



Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
City Tower, Værkmestergade 2
8000 Aarhus C

Telefon 89 25 25 25
Telefax 89 25 25 50
www.deloitte.dk

Triax A/S
Bjørnkærvej 3
8783 Hornsyld
Central Business Registration No
29119511

Annual report 2016

The Annual General Meeting adopted the annual report on 29 March 2017

Chairman of the General Meeting

Name: Allan Jensen Vestergaard

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Entity details

Entity

Triax A/S

Bjørnkærvej 3

8783 Hornsyld

Central Business Registration No: 29119511

Registered in: Hornsyld

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Allan Jensen Vestergaard, formand

Henrik Hvidtfeldt

Lars Rønn

Jan Johan Kühl

Niels-Christian Worning

Gitte Olesen

Jørgen Schrøder Jensen

Executive Board

Claus Omann

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Triax A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hornsyld, 14.03.2017

Executive Board


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Board of Directors

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Independent auditor's report

To the shareholders of Triax A/S

Opinion

We have audited the financial statements of Triax A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements section of this auditor's report. We are independent of the Entity 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity'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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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.
- 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Aarhus, 14.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Erik Holst Jørgensen
State Authorised Public Accountant



Thomas Rosquist Andersen
State Authorised Public Accountant

Management commentary

	2016 12 month DKK'000	2015 8 month DKK'000	2014/15 12 month DKK'000	2013/14 12 month DKK'000	2012/13 12 month DKK'000
Financial highlights					
Key figures					
Revenue	210.263	145.563	235.900	246.600	261.300
Gross profit/loss	34.039	24.241	48.100	57.500	57.900
EBITDA before strategy expenses	5.382	2.800	21.600	19.700	24.200
Strategy expenses	0	14.100	0	0	0
EBITDA after strategy expenses	5.382	(11.300)	21.600	19.700	24.200
Operating profit/loss	847	(14.614)	14.000	11.400	16.900
Net financials before income from investments in group enterprises	(1.134)	(812)	(600)	(700)	(1.900)
Profit/loss for the year	31.139	(3.897)	25.800	13.400	19.300
Total assets	200.137	181.468	206.000	205.200	291.500
Investments in property, plant and equipment	8.048	2.460	2.900	5.800	3.400
Equity	91.706	82.465	126.898	137.231	170.921
Employees in average	136	131	140	141	166
Ratios					
Gross margin (%)	16,2	16,7	20,4	23,3	22,2
Net margin (%)	14,8	(2,7)	10,9	5,4	7,4
Return on equity (%)	35,8	(3,7)	19,5	8,7	11,3
Equity ratio (%)	45,8	45,4	61,6	66,9	58,6
Revenue per employee	1.546,1	1.111,2	1.685,0	1.748,9	1.574,1

FY 2015 8 month due to change in reporting date from 30. April 2015 to 31. December 2015.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	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.
Revenue per employee	$\frac{\text{Revenue}}{\text{Revenue per employee}}$	The entity's productivity

Management commentary

Primary activities

Triax is an international supplier of innovative, high-tech solutions for reception and distribution of TV, radio and internet. The Company's products and solutions are used by broadcasters, cable operators, local networks and in private homes, among others.

In the following, the name 'Triax' is used as a general name covering all Triax and therefore applies to Triax A/S and all underlying subsidiaries.

Development in activities and finances

During 2016, Triax continued to successfully implement the strategy and improvement projects as defined in connection with the change of ownership in 2015.

Furthermore, as part of the strategy, Triax acquired 100% of the shares of Macnetix GmbH on October 1st 2016. This acquisition was a strategic move to enhance and accelerate Triax' growth in providing TV and Wi-Fi solutions to the hospitality segment. The acquisition is a perfect match of Macnetix' in-depth knowledge of the hospitality market and Triax' broad geographical reach. The financial results of Macnetix has been included from October 1st 2016.

As an integrated part of the strategic implementation Triax strengthened the management at several levels and key functions in Denmark and abroad. This process was initiated in 2015 and continued in 2016. Production processes has been optimized, mainly as a result of the investment into new surface treatment equipment. As planned, the production of antennas was successfully outsourced to China.

