensen, Deputy CEO and CFO, has been appointed CEO. Heidi Thousgaard Jørgensen will continue to perform her duties as CFO until a new CFO has been hired.

On 26 February 2019, the Group's parent company, Tresu Group Holding A/S, announced its intention to issue up to DKK 50m worth of new shares and transfer the amount as a tax-exempt contribution to the Group to support the turnaround plan and strategy. The offer of new shares will be made by way of rights offer to existing shareholders. Tresu Group Holding A/S will seek and announce as relevant and required the resolutions once passed within the coming weeks.

14. Accounting policies

Except as described in note 2, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017 with the addition of the section below.

Asset held for sale

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

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with Group's other accounting policies. Impairment losses on initial classifications held-for-sales or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

On classified as held-for-sales, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Q4 2018 Quarterly Results

TRESU Investment Holding A/S

26 February 2019

BRINGING FLEXOGRAPHIC TECHNOLOGY TO A HIGHER LEVEL

General information

- The interim financial report appended to this presentation is prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies
- The interim financial report has neither been audited nor reviewed
- The statement of profit or loss in this presentation is complemented with a bridge to Adjusted EBITDA for comparability with prior periods. Furthermore, various charts are provided with non-IFRS figures
- Please refer to the interim financial report, including the notes to the financial statements, for full details
- This presentation and report will be available at www.tresu.dk/investor-relations

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

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CEO & Interim CFO, Tresu Group

Carsten Knudsen
Chairman, Tresu Group

Executive summary

1 2018 a year of clean up

- Not adequately prepared for rapid expansion in 2016-17
- 2018 a year of clean up with Adj. EBITDA DKK (139)m
- 80% of losses driven by a few large projects and Digital

2 Focused turnaround plan

- Five priorities to stop losses, reduce cost and grow with our customers
- Execution well underway

3 Return to profitable growth in 2019

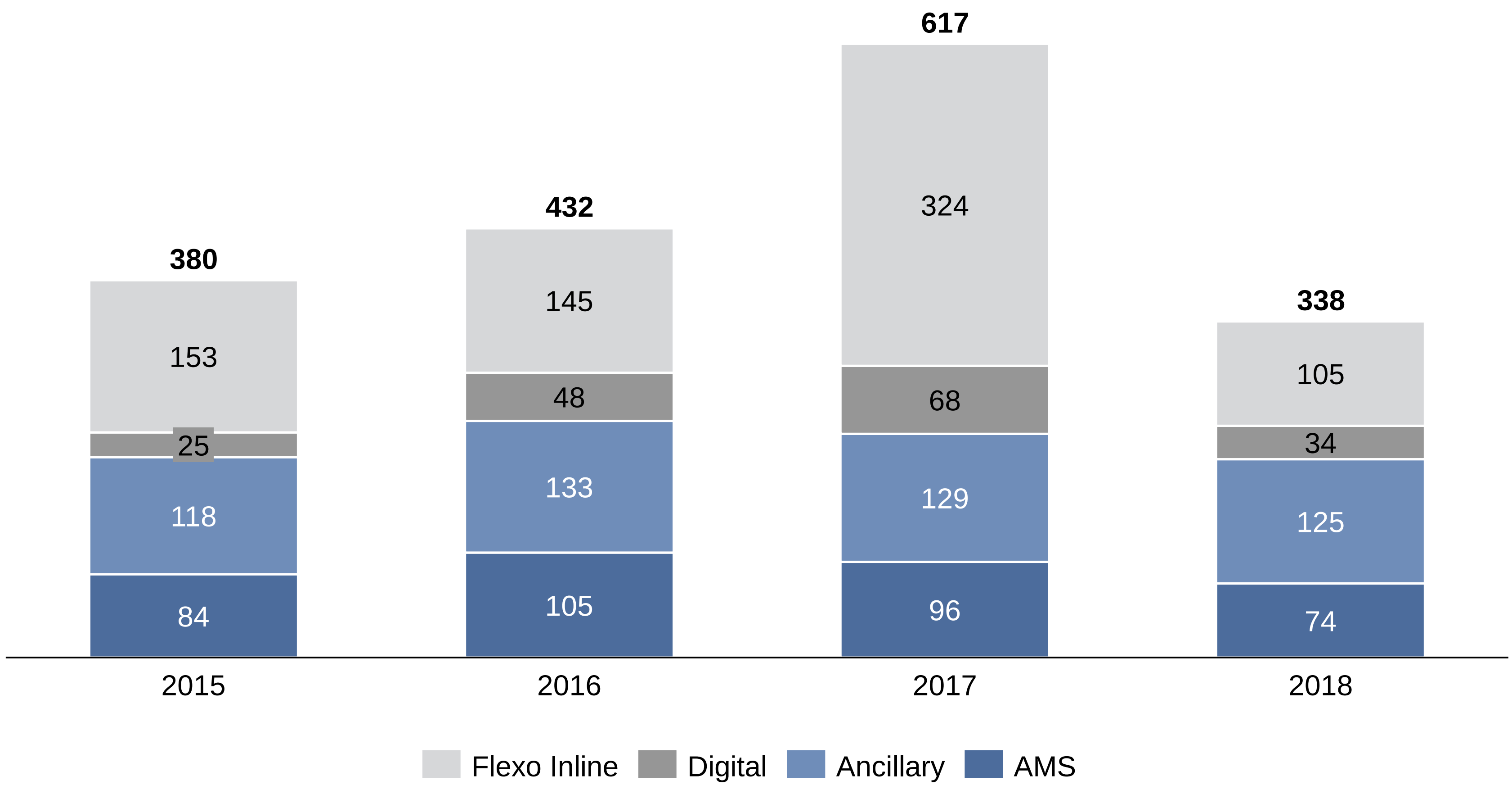
- Reversion to pre-2017 growth trendline
- Return to profitability 2019
- Targeting leverage <4x by 2021
- Journey to best in class 2024

