

TRIAX A/S
Bjørnkærvej 3
8783 Hornsyld
Business Registration No
29119511

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting



Name: Jens Chr. Hesse Rasmussen

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Entity details

Entity

TRIAX A/S
Bjørnkærvej 3
8783 Hornsyld

Central Business Registration No (CVR): 29119511

Registered in: Hedensted

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Allan Jensen Vestergaard, chairman

Henrik Hvidtfeldt

Lars Rønn

Jan Johan Kühl

Niels-Christian Worning

Gitte Olesen

Jørgen Schrøder Jensen

Executive Board

Peter Lyhne Uhrenholt, CEO

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 01.01.2017 - 31.12.2017.

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

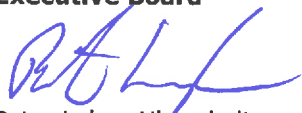
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 22.03.2018

Executive Board



Peter Lyhne Uhrenholt
CEO

Board of Directors



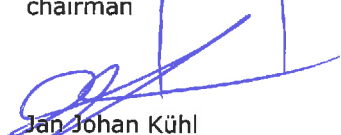
Allan Jensen Vestergaard
chairman



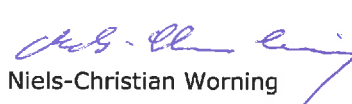
Henrik Hvidtfeldt



Lars Rønn



Jan Johan Kühl



Niels-Christian Worning



Gitte Olesen



Jørgen Schrøder Jensen

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 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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

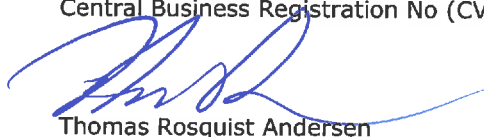
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 22.03.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Thomas Rosquist Andersen

State Authorised Public Accountant

Identification No (MNE) mne31482



Peter Aslak Storgaard

State Authorised Public Accountant

Identification No (MNE) mne33767

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	174,407	210,263	145,563	235,900	246,600
Gross profit/loss	37,121	45,799	24,241	48,100	57,500
EBITDA before strategy expenses	(2,623)	5,382	2,800	21,600	19,700
Strategy expenses	924	0	14,100	0	0
EBITDA after strategy expenses	(3,547)	5,382	(11,300)	21,600	19,700
Operating profit/loss	(9,273)	847	(14,614)	14,000	11,400
Net financials	(3,933)	32,043	7,091	(600)	(700)
Profit/loss for the year	(13,206)	31,139	(3,897)	25,800	13,400
Total assets	173,515	200,137	181,468	206,000	205,200
Investments in property, plant and equipment	727	8,048	2,460	2,900	5,800
Equity	53,136	91,706	82,465	126,898	137,231
Average numbers of employees	140	136	131	140	141
Ratios					
Gross margin (%)	21.3	21.8	16.7	20.4	23.3
Net margin (%)	(7.6)	14.8	(2.7)	10.9	5.4
Return on equity (%)	(18.2)	35.8	(3.7)	19.5	8.7
Equity ratio (%)	30.6	45.8	45.4	61.6	66.9
Revenue per employee	1,245.8	1,546.1	1,111.2	1,685.0	1,748.9

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

2015: 8 month.

Management commentary

Ratios	Calculation formula	Calculation formula reflects
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	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management commentary

Primary activities

TRIAX is an international supplier of reliable and innovative solutions for the reception and distribution of video, audio and data signals. 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 units and therefore applies to Triax A/S and all underlying subsidiaries.

Development in activities and finances

In line with the defined strategy of being a strong technology provider of new unique products to selected major customer and market segments, Triax in 2017 further accelerated investments compared to previous years. As a result, a series of innovations and new products will be launched during 2018 supporting the ongoing transformation of Triax.

In October 2016 Triax acquired the company Macnetix GmbH, which is now fully integrated and consolidated in the financial statement. With the integration of Macnetix, Triax acquired new solutions, customers and a competent and well-recognized organization within the Hospitality market.