During the year, Triax effectively completed the creation of an independent IT function and strengthened the shared service center. A new visual identity was successfully launched and implemented with the new Triax Logo reflecting a connection between the past and the future.

Revenue was strong in the first part of the year due to the French market situation. Later in the year, Brexit and general market unease reduced the pace some. Throughout the year, headend sales have continued to grow.

Late 2016 the first steps of moving into Africa was taken and with a base in South Africa Triax will be focusing on developing this market.

Triax A/S achieved a revenue of DKK 210m in 2016. The change in broadcasting signals in France created an opportunity for increasing sales of reception boxes as well as headends and revenue in the French market grew accordingly. In Germany and Hungary the revenue developed positively and grew compared with 2015. The market situation in the Middle East created a challenging business environment and the revenue for 2016 was negatively impacted by this. In spite of the turmoil brought about from "Brexit" in the UK, Triax UK managed to steer through this and revenue in the UK developed positively in local currency, however the Triax group revenue in DKK was negatively impacted by the drop in the GBP exchange rate. Revenue in 2015 for the Triax group included revenue from Triax China as well as other non-core business contract work. Triax China remained under Nielsen & Nielsen Holding A/S' ownership when Polaris acquired Triax in 2015 and the contract work was discontinued in 2015. All in all, the total revenue for the group developed positively in 2016.

Management commentary

EBITDA before expenses to strategy process amounted to DKK 38.6m, and profit for the year amounted to DKK 31.1m, which is considered acceptable during a year of transition and significant strengthening of the organization.

Employees

The Group had 317 employees at the end of the financial year.

The development in staff is illustrated below:

	Denmark	Rest of the world
Number of employees beginning of year	127	160
Acquisition of Macnetix	0	20
New recruitments in the financial year (gross)	22	27
Dismissals in the financial year (gross)	-14	-25
Number of employees at year-end	135	182

Outlook

The Triax A/S Group expects progress in revenue for the financial year 2017, which is attributed to growth in sales in Austria, Germany, Eastern Europe and Africa among other features. The Enterprise also expects continued progress in sales to the hospitality sector, broadcasters and operators.

The efforts towards development of products and solutions will be further intensified in the coming year. Moreover, efforts in market development are increased on the African continent.

The Board of Directors and the Executive Board wish to thank all members of staff at home and abroad for their committed efforts throughout the year.

Particular risks

The Group's business is not found to be exposed to any particular risks other than those to which the business is usually subject.

Management assesses on a regular basis whether the Triax Group has a sufficient capital structure, and Management assesses on a continuing basis whether the Company's capital structure is consistent with the Company's and its stakeholders' interests. The general objective is to ensure a capital structure that supports long-term and profitable growth.

At 31 December 2016, the Group's net interest-bearing bank debt totals DKK 135m, which is found to be a reasonable level taking into account the current need for financial flexibility.

Management commentary

In connection with the private equity fund Polaris' acquisition of the Triax Group in 2015, part of the purchase price was financed by a loan in Nordea bank. This financing of the purchase price amounts to DKK 65m at 31 December 2016, which is placed in Triax Holding A/S.

It is Management's assessment that the present capital structure provides the necessary flexibility to meet the Company's future strategy.

Statutory report on corporate social responsibility

As a natural continuation of its standards of value, Triax assumes responsibility for its products and production, also when it comes to environmental issues and social conditions.

Environmental and climate change issues

Triax affects environment with production plants in Denmark and the UK, transportation of products and employees and indirectly also with the production sourced out by Triax as well as the use and disposal of products at customers and end-users.

Triax wishes to be an environmentally conscious and responsible enterprise and cooperative partner. To achieve this aim, Triax will contribute to a sustainable development by reducing the volume of waste and energy consumption and by continuously aiming to prevent pollution and improve the environmental conditions in the entire enterprise.