4 Continued Altor support

- DKK 50m capital raising provides sizeable liquidity buffer beyond what is required to execute turnaround plan and strategy

Not adequately prepared for rapid expansion in 2016-17

Revenue | DKKm



Note: FY15-16 based on Sep FYE.

2018 a year of clean up with Adj. EBITDA DKK (139)m

DKKm	Q4 2018	YTD Q4 2018	YTD Q3 2018
Revenue	**87.2**	**338.4**	**251.2**
Production costs	(128.2)	(463.3)	(335.1)
Gross profit/(loss)	**(41.0)**	**(124.9)**	**(83.9)**
R&D costs	(2.8)	(20.0)	(17.2)
Distribution costs	(14.0)	(50.5)	(36.5)
Administrative costs	(90.9)	(126.7)	(35.8)
Other net operating expenses	(2.1)	(2.1)	-
Operating profit / (loss)	**(150.8)**	**(324.2)**	**(173.4)**
Adjustments			
D&A	5.1	13.3	8.2
NRI	8.8	15.0	6.2
PPA depreciation	9.6	60.2	50.5
Impairment losses	78.8	96.6	17.8
Adjusted EBITDA (non-IFRS)	**(48.5)**	**(139.3)**	**(90.7)**
NWC	**81.1**	**81.1**	**95.0**(1)
Net debt	**617.2**	**617.2**	**560.0**
Available liquidity	**6.4**	**6.4**	**72.8**

Comments

- Q4 extending losses in adjusted EBITDA from DKK (91)m in YTD Q3 to DKK (139)m for 2018
  - Cost overruns on old projects
  - Cost under-absorption due to low activity level (P&L effects of lay-offs will not fully materialise until Q1-19)
  - Continued tightening of accounting practices impacting gross profit
- Net interest bearing debt increased from DKK 560m in Q3-18 to DKK 617m in Q4-18 also due to start-up of new projects
- Liquidity has developed in line with expectations since Q3-18
  - Current liquidity as of mid Feb of ca. DKK 35m to increase to DKK 85m post capital raising by shareholders

(1) Excludes effect of reclassification of demo machines from fixed assets to inventory (DKK 31.5m).