Several of the markets in which Triax operates have been challenged during the year. There have been no technical switchovers similar to the market opportunities following the change in broadcasting signals in France during 2016, which had a significant positive revenue impact on Triax. At the same time, many markets are affected by changes in the operator landscape and some markets are seeing a shift towards IP based distribution of TV signals and increased use of streaming. As a consequence of the market challenges, Triax chose to sharpen focus on its core geographical markets in 2017. These developments, along with a declining GBP rate compared to 2016, impacted Triax' business and led to a decline in profit. In response to the market changes, management initiated several organizational restructurings in order to create a leaner, more focused and efficient organization by reducing the cost base, and at the same time to strengthen the organization with resources to support the implementation of the updated strategy. These changes entailed extraordinary one-off restructuring costs for the Triax A/S Group of DKK 10.2m in 2017. The savings will have effect from the beginning of 2018.

At end of 2017, the Sales organization was restructured into two Strategic Business Units, each with its core focus on Products and Solutions, respectively. This will strengthen the sales approach and further support the ongoing strategic transformation of Triax to meet the changing market demands.

Triax A/S revenue was DKK 174.4m in 2017 (2016: DKK 210.3m). Revenue was negatively affected by the lack of extraordinary market opportunities, which characterized 2016.

Triax A/S EBITDA before non-recurring costs amounted to DKK -2.6m (2016: DKK 5.4m), and Triax A/S posted a loss for the year of DKK 13.2m (2016: a profit of DKK 31.1m). The result is considered unsatisfactory and is expected to be improved significantly in 2018.

Employees

The Triax A/S Group had 300 employees at the end of the financial year.

Management commentary

The development in staff is illustrated below:

	Denmark	Rest of the world
Number of employees beginning of year	131	186
Net addition / reduction during the year	4	-21
Number of employees at year-end	135	165

Research and development activities are increased

Triax increased its research and development in 2017, mainly driven by a substantial expansion of the R&D department. This will further strengthen and expand the product and solutions offering and Triax' ability to support customers with highly competitive products and solutions.

The cost is capitalized as there is a direct expectation to market and sell the products and services associated with the development, generating a financial benefit that exceeds the asset capitalized.

As the capitalized asset becomes available for sale, amortization of the value will commence thereby aligning the timing of cost and income related to these new products and technologies.

Outlook for 2018

The Triax A/S Group expects modest revenue growth in 2018 leading to a revenue at the DKK 500m level. This development is expected based on enhanced focus on key product ranges, launch of new product platforms as well as expected growth in several markets. Operating profit is expected to increase due to a shift in product mix as well as a lower cost base.

The efforts towards development of new and updated products and solutions will continue at a high level during 2018. Together with dedicated market focus in the two Strategic Business Units, this will be key steps in the ongoing strategic transformation towards a more technology based product and service offering to meet the changing market demands.

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

Previous years where internal development costs have not met criteria for capitalization and was recognized as expenses in the yearly income statement.

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 to.

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

Management commentary

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 2017, the Group's net interest-bearing bank debt totals DKK 59m, which is found to be a reasonable level taking into account the current need for financial flexibility. At 31 December 2016 it was DKK 70m.

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.

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

In 2017 Triax has achieved the following:

- Triax measures and follows up on our KPI's for energy consumption. In 2017 the power consumption decreased in the Danish production with 9%, due to outsourcing of the aerals production.
- The gas and water consumption was reduced with 14% and 53% respectively, mainly due to a new pretreatment equipment in the painting process.

Social aspects

The employees are Triax' 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 2017 the new canteen concept has proven to be of great value to the employees and significantly more take advantages of the good and healthy offers. Further, 38% of the employees in Denmark participated in the annual jogging race, Beringsstafetten.

Management commentary

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

The employee satisfaction and safety is also measured through the KPI's for work accidents and sick absence. In 2017 the goals and achieved results were:

KPI	2017 goals	2017 status
Work accidents	Maximum 5 in Denmark	2 in Denmark
	Maximum 15 in the UK	4 in England
Sick absence	Maximum 3.5% in Denmark	2.9% for hourly workers in Denmark
		1.39 % for white collar employees in Denmark
		1.64 % for hourly workers in UK
		0.6 % for white collar employees in UK

Two work accidents in Denmark and four in the UK is still six too many, but compared with the 13 in 2016 TRIAX has had progress in identifying and reducing the risk.

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 10 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/About/Certifications.

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

Management commentary

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.

During 2017 a new CEO of Triax was appointed. Various candidates of both genders were considered for the position and the conclusion was that the best candidate as the new CEO was an internal promotion of Mr. Peter Lyhne Uhrenholt. The gender composition has not changed and the Board of Directors and the Executive Board consist of 13% women and 87% men.