To achieve this aim, Triax A/S takes the following measures:

- Keeping focus on resource consumption and environmental impact in the daily operation and by product development – from the customer's draft to the finished product.
- Communicating internally on efforts in relation to environmental issues.
- Involving, motivating and training employees in the daily work for the environment in order to observe the environment policy.
- Observing current legislation, directives and decisions on environment.
- Organising and maintaining our environmental management system enabling a certification according to DS/EN ISO 14001 at any time.

Triax A/S has been ISO 14001 certified since May 2006.

In 2016 Triax has achieved the following:

- The surface treatment equipment in Denmark was replaced by a new system. This has led to use of less harmful chemicals (eliminated the use of Chrom6) as well as better air quality in the work-space.
- The noise from the surface treatment equipment and compressors was reduced via more extensive use of shielding off the equipment.
- In the Triax UK production, focus has been to reduce the energy consumption by replacing existing light bulbs with LED light bulbs in warehouse areas. In addition, light sensors were installed such that the lights are only turned on when required. There is also focus on the water consumption. Waterheaters have been updated in order to be able to cover additional areas and the number of water supplies have been reduced in order to reduce the amount of still standing water.

Management commentary

- The production in the UK has replaced the previously used oil based absorbing granulate (Oil Dry) with oil absorbing matts that are more environmentally friendly and at the same time provides an improvement of the working environment and less cleaning.
- Triax measures and follows up on our KPI's for energy consumption. In 2016 the power consumption increased in the Danish production with 2% whereas gas and water consumption was reduced with 7% and 11% respectively.

Social aspects

The employees are Triax' absolutely most important resource, and Triax is very conscious of the importance of attracting, retaining and developing the right talents and competences in order to remain competitive. Triax strives to have an international group of employees from various cultures and with different backgrounds.

Moreover, Triax wants to support the employees' health and provide an opportunity for the employees to make healthy choices. In 2016 a new canteen concept and fruit scheme was successfully introduced in Denmark. Further, a large part of the employees in Denmark participated in the annual jogging race, Beringsstafetten. 41% of all employees in Denmark participated in 2016.

The staff association is active and offers social activities for employees throughout the year..

The employee satisfaction is important and Triax has in 2016 carried out an employee satisfaction survey. Follow up with concrete action plans per functional area is ongoing. Going forward, this survey will be repeated every other year and spread out to the entire Triax group.

The employee satisfaction and safety is also measured through the KPI's for work accidents and sick absence. In 2016 the goals and achieved results were:

KPI	2016 goals	2016 status
Work accidents	Maximum 5 in Denmark Maximum 15 in the UK	5 in Denmark 8 in England
Sick absence	Maximum 3,5% in Denmark	2,8% for hourly workers i Denmark 2,2% for white collar employees in Denmark 2,2% for white collar employees in England

Five work accidents in Denmark and 8 in the UK is still 13 too many and Triax continues its efforts to identify and reduce the risk.

Management commentary

Social responsibility for society

Triax supports the UN Global Compact initiative and its ten principles of human rights, labour, environment and anti-corruption. To ensure that these principles are observed in Triax' production areas in Denmark and the UK as well as at the suppliers worldwide, Triax has implemented 14 guiding principles of behavioural codex.

At present, Triax does not have a specific company policy concerning the protection of human rights.

However, in 2017 a CSR group was formed within Triax, with the purpose of, amongst others, creating clear policies and defining actions in relation to human rights, environment and climate.

For additional information, please see: www.triax.com, Quality and Environmental Report.

Statutory report on the underrepresented gender

At Triax, women are underrepresented on the Board of Directors and the Executive Board. In Triax, qualifications always have the highest priority. It is, however, Triax' aim to have an equal representation of men and women on the Board of Directors and the Executive Board soonest possible, yet respecting the pace of which there is an actual need to make changes to the Board of Directors or Executive Board. In 2016, no changes to the Board of Directors or the Executive Board occurred. As a result, the gender composition did not change and the Board of Directors and the Executive Board consist of 13% women and 87% men. It continues to remain the objective to have an equal representation of men and women and Triax strives to find suitable female candidates when recruiting for management positions. In 2017 Triax will work on further specifying policy and actions to obtain this ambition. Triax' goal is to have a minimum share of women on the board of Directors as well as the Executive Board of 40% by 2024 at the latest.