80% of losses driven by a few large projects and Digital

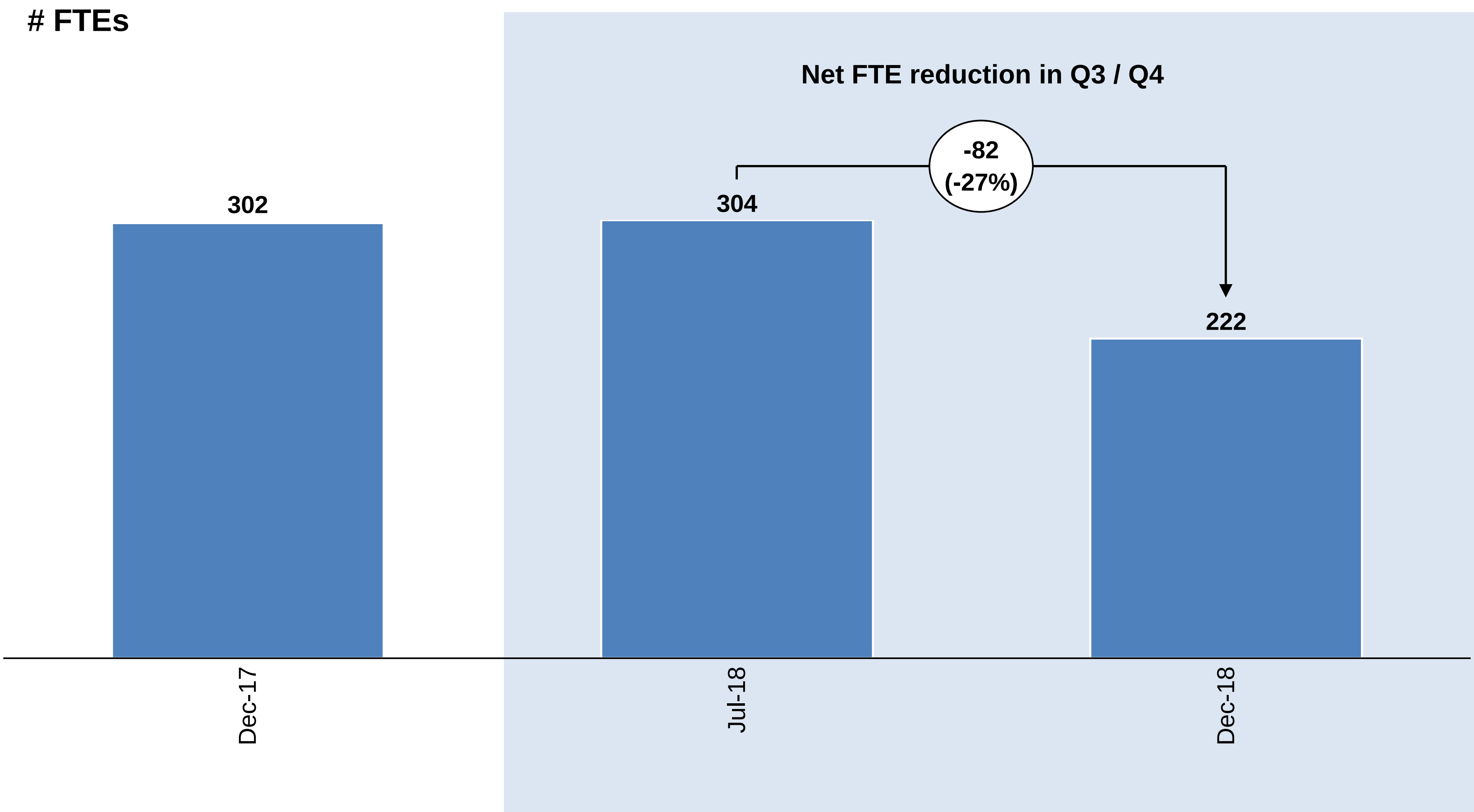
	Comment
Project cost overruns DKK ~65m	• Cost overruns primarily on few large projects in old order book • P&L hit taken in 2018
Tightening of acct. practices DKK ~20m	• Warranties, inventory etc. mostly related to large projects and Digital • One-off effect in 2018
Expensed product development DKK ~15m	• Tightened criteria for capitalisation in Digital segment • One-off effect in 2018
Oversized organisation DKK ~40m	• Organisation over-dimensioned for sales volume in 2018 • Addressed via 27% FTE reductions in Q3 and Q4 2018