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.

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 other management positions. In the hiring process, it is ensured that both genders are equally considered for these positions. At the end of 2017, 33% of international general management positions within Triax are filled by women.

Statutory report on Corporate governance

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 www.triax.com / About / Policies.

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 www.dvca.dk/kapitalfonde/

Management commentary

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 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.

Management commentary

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. 5 times a year. Normally, the Board of Directors and all members of the Executive Board participate in all meetings.

The Board of Directors consists of 5 members elected by the general meeting. 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.

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.

Management commentary

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 no dividends are paid for the financial year 2017.

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 92% represented by member of the Board of Directors Niels-Christian Worning. The Board of Directors and Management of Triax hold the remaining 8% 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

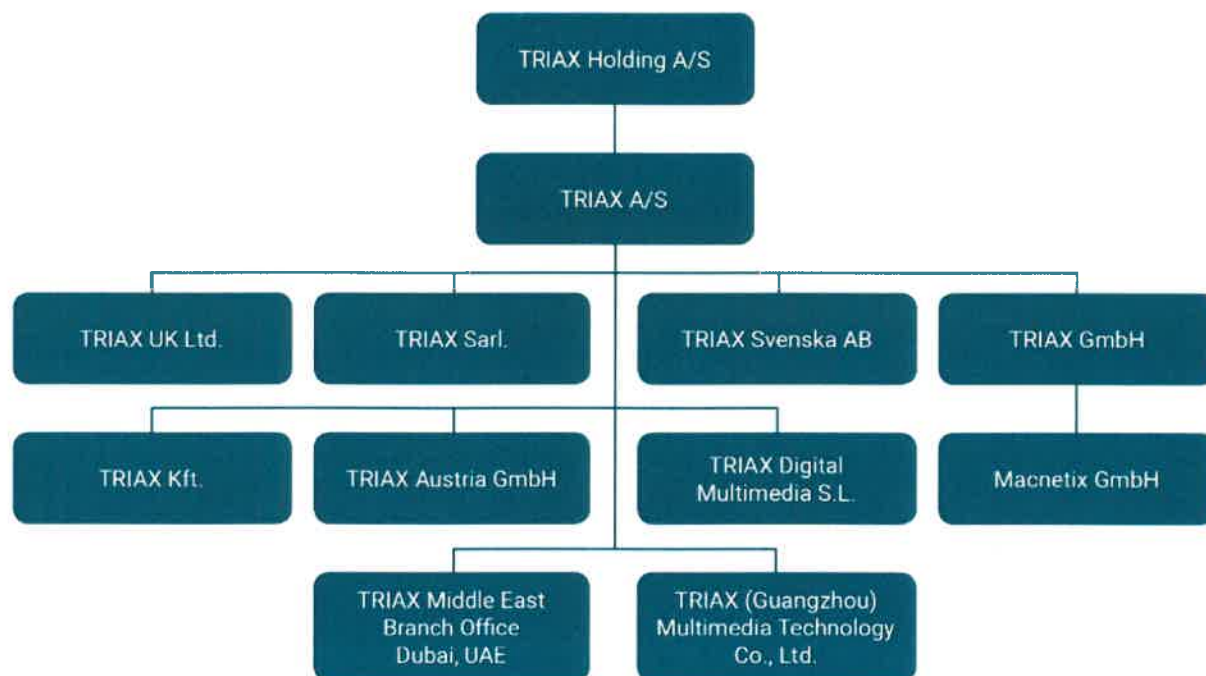
The board has discussed the need for establishing a whistleblower function but has not found this necessary for the time being.

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 Peter Lyhne Uhrenholdt

Allan Jensen Vestergaard

Member of the Board of:
 Triax A/S (chairman)
 Triax Holding A/S (chairman)
 Global Lightning Protection Services A/S (chairman)
 Configit Build A/S (chairman)
 Configit A/S (chairman)
 Configit Holding A/S (chairman)
 Roll-O-Matic A/S
 KH OneStop A/S (chairman)
 Mikkelsen Electronics A/S
 MT Americas, Inc., Virginia, USA
 Zonaar, Inc., California, USA

Member of Executive Board:
 Vestergaard Group, Inc., USA

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

Lars Rønn

Member of the Board of:
 Triax A/S
 Triax Holding A/S
 On Robot A/S
 Merus Audio ApS
 MapsPeople a/s
 KUBO ApS