This ambition also applies to the extended management team in the Triax group. This team was changed and expanded in 2016 and the share of women increased from 20% in 2015 to 25% in 2016.

Statutory report on corporate governance report

Triax' Board of Directors and Executive Board always strive to ensure that the Group's management structure and control system remain appropriate and function satisfactorily. Management continuously assesses whether this is the case.

The planning of the Board of Directors and the Executive Board's tasks is based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association as well as normal practice for enterprises of the same size and of the same international scope as the Triax Group. Moreover, in its capacity of an enterprise owned by a private equity fund, the Company acts upon the DVCA guidelines for responsible ownership and corporate governance. On this basis, a number of internal procedures are continuously being developed and maintained, which ensures an active and cost effective management of the Group.

The report on the Triax Group's recommendations and policies is published on the Group's website <http://www.triax.dk/TriaxBasic.aspx>

Management commentary

Recommendations for active ownership and corporate governance for private equity funds

In June 2015, the Danish Venture Capital and Private Equity Association ('DVCA') published updated guidelines for responsible ownership and corporate governance for equity funds and their controlled enterprises.

The guidelines include a description of a number of circumstances in the management commentary, including corporate governance and social responsibility.

As a company owned by a private equity fund, the Triax Group must either act upon these recommendations or explain why the recommendations are not acted upon in part or fully. For further information on DVCA, see www.dvca.dk and <http://www.dvca.dk/index.php/medlemmer/om-kapitalfonde/mere-abenhed-i-kapitalfonde/>

Audit committee

Due to the Company's size, the current dialogue as well as high meeting frequency of the chairmanship, it is not considered necessary to set up an audit committee.

Internal audit

The Triax Group has not found it relevant and appropriate to set up an internal audit.

Risk management

The Board of Directors continuously – and at least once a year – assesses the Triax Group's total risks and the individual risk factors involved in the Company's activities. The Board of Directors adopts guidelines for the key risk areas, follows the development and prepares action plans for reduction and management of the individual risk factors, including financial and business risks, insurance and environmental issues as well as observance of the competition legislation.

Realisation of strategy and targets

It is Triax' opinion that effective risk management and an effective internal control system contribute to reducing strategic risks and business risks, to ensuring observance of current rules and regulations and to ensuring the quality of the basis for Management's decisions and the financial reporting. The Company's strategic choice results in natural risks. It is important that the risks are identified and communicated and that the risks are handled appropriately.

Triax also believes that effective risk management and internal controls are a condition for the top management body and the Executive Board being able to perform the tasks assigned to these bodies. It is therefore important that the top management body ensures that effective risk management and effective internal controls are present.

Financial reporting

The Board of Directors and the Executive Board have the overall responsibility for the Group's risk management and internal controls in connection with the financial reporting process.

The organisational structure and the internal guidelines constitute the control environment together with laws and other rules applicable for the Group. Management regularly evaluates the Group's organisational

Management commentary

structure and staffing and lays down and approves overall policies, procedures and controls as part of the financial reporting process.

In relation to the financial reporting, Management pays special attention to the internal controls in the enterprise's business management system supporting that the financial reporting is conducted satisfactorily.

The Triax Group has established a formal reporting process, which comprises monthly reporting on the individual countries and individual products and which includes budget follow-up, assessment of performance and observance of adopted targets etc.

Business risks

When updating and approving the strategy plan each year, Management also evaluates the business risks. As part of the risk assessment, Management considers, as necessary, the finance, hedging and insurance policies for the Group which have been approved by the Board of Directors.

The Group's primary business risks relate to the Company's ability to maintain a leading position as a supplier of advanced high-quality solutions at competitive prices compared to the general development in the European demand for the enterprise's products and solutions. Triax markets a wide portfolio of products and solutions to a large number of customers in many different markets. Thus, Triax has a very large risk diversification in its revenue.