Five priorities to stop losses, reduce cost and grow with our customers

Strategic priorities	Objective	Launch / P&L impact	Status
Right-Sizing lower break-even point	▪ Reduced FTE base by net 27% (82 FTEs) ▪ Ensure capacity in line with volume going forward	**Q4-18 / Q1-19**	✓
Digital improve profitably	▪ Adjust cost base ▪ Work with OEMs to update product offering	**Q4-18 / H1-19**	✓
Large Project Management secure margins	▪ Reduce margin leakage on remaining projects in old order book ▪ Improve risk management on new projects ▪ Product development in partnership with largest clients	**Q4-18 / H2-19→**	(✓)
Supply Chain transform and improve	▪ Consolidate existing 7 sites to 1 modern facility ▪ Continue transformation of supply chain	**H1-19 / H1-20→**	(✓)
Aftermarket tap installed base potential	▪ Pursue untapped potential in aftermarket and ancillary through more proactive life cycle management	**Q2-19 / 2020→**	(✓)

✓ **Implementation done** (✓) **In progress**

Organisational right-sizing completed Q3 / Q4 2018



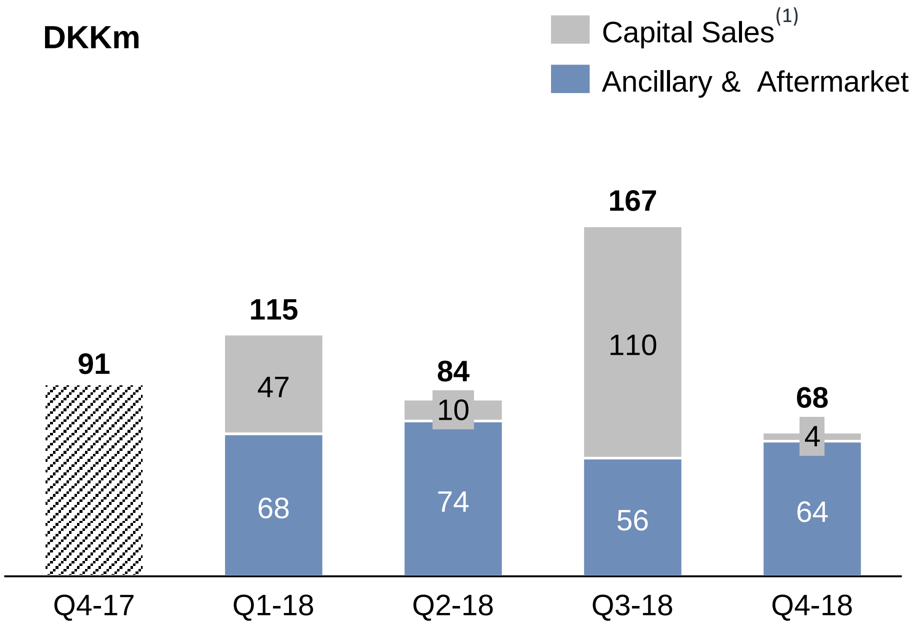
Improved project management

Complete projects in order book + **Secure margins on new orders**

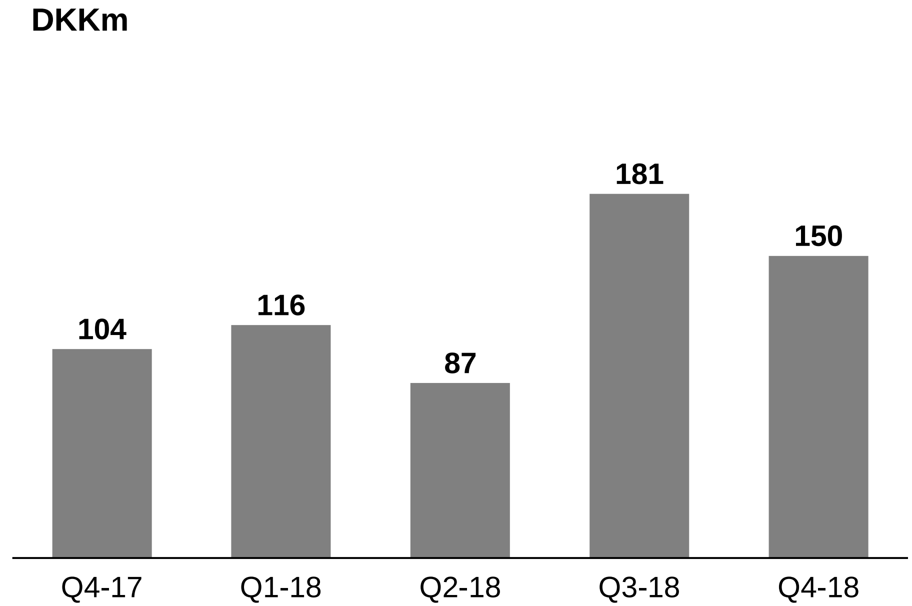
	Complete projects in order book	Secure margins on new orders
Objective	• Minimise risk of margin leakage • Deliver on customer promises	• Upgrade end-to-end processes aimed at lowering risk in the bid phase and securing margins during the execution phase
Status	• Majority of old order book executed with financial effects taken in 2018	• Contract Review Board running • Project Review Board running • Approval required from CEO / Board