Member of Executive Board:

Jan Johan Kühl

Member of the Board of:
 Triax A/S
 Molslinjen A/S
 PWT Group A/S
 Det Danske Madhus A/S
 Brøndum Holding A/S
 Brøndum A/S
 Inter Primo A/S
 Part Unique ApS
 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

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

Peter Lyhne Uhrenholt

Member of the Board of:
 Profort A/S

Member of Executive Board:
 Triax A/S (CEO)
 Triax Holding A/S (CEO)
 PLUH af 2015 ApS
 PL Management

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	1	174,407	210,263
Production costs	2	<u>(137,286)</u>	<u>(164,464)</u>
Gross profit/loss		37,121	45,799
Distribution costs	2	(27,326)	(27,860)
Administrative expenses	2	(18,144)	(17,092)
Other operating expenses		<u>(924)</u>	<u>0</u>
Operating profit/loss		(9,273)	847
Income from investments in group enterprises		(1,492)	33,177
Other financial income	3	340	855
Other financial expenses	4	<u>(2,781)</u>	<u>(1,989)</u>
Profit/loss before tax		(13,206)	32,890
Tax on profit/loss for the year	5	<u>0</u>	<u>(1,751)</u>
Profit/loss for the year	6	<u>(13,206)</u>	<u>31,139</u>

Balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Completed development projects		2,000	0
Acquired intangible assets		2,628	0
Development projects in progress		12,808	0
Intangible assets	7	17,436	0
Plant and machinery		4,176	2,397
Other fixtures and fittings, tools and equipment		5,199	7,607
Leasehold improvements		86	74
Property, plant and equipment in progress		456	4,233
Property, plant and equipment	8	9,917	14,311
Investments in group enterprises		64,860	84,385
Deferred tax	10	5,143	5,143
Fixed asset investments	9	70,003	89,528
Fixed assets		97,356	103,839
Raw materials and consumables		10,304	11,203
Work in progress		2,825	2,764
Manufactured goods and goods for resale		20,597	27,079
Inventories		33,726	41,046
Trade receivables		18,689	30,283
Receivables from group enterprises		15,762	11,759
Other receivables	11	3,188	10,415
Prepayments	12	1,105	1,577
Receivables		38,744	54,034
Cash		3,689	1,218
Current assets		76,159	96,298
Assets		173,515	200,137

Balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		30,000	30,000
Reserve for development expenditure		11,550	0
Retained earnings		11,586	36,706
Proposed dividend		0	25,000
Equity		53,136	91,706
Other provisions	13	2,832	3,322
Provisions		2,832	3,322
Bank loans		11,500	0
Non-current liabilities other than provisions		11,500	0
Bank loans	14	20,485	17,109
Trade payables		28,684	27,021
Payables to group enterprises		39,145	46,010
Other payables		17,733	14,969
Current liabilities other than provisions		106,047	105,109
Liabilities other than provisions		117,547	105,109
Equity and liabilities		173,515	200,137
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	30,000	0	0	36,706
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	(1,084)	0	0
Other entries on equity	0	1,528	0	(808)
Transfer to reserves	0	(444)	0	444
Profit/loss for the year	0	0	11,550	(24,756)
Equity end of year	30,000	0	11,550	11,586

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	25,000	91,706
Ordinary dividend paid	(25,000)	(25,000)
Exchange rate adjustments	0	(1,084)
Other entries on equity	0	720
Transfer to reserves	0	0
Profit/loss for the year	0	(13,206)
Equity end of year	0	53,136

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
European countries	148,115	173,830
Other countries	26,292	36,433
	174,407	210,263

	2017	2016
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	65,598	57,852
Pension costs	4,844	4,489
Other social security costs	965	733
	71,407	63,074

Number of employees at balance sheet date	135	131
Average number of employees	140	136

	Remunera- tion of manage- ment 2017 DKK'000	Remunera- tion of manage- ment 2016 DKK'000
Board of Directors	120	120
	120	120

	2017	2016
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	52	162
Other interest income	288	422
Exchange rate adjustments	0	271
	340	855