Triax' risk management, including internal controls relating to the financial reporting process, is designed with a view to minimising the risk of errors and omissions.

The Executive Board is responsible for the risks always being identified, assessed and treated in order to reduce the financial implications and/or the probability that the risks are realised.

Board work

The Board of Directors handles the overall management of the Group, including employment of the Executive Board, establishment of guidelines for and execution of control of the Executive Board's work, ensuring a proper organisation of the Group's business, determination of the philosophy and strategy, as well as an assessment of the propriety of the Group's capital resources.

The Board of Directors of the Triax Group convenes according to a fixed meeting schedule approx. 7 times a year. Normally, the Board of Directors and all members of the EMT (Executive Management Team) participate in all meetings.

The Board of Directors consists of 5 members elected by the general meeting plus 2 members elected by the employees. In the period between the ordinary board meetings, the Board of Directors is continuously briefed in writing on the development in the Company's and the Group's results and financial position, and the Group's chairmanship meets with the Group's Executive Board when necessary. Extraordinary meetings will be convened when necessary.

The Board of Directors can appoint committees for special tasks, but has so far not found any reason to establish fixed committees.

Management commentary

The Board of Directors of the Triax Group ensures that the Executive Board observes all adopted targets, strategies and processes. Once a month, the Executive Board submits a report on the Group's financial position, development in profitability and capital resources. Furthermore, the chairmanship meets with the Executive Board approx. every second month, the participants consisting of the Chairman of the Board of Directors, a member of the Board of Directors and the CEO. Moreover, a strategy day is held annually when the Group's vision, targets and strategy are laid down.

Remuneration of the Board of Directors and the Executive Board

To attract and retain the Group's managerial competences, remuneration of the Board of Directors, Executive Board members and executive staff is determined in consideration of tasks, value creation and conditions in comparable enterprises.

Remuneration of the Board of Directors and the Executive Board has been detailed in a note to the annual report.

Dividend policy

Payment of dividend must take place in consideration of necessary consolidation of equity as basis for the Group's continued development and in consideration of the existing agreements with financing sources.

The Board of Directors recommends to the Annual General Meeting that DKK 25m are paid out as dividends for the financial year 2016.

Ownership and capital structure

Triax A/S is a 100% owned subsidiary of Triax Holding A/S. Triax Holding A/S is ultimately owned by the private equity fund Polaris Private Equity IV K/S with 90% represented by member of the Board of Directors Niels-Christian Worning. The Board of Directors and Management of Triax Holding A/S hold the remaining 10% of the shares. The other members of the Board of Directors are independent but appointed by the owners. The Board of Directors of Triax Holding A/S is the same as the Board of Directors of Triax A/S, which, however, also has two members elected by the employees.

Whistleblower

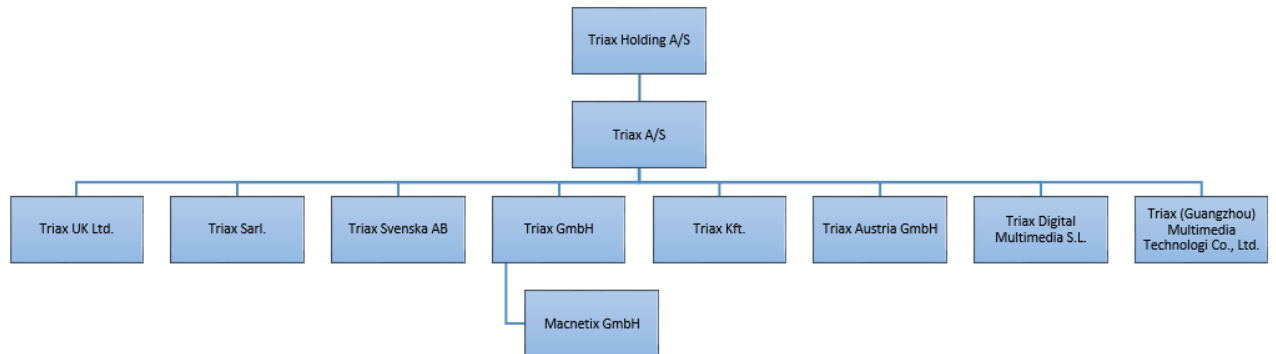
The board has discussed the need for establishing a whistleblower function but has not found this necessary for the time being.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Management commentary

Group Chart



All subsidiaries are 100% owned.