Solid backlog entering 2019

Order intake



Order book



(1) Includes order intake from Digital segment.

Return to profitable growth with healthy liquidity buffer in 2019

Key metrics[1]		
2019 Revenue	**In the area of 20-30% revenue growth**	
2019 Adj. EBITDA margin[1]	**5-10%**	**Driven by:** 1. Lower cost base from right-sizing 2. Improved end-to-end processes 3. Growth / solid order backlog
Available liquidity	Available liquidity of DKK ~85m post shareholder contribution providing sufficient flexibility for implementing the turnaround plan	

(1) Adjusted for any potential one-offs effects (such as supply chain transformation and factory relocation etc.).

Journey to industry leadership

2019	2021	2023-24
Stabilise/ Back to profit	**Profitable growth**	**Accelerated growth**
• Right-size ✓ • Digital profitable✓ • Stop large project losses (✓) • New factory (✓) • Grow Aftermarket & Ancillary (✓)	• Accelerate growth in Aftermarket • Strengthen cap sales margins • Supply chain optimisation • Opex productivity	• Accelerated capital sales expansion • Lifecycle management • M&A

Leading printing technology lifecycle management partner

Strengthen organisation and performance culture
Medium-term leverage below 4x in 2021 but higher long-term earnings potential

Management meetings in March 2019

- Management will, with Altor’s participation, offer meetings and calls with bondholders in March to provide ample opportunity to respond to questions (to be scheduled via Danske Bank and Nykredit)

Questions?

