



Deloitte  
Statsautoriseret  
Revisionspartnerselskab  
CVR-nr. 33963556  
Værkmestergade 2  
8000 Aarhus

Telefon 89 41 41 41  
Telefax 89 41 42 43  
www.deloitte.dk

**Triax Holding A/S**  
Bjørnkærvej 3  
8783 Hornsyld  
Central Business Registration  
No 36919620

## **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 Holding A/S  
Bjørnkærvej 3  
8783 Hornsyld

Central Business Registration No: 36919620  
Registered in: Hornsyld  
Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Allan Jensen Vestergaard, president  
Niels-Christian Worning  
Lars Rønn  
Jan Johan Kühl  
Henrik Hvidtfeldt

### Executive Board

Claus Omann

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Værkmestergade 2  
8000 Aarhus

## 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 Holding 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 and cash flows 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



Claus Omann

### Board of Directors



Allan Jensen Vestergaard  
president

Niels-Christian Worning

Lars Rønn

Jan Johan Kühl

Henrik Hvidtfeldt

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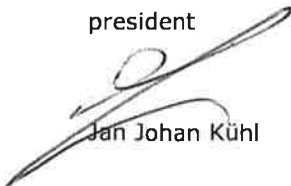
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Claus Omåhn

### Board of Directors

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president



Jan Johan Kühl



Niels-Christian Worning

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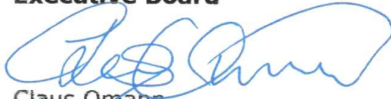
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Claus Omåhn

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president

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Lars Rønn

Jan Johan Kühl



Henrik Hvidtfeldt

# Independent auditor's report

## To the shareholders of Triax Holding A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Triax Holding 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

## Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

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

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

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


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

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

	<b>2016</b>	<b>2015</b>
	<b>12 month</b>	<b>4 month</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>		
<b>Key figures</b>		
Revenue	616.321	212.348
Gross profit/loss	160.300	59.360
EBITDA before strategy expenses	46.075	14.267
Strategy expenses	3.023	2.436
EBITDA after strategy expenses	43.052	11.831
Operating profit/loss	25.301	6.184
Net financials	(10.176)	(3.606)
Profit/loss for the year	14.685	1.320
Total assets	442.185	397.479
Investments in property, plant and equipment	11.419	1.012
Equity	89.198	71.062
Cash flows from (used in) operating activities	26.848	(23.583)
Cash flows from (used in) investing activities	(62.529)	(198.446)
Cash flows from (used in) financing activities	48.279	184.923
<b>Ratios</b>		
Gross margin (%)	26,0	28,0
Net margin (%)	2,4	0,6
Return on equity (%)	18,3	1,9
Equity ratio (%)	20,2	17,9

Financial figures for 2015 only include activity in the last 4 month of the financial year

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

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
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.

## 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 the Group, Triax Holding A/S, 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 Holding A/S achieved a revenue of DKK 616m 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 46.1m, and profit for the year amounted to DKK 14.7m, which is considered acceptable during a year of transition and significant strengthening of the organization.

### Employees

The Group had 320 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	129	160
Acquisition of Macnetix	0	20
New recruitments in the financial year (gross)	23	27
Dismissals in the financial year (gross)	-14	-25
<b>Number of employees at year-end</b>	<b>138</b>	<b>182</b>

### Outlook

The Triax Holding 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	5 in Denmark
	Maximum 15 in the UK	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.compliance.com](http://www.compliance.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 men only. 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**

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.compliance.com>

## 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](http://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. 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 no dividends are paid for the financial year 2016.