Management commentary

Board members' directorships and executive positions

Board of Directors is made up of chairman Allan Jensen Vestergaard, vice chairman Henrik Hvidtfeldt, Lars Rønn, Jan Johan Kühl, Niels-Christian Worning og director Claus Omann.

Allan Jensen Vestergaard

Member of the Board of:

Triax A/S (chairman)
 Triax Holding A/S (chairman)
 Envidan A/S
 Configit Build A/S (chairman)
 Configit A/S (chairman)
 Configit Holding A/S (chairman)

 Roll-O-Matic A/S
 Logimatic Solutions A/S (chairman)
 Mikkelsen Electronics A/S
 MT Americas, Inc., Virginia, USA
 Zonaar, Inc., California, USA
 EnviGroup A/S
 EnviHold A/S

Member of Executive Board:

Vestergaard Group, Inc., USA

Jan Johan Kühl

Member of the Board of:

Triax A/S
 Mols-Linien A/S
 PWT Group A/S
 Det Danske Madhus A/S
 Avanti WSH A/S
 Inter Primo A/S
 Part Unique ApS
 And several holding companies in connection with Polaris Private Equity

Member of Executive Board:

Business Synergy Group ApS
 Polaris Management A/S
 And several holding companies in connection with Polaris Private Equity

Henrik Hvidtfeldt

Member of the Board of:

Triax Holding A/S (vice chairman)
 Triax A/S (vice chairman)
 Flight4000 (chairman)
 Cbbrain A/S (chairman)
 Xena Networks ApS

Member of Executive Board:

Hvista ApS

Niels-Christian Worning

Member of the Board of:

Triax A/S
 BabySam A/S
 And several holding companies in connection with Polaris Private Equity

Member of Executive Board:

Worning ApS
 And several holding companies in connection with Polaris Private Equity

Lars Rønn

Member of the Board of:

Triax A/S
 Triax Holding A/S
 On Robot A/S
 Merus Audio ApS

Member of Executive Board:

Claus Omann

Member of the Board of:

OJ Electronics A/S
 Stansomatic A/S

Member of Executive Board:

Triax A/S (CEO)
 Triax Holding A/S (CEO)
 Omega invest ApS (CEO)

Income statement for 2016

	Notes	2016 12 month DKK'000	2015 8 month DKK'000
Revenue	1	210.263	145.563
Production costs	2	<u>(176.224)</u>	<u>(121.322)</u>
Gross profit/loss		34.039	24.241
Distribution costs		(11.975)	(8.604)
Administrative costs	2	<u>(21.217)</u>	<u>(16.128)</u>
Operating profit/loss before strategy expenses		847	(491)
Strategy expenses		<u>0</u>	<u>(14.123)</u>
Operating profit/loss after strategy expenses		847	(14.614)
Income from investments in group enterprises		33.177	7.903
Other financial income	3	855	343
Other financial expenses	4	<u>(1.989)</u>	<u>(1.155)</u>
Profit/loss before tax		32.890	(7.523)
Tax on profit/loss for the year	5	<u>(1.751)</u>	<u>3.626</u>
Profit/loss for the year	6	<u>31.139</u>	<u>(3.897)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Plant and machinery		2.397	4.063
Other fixtures and fittings, tools and equipment		7.607	5.215
Leasehold improvements		74	0
Property, plant and equipment in progress		4.233	1.518
Property, plant and equipment	7	14.311	10.796
Investments in group enterprises		84.385	69.838
Deferred tax	9	5.143	4.556
Fixed asset investments	8	89.528	74.394
Fixed assets		103.839	85.190
Raw materials and consumables		11.203	14.813
Work in progress		2.764	3.395
Manufactured goods and goods for resale		27.079	23.047
Inventories		41.046	41.255
Trade receivables		30.283	32.928
Receivables from group enterprises		11.759	16.340
Other receivables	10	10.415	2.726
Prepayments	11	1.577	807
Receivables		54.034	52.801
Cash	12	1.218	2.222
Current assets		96.298	96.278
Assets		200.137	181.468