Appendix

Statement of profit or loss

DKKm	Q4 2018	YTD Q4 2018	YTD Q3 2018
Revenue	**87.2**	**338.4**	**251.2**
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Distribution costs	(14.0)	(50.5)	(36.5)
Administrative costs	(90.9)	(126.7)	(35.8)
Other net operating expenses	(2.1)	(2.1)	-
Operating profit/(loss)	**(150.8)**	**(324.2)**	**(173.4)**
Net financial expenses	(8.5)	(31.8)	(23.3)
Profit/(loss) before tax	**(159.3)**	**(356.1)**	**(196.7)**
Tax on profit/(loss) for the period	15.6	59.8	44.2
Profit/(loss) for the period	**(143.8)**	**(296.3)**	**(152.5)**

Comments

- Q4 extending losses due to
  - Cost overruns on old projects
  - Cost under-absorption due to low activity level (P&L effects of lay-offs will not fully materialise until Q1’19)
  - Continued tightening of accounting practices impacting gross profit

Statement of financial position

DKKm	Dec-18	Sep-18
Intangible assets	616.8	698.2
Property, plant and equipment	48.5	27.3
Other non-current assets	10.5	34.8
Non-current assets	**675.8**	**760.2**
Inventories	87.2	118.7
Trade receivables	58.0	55.2
Contract work in progress	77.7	89.9
Tax receivables	2.7	1.9
Other short-term receivables	6.7	9.3
Prepayments	2.0	3.4
Receivables	**234.3**	**278.2**
Cash	**6.1**	**8.8**
Assets as held for sale	16.1	20.0
Current assets	**256.5**	**307.0**
Assets	**932.2**	**1,067.2**
Contributed capital	2.9	2.9
Other reserves	2.1	0.6
Retained earnings	65.6	209.3
Equity	**70.6**	**212.8**
Provisions for deferred tax	78.3	123.3
Other provisions	6.7	4.8
Corporate bonds(1)	517.5	516.6
Finance lease liabilities	0.1	0.1
Other payables	6.6	6.6
Non-current liabilities	**609.3**	**651.6**
Current portion of long-term lease liabilities	0.0	0.0
Current portion of long-term other payables	0.9	1.1
Bank debt	100.6	46.9
Payable group company	0.3	0.3
Contract liabilities	15.2	17.6
Trade payables	90.4	87.3
Income tax payable	0.0	4.6
Other payables	44.9	45.0
Current liabilities	**252.4**	**202.8**
Total liabilities	**861.7**	**854.4**
Equity and liabilities	**932.2**	**1,067.2**

Comments

- Net interest bearing debt increased from DKK 560m in Q3-18 to DKK 617m in Q4-18 also due to start-up of new projects
- NWC at DKK 81m as at Dec-18

(1) Gross corporate bonds of DKK 522.7m excluding capitalised financing fees.

Statement of cash flows

DKKm	Q4 2018	YTD Q4 2018
Operating profit/loss	(150.8)	(324.2)
Amortisation, depreciation and impairment losses	14.4	73.1
Impairment losses	78.7	96.6
Other provisions	1.8	5.3
Working capital changes	24.4	48.9
Cash flows from ordinary operating activities	**(31.5)**	**(100.4)**
Financial income received	0.0	0.1
Financial expenses paid	(7.1)	(30.5)
Income taxes refunded/(paid)	(4.5)	(4.5)
Cash flows from operating activities	**(11.7)**	**(35.0)**
Acquisition etc. of intangible assets	(6.3)	(14.9)
Acquisition etc. of property, plant and equipment	2.0	(1.1)
Acquisition etc. of financial fixed assets	(5.8)	(10.1)
Acquisition etc. of companies	-	-
Cash flows from investing activities	**(10.1)**	**(26.1)**
Loans raised	-	-
Instalments loan	0.2	-
Overdraft facility	52.0	33.1
Capital increase	-	125.0
Corporate bonds	(1.6)	(1.0)
Cash flows from financing activities	**50.6**	**157.0**
Increase/decrease in cash and cash equivalents	**(2.7)**	**(4.5)**
Cash and cash equivalents BoP	8.8	10.6
Cash and cash equivalents EoP	**6.1**	**6.1**

Comments

- Liquidity has developed in line with expectations since Q3-18
  - Current liquidity as of mid Feb of ca. DKK 35m to increase to DKK 85m post capital raising by shareholders

(1) 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 statement of cash flows for FY17 therefore only includes about 6 months of business activity.