### Ownership and capital structure

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

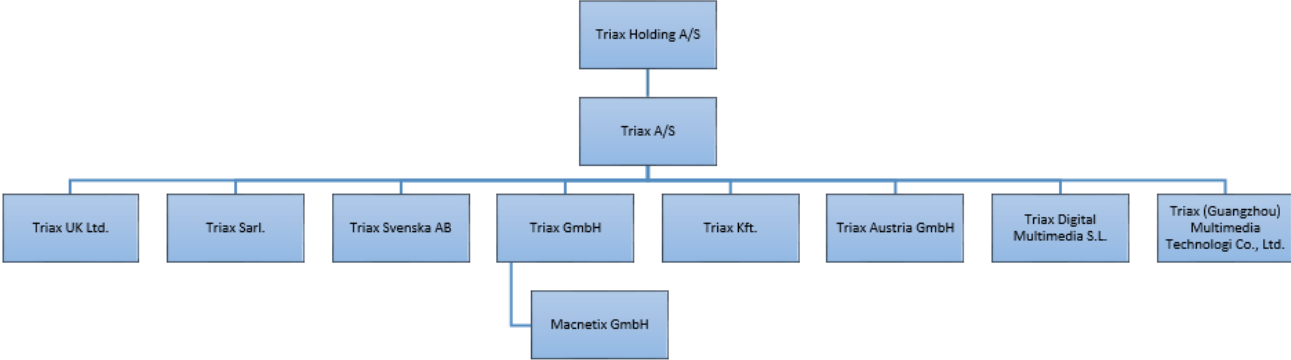
The board has discussed the need for establishing a whistleblower function but has not found this necessary for the time being.

### 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)

## Consolidated Income statement for 2016

	<b>Notes</b>	<b>2016 12 month DKK'000</b>	<b>2015 4 month DKK'000</b>
Revenue	1	616.321	212.348
Production costs	3	(456.021)	(152.988)
<b>Gross profit/loss</b>		<b>160.300</b>	<b>59.360</b>
Distribution costs	3	(88.894)	(30.400)
Administrative costs	2,3	(43.082)	(20.340)
<b>Operating profit/loss before strategy expenses</b>		<b>28.324</b>	<b>8.620</b>
Other operating expenses		(3.023)	(2.436)
<b>Operating profit/loss after strategy expenses</b>		<b>25.301</b>	<b>6.184</b>
Other financial income		2.221	657
Other financial expenses	4	(12.397)	(4.263)
<b>Profit/loss before tax</b>		<b>15.125</b>	<b>2.578</b>
Tax on profit/loss for the year		(440)	(1.258)
<b>Profit/loss for the year</b>	5	<b>14.685</b>	<b>1.320</b>

## Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Acquired rights		497	727
Goodwill		143.184	99.449
<b>Intangible assets</b>	<b>6</b>	<b><u>143.681</u></b>	<b><u>100.176</u></b>
Land and buildings		9.342	9.819
Plant and machinery		3.317	5.149
Other fixtures and fittings, tools and equipment		9.797	5.927
Property, plant and equipment in progress		4.348	1.685
<b>Property, plant and equipment</b>	<b>7</b>	<b><u>26.804</u></b>	<b><u>22.580</u></b>
Other investments		1.771	736
Deferred tax	9	24.774	15.057
<b>Fixed asset investments</b>	<b>8</b>	<b><u>26.545</u></b>	<b><u>15.793</u></b>
<b>Fixed assets</b>		<b><u>197.030</u></b>	<b><u>138.549</u></b>
Raw materials and consumables		10.551	17.990
Work in progress		3.832	3.395
Manufactured goods and goods for resale		102.078	108.007
<b>Inventories</b>		<b><u>116.461</u></b>	<b><u>129.392</u></b>
Trade receivables		103.649	119.329
Other receivables	10	17.866	4.406
Income tax receivable		0	1.730
Contributed capital in arrears	11	578	0
Prepayments		0	807
<b>Receivables</b>		<b><u>122.093</u></b>	<b><u>126.272</u></b>
<b>Cash</b>		<b><u>6.601</u></b>	<b><u>3.266</u></b>
<b>Current assets</b>		<b><u>245.155</u></b>	<b><u>258.930</u></b>
<b>Assets</b>		<b><u>442.185</u></b>	<b><u>397.479</u></b>

## Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		7.386	6.992
Retained earnings		81.812	64.070
<b>Equity</b>		<b>89.198</b>	<b>71.062</b>
Deferred tax	9	116	213
Other provisions	12	19.902	29.440
<b>Provisions</b>		<b>20.018</b>	<b>29.653</b>
Bank loans		78.837	65.000
Payables to shareholders and management		43.010	35.000
Other payables		5.204	0
<b>Non-current liabilities other than provisions</b>	13	<b>127.051</b>	<b>100.000</b>
Current portion of long-term liabilities other than provisions	13	35.230	15.000
Bank loans		29.848	40.102
Trade payables		61.834	78.708
Income tax payable		8.957	4.632
Other payables		70.049	58.322
<b>Current liabilities other than provisions</b>		<b>205.918</b>	<b>196.764</b>
<b>Liabilities other than provisions</b>		<b>332.969</b>	<b>296.764</b>
<b>Equity and liabilities</b>		<b>442.185</b>	<b>397.479</b>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Subsidiaries	18		

## Consolidated statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	6.992	64.070	71.062
Increase of capital	394	7.950	8.344
Exchange rate adjustments	0	(3.861)	(3.861)
Other equity postings	0	(1.032)	(1.032)
Profit/loss for the year	0	14.685	14.685
<b>Equity end of year</b>	<b>7.386</b>	<b>81.812</b>	<b>89.198</b>



## Consolidated cash flow statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Operating profit/loss		25.301	6.184
Amortisation, depreciation and impairment losses		17.751	5.342
Working capital changes	14	2.842	(26.985)
<b>Cash flow from ordinary operating activities</b>		<b>45.894</b>	<b>(15.459)</b>
Financial income received		2.221	657
Financial income paid		(12.575)	(4.263)
Income taxes refunded/(paid)		(8.692)	(4.518)
<b>Cash flows from operating activities</b>		<b>26.848</b>	<b>(23.583)</b>
Acquisition etc of intangible assets		(35)	(353)
Acquisition etc of property, plant and equipment		(10.645)	(657)
Acquisition of fixed asset investments		0	(3)
Acquisition of enterprises		(51.701)	(197.433)
Other cash flows from investing activities		(148)	0
<b>Cash flows from investing activities</b>		<b>(62.529)</b>	<b>(198.446)</b>
Cash increase of capital		8.344	4.423
Contribution of capital		0	65.500
Change in long term liabilities		39.884	115.000
Other cash flows from financing activities		51	0
<b>Cash flows from financing activities</b>		<b>48.279</b>	<b>184.923</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>12.598</b>	<b>(37.106)</b>
Cash and cash equivalents beginning of year		(36.836)	0
Currency translation adjustments of cash and cash equivalents		991	270
<b>Cash and cash equivalents end of year</b>		<b>(23.247)</b>	<b>(36.836)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		6.601	3.266
Short-term debt to banks		(29.848)	(40.102)
<b>Cash and cash equivalents end of year</b>		<b>(23.247)</b>	<b>(36.836)</b>

## Notes to consolidated financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>1. Revenue</b>		
European countries	578.006	185.452
Other countries	38.315	26.896
	<b>616.321</b>	<b>212.348</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>2. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	1.056	715
Tax services	374	89
Other services	218	586
	<b>1.648</b>	<b>1.390</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>3. Staff costs</b>		
Wages and salaries	100.025	35.447
Pension costs	5.718	2.003
Other social security costs	17.178	3.814
	<b>122.921</b>	<b>41.264</b>
Number of employees at balance sheet date	<b>320</b>	<b>289</b>
Average number of employees	<b>321</b>	<b>289</b>
	<b>Remunera- tion of manage- ment 2016 DKK'000</b>	<b>Remunera- tion of manage- ment 2015 DKK'000</b>
Total amount for management categories	2.603	2.631
	<b>2.603</b>	<b>2.631</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	2.808	967
Other financial expenses	9.589	3.296
	<b>12.397</b>	<b>4.263</b>

## Notes to consolidated financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>5. Proposed distribution of profit/loss</b>		
Retained earnings	14.685	1.320
	<b>14.685</b>	<b>1.320</b>
	<b>Acquired</b> <b>rights</b> <b>DKK'000</b>	<b>Goodwill</b> <b>DKK'000</b>
<b>6. Intangible assets</b>		
Cost beginning of year	826	102.757
Addition through business combinations etc	67	0
Exchange rate adjustments	0	4
Transfers	(9)	0
Additions	36	55.513
<b>Cost end of year</b>	<b>920</b>	<b>158.274</b>
Amortisation and impairment losses beginning of year	(99)	(3.308)
Amortisation for the year	(324)	(11.782)
<b>Amortisation and impairment losses end of year</b>	<b>(423)</b>	<b>(15.090)</b>
<b>Carrying amount end of year</b>	<b>497</b>	<b>143.184</b>