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		30.000	30.000
Retained earnings		36.706	35.465
Proposed dividend		25.000	17.000
Equity		91.706	82.465
Other provisions	13	3.322	10.028
Provisions		3.322	10.028
Bank loans	14	17.109	17.355
Trade payables		27.021	27.929
Payables to group enterprises		46.010	26.361
Income tax payable		0	1.800
Other payables		14.969	15.530
Current liabilities other than provisions		105.109	88.975
Liabilities other than provisions		105.109	88.975
Equity and liabilities		200.137	181.468
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	30.000	0	35.465	17.000
Ordinary dividend paid	0	0	0	(17.000)
Exchange rate adjustments	0	(3.857)	0	0
Other equity postings	0	3.857	(4.994)	0
Transfer to reserves	0	0	96	0
Profit/loss for the year	0	0	6.139	25.000
Equity end of year	30.000	0	36.706	25.000

	Total DKK'000
Equity beginning of year	82.465
Ordinary dividend paid	(17.000)
Exchange rate adjustments	(3.857)
Other equity postings	(1.137)
Transfer to reserves	96
Profit/loss for the year	31.139
Equity end of year	91.706

Notes

	2016	2015
	DKK'000	DKK'000
1. Revenue		
European countries	173.830	105.915
Other countries	36.433	39.648
	210.263	145.563

	2016	2015
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	57.852	36.607
Pension costs	4.489	2.825
Other social security costs	733	480
	63.074	39.912

Number of employees at balance sheet date	135	127
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Average number of employees	136	131
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	Remunera- tion of manage- ment 2016 DKK'000	Remunera- tion of manage- ment 2015 DKK'000
Board of Directors	120	0
Total amount for management categories	0	2.631
	120	2.631

	2016	2015
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	162	151
Interest income	422	153
Exchange rate adjustments	271	0
Other financial income	0	39
	855	343

Notes

	2016	2015
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	872	237
Interest expenses	1.117	885
Exchange rate adjustments	0	33
	1.989	1.155
	2016	2015
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	1.639	1.682
Change in deferred tax for the year	(229)	(5.308)
Adjustment concerning previous years	341	0
	1.751	(3.626)
	2016	2015
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	25.000	17.000
Retained earnings	6.139	(20.897)
	31.139	(3.897)

Notes

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant and equipment				
Cost beginning of year	77.667	95.248	0	1.518
Transfers	0	299	0	0
Additions	0	5.248	85	7.963
Disposals	0	(525)	0	(5.248)
Cost end of year	77.667	100.270	85	4.233
Depreciation and impairment losses beginning of the year	(73.604)	(90.033)	0	0
Transfers	0	(299)	0	0
Depreciation for the year	(1.666)	(2.737)	(11)	0
Reversal regarding disposals	0	406	0	0
Depreciation and impairment losses end of the year	(75.270)	(92.663)	(11)	0
Carrying amount end of year	2.397	7.607	74	4.233

Notes

	Investment s in group enterprises DKK'000	Deferred tax DKK'000
8. Fixed asset investments		
Cost beginning of year	101.931	4.556
Additions	1.050	587
Disposals	(8)	0
Cost end of year	102.973	5.143
Revaluations beginning of year	(32.093)	0
Exchange rate adjustments	(3.854)	0
Adjustments on equity	(1.137)	0
Share of profit/loss for the year	33.177	0
Dividend	(13.517)	0
Other adjustments	(1.164)	0
Revaluations end of year	(18.588)	0
Carrying amount end of year	84.385	5.143
	2016 DKK'000	2015 DKK'000
9. Deferred tax		
Property, plant and equipment	1.009	43
Inventories	(596)	(596)
Provisions	720	2.536
Tax losses carried forward	4.010	2.573
	5.143	4.556
Changes during the year		
Beginning of year	4.556	
Recognised in the income statement	587	
End of year	5.143	