Notes

	2017	2016
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	833	872
Other interest expenses	1,022	1,117
Exchange rate adjustments	926	0
	2,781	1,989
	2017	2016
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Current tax	0	1,639
Change in deferred tax	0	(229)
Adjustment concerning previous years	0	341
	0	1,751
	2017	2016
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	25,000
Retained earnings	(13,206)	6,139
	(13,206)	31,139
	2017	2016
	DKK'000	DKK'000
7. Intangible assets		
Transfers	2,101	(2,101)
Additions	0	14,909
Cost end of year	2,101	12,808
Amortisation for the year	(101)	0
Amortisation and impairment losses end of year	(101)	0
Carrying amount end of year	2,000	12,808

Completed develop- ment projects DKK'000	Acquired Intangible assets DKK'000	Develop- ment projects in progress DKK'000
2,101	832	(2,101)
0	1,969	14,909
2,101	2,801	12,808
(101)	(173)	0
(101)	(173)	0
2,000	2,628	12,808

Notes

Development projects

Clearly defined and identified development projects are recognized in the balance sheet, and only when there is a direct expectation to market and sell the development or otherwise generate a financial benefit that exceeds the asset capitalized. Other development costs are recognized as expenses in the income statement when they are incurred.

	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
8. Property, plant and equipment				
Cost beginning of year	77,667	100,270	85	4,233
Transfers	2,891	510	0	(4,233)
Additions	0	246	25	456
Disposals	(688)	(9,413)	0	0
Cost end of year	79,870	91,613	110	456
Depreciation and impairment losses beginning of year	(75,270)	(92,663)	(11)	0
Depreciation for the year	(1,112)	(3,164)	(13)	0
Reversal regarding disposals	688	9,413	0	0
Depreciation and impairment losses end of year	(75,694)	(86,414)	(24)	0
Carrying amount end of year	4,176	5,199	86	456

Notes

	Invest- ments in group enterprises DKK'000	Deferred tax DKK'000
9. Fixed asset investments		
Cost beginning of year	102,973	5,143
Cost end of year	102,973	5,143
Revaluations beginning of year	(18,588)	0
Exchange rate adjustments	(1,084)	0
Adjustments on equity	1,528	0
Share of profit/loss for the year	(1,492)	0
Dividend	(18,477)	0
Revaluations end of year	(38,113)	0
Carrying amount end of year	64,860	5,143
	2017	2016
	DKK'000	DKK'000
10. Deferred tax		
Property, plant and equipment	(264)	1,009
Inventories	(422)	(596)
Equity	157	0
Provisions	616	720
Tax losses carried forward	5,056	4,010
	5,143	5,143
Changes during the year		
Beginning of year	5,143	
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

11. Other receivables

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

		Contractual value		Profit and loss recognized on equity	
		2017 DKK'000	2016 DKK'000	2017 DKK'000	2016 DKK'000
	Period				
	0-6				
Currency forward contracts	month	32.702	7.522	(714)	96
		32.702	7.522	(714)	96

Currency forward contracts are used to hedge the currency risk on purchase of goods in USD and CNY and covers 75 % of the expected purchase in USD and CNY 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.

12. Prepayments

The prepayments includes deposit and prepaid costs.

13. Other provisions

Other provision includes costs to guarantee 0.8 million DKK, costs for rent 1.7 million DKK and cost for new logo 0.3 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 tDKK 7.139.

	2017 DKK'000	2016 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	26,686	32,695

16. Assets charged and collateral

Bank loans are secured by way of floating charge registered to the mortgagor of nominal kDKK 40.000.

The Entity has guaranteed the Groups bankloans. The maximum limit of the guarantee is kDKK 127.000.

Notes

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

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 (large).

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

Comparative numbers for production cost, distribution cost and administrative expenses are adjusted for 2016 as the allocation of the depreciation, amortization and operating costs amongst the cost categories were inaccurate. The consequences are the following: Production costs has been changed from DKK 176.224m to DKK 164.464m a reduction of DKK 11.760m. Distribution costs has been changed from DKK 11.975m to DKK 27.860m an increase of DKK 15.885m. Administrative expenses has been changed from DKK 21.217m to DKK 17.092m a reduction of DKK 4.125m. There has been no impact on the profit for the year, the balance, or the equity.

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, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets 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, amortisation of financial liabilities 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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Accounting policies

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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.

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.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value 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

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, returns, loss on contract work in progress, decided and published restructuring, etc.

Accounting policies

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.

Operating leases

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

Other financial liabilities

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

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.