The company recognises deferred tax assets, including the tax value of loss carry-forwards, where management assesses that the tax assets may be utilized in the foreseeable future or set-off against positive taxable income. The assessment is made annually and is based on budgets and business plans for future years, including planned business initiatives. Key parameters are expected revenue and EBIT development. Tax assets related to carry-forward losses are only recognized, if they are expected to be utilised within 5 years.

Notes

10. Other receivables

The Group hedges currency risks on expected transactions in USD within the first coming year with currency forward contracts.

		Contract Value		Gain and loss recognized on equity	
	<u>Period</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Currency forward contracts	0-6 mdr.	7.522	-	96	-
		7.522	-	96	-

Currency forward contracts are used to hedge the currency risk on purchase of goods in USD and covers 50% of the expected purchase in USD in accordance to the Group's policy.

The fair value is recognized on equity and is expected realized and recognized in the profit and loss statement after the balance sheet date.

11. Prepayments

The prepayments includes deposit and prepaid costs.

12. Cash

Triax A/S is the owner of the Group's cash pool agreement. Triax A/S has recognized the company's part as short term bank loans in the balance sheet.

The total net balance of the Group's cash pool is positive with kDKK 1.297.

13. Other provisions

Other provision includes costs to guarantee 0.8 million DKK, costs for rent 2 million DKK and cost for new logo 0.4 million DKK.

14. Bank loans

Triax A/S is the owner of the Group's cash pool agreement. Triax A/S has recognized the company's part as short term bank loans in the balance sheet.

The total net balance of the Group's cash pool is positive with kDKK 1.297.

Notes

	2016	2015
	<u>DKK'000</u>	<u>DKK'000</u>
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>32.695</u>	<u>35.700</u>

16. Mortgages and securities

Bank loans are secured by way of floating charge registered to the mortgagor of nominal kDKKK 30.000.

The Entity has guaranteed the subsidiaries bankloans. The maximum limit of the guarantee is kDKK 121.000.

As security for bankloans has been mortgaged in unlisted shares of six subsidiaries.

The Entity participates in a Danish joint taxation arrangement with Triax Holding A/S serving as the administration company and therefore jointly and severally liable with its jointly taxed companies for the total income tax from the financial year 2012 and from 1 July 2012 also for obligations, if any, to withhold tax in interest, royalties and dividends for the jointly taxed companies. The total net liability to SKAT appears from the financial statements of Triax Holding A/S.

17. Related parties with controlling interest

Related parties with controlling interest

Triax Holding A/S, Hornsyld Denmark

18. Transactions with related parties

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. Transactions between Triax A/S and related parties are on arm's length terms.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Triax A/S and its group enterprises are included in the consolidated financial statement of Triax Holding A/S.

Changes in accounting policies

In accordance with changes in the Danish Financial Statements Act, the following changes in accounting policies have been implemented:

Defined benefit schemes (pension): actuarial gains or losses, which was previously in the income statement, are from 2016 recognised directly in the equity. This change has an insignificant impact on profit before tax, assets and equity. Comparison figures in the income statement and the balance sheet have been adjusted accordingly.

Apart from this, the accounting policies for the Annual Accounts and Consolidated Annual Accounts remain unchanged in comparison with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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 rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial

Accounting policies

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.

When recognising foreign subsidiaries 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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate 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 classified directly as equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. 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.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation,

Accounting policies

depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

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.

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:

Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. 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 of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Accounting policies

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments as well as decided and published restructuring, etc.

Other provisions are recognised 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.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Provisions are made for costs relating to restructuring that are decided and published.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax

Cash flow statement

Referring to S. 86 (4) of The Danish Financial Statements Act, no cash flow statement has been prepared as the higher-level parent Triax Holding A/S prepare a consolidated cash flow statement in which the Company's cash flow is included.