## Notes to consolidated financial statements

	<b>Land and buildings DKK'000</b>	<b>Plant and machinery DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
<b>7. Property, plant and equipment</b>				
Cost beginning of year	9.960	5.784	7.086	1.685
Addition through business combinations etc	0	0	708	0
Exchange rate adjustments	(59)	(1)	(75)	0
Transfers	(639)	(68)	0	(744)
Additions	621	104	6.579	8.743
Disposals	0	0	(525)	(5.336)
<b>Cost end of year</b>	<b>9.883</b>	<b>5.819</b>	<b>13.773</b>	<b>4.348</b>
Depreciation and impairment losses beginning of the year	(141)	(635)	(1.159)	0
Exchange rate adjustments	19	12	2	0
Depreciation for the year	(419)	(1.879)	(3.299)	0
Reversal regarding disposals	0	0	480	0
<b>Depreciation and impairment losses end of the year</b>	<b>(541)</b>	<b>(2.502)</b>	<b>(3.976)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>9.342</b>	<b>3.317</b>	<b>9.797</b>	<b>4.348</b>
<b>8. Fixed asset investments</b>				
Cost beginning of year			736	15.057
Addition through business combinations etc			939	0
Exchange rate adjustments			(3)	0
Additions			99	9.717
<b>Cost end of year</b>			<b>1.771</b>	<b>24.774</b>
<b>Carrying amount end of year</b>			<b>1.771</b>	<b>24.774</b>

## Notes to consolidated financial statements

	<b>2016</b> <b>DKK'000</b>
<b>9. Deferred tax</b>	
<b>Changes during the year</b>	
Beginning of year	14.844
Recognised in the income statement	9.814
<b>End of year</b>	<b>24.658</b>

The group 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.

### 10. Other receivables

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

	<u>Period</u>	Contractual value		Profit and loss recognized on equity	
		<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 month	7.522	-	96	-
		<u>7.522</u>	<u>-</u>	<u>96</u>	<u>-</u>

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. Contributed capital in arrears

Contributed capital in arrears relates to the capital increase on 22nd of December 2016. The amount has been paid in 2017.

### 12. Other provisions

Other provisions comprises of warranty obligations, pension obligation and provisions for restructuring etc.

## Notes to consolidated financial statements

	<b>Instalments within 12 months 2016 DKK'000</b>	<b>Instalments within 12 months 2015 DKK'000</b>	<b>Instalments beyond 12 months 2016 DKK'000</b>	<b>Outstanding after 5 years DKK'000</b>
<b>13. Liabilities other than provisions</b>				
Bank loans	33.000	15.000	78.837	11.598
Payables to shareholders and management	0	0	43.010	43.010
Other payables	2.230	0	5.204	0
	<b>35.230</b>	<b>15.000</b>	<b>127.051</b>	<b>54.608</b>

	<b>2016 DKK'000</b>	<b>2015 DKK'000</b>
<b>14. Change in working capital</b>		
Increase/decrease in inventories	9.977	(17.344)
Increase/decrease in receivables	5.692	3.782
Increase/decrease in trade payables etc	(12.827)	(12.354)
Other changes	0	(1.069)
	<b>2.842</b>	<b>(26.985)</b>

	<b>2016 DKK'000</b>	<b>2015 DKK'000</b>
<b>15. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>42.112</b>	<b>47.300</b>

	<b>2016 DKK'000</b>	<b>2015 DKK'000</b>
<b>16. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	0	900
<b>Hereof contingent liabilities to associates</b>	<b>0</b>	<b>900</b>

### 17. Mortgages and securities

Bank loans are secured by way of floating charge registered to the mortgagor of nominal kDKK 70.000.

## Notes to consolidated financial statements

	Registered in	Corpo- rate form	Equity inte- rest %
<b>18. Subsidiaries</b>			
Triax A/S	Denmark	A/S	100,0
Triax UK Ltd.	England	ltd.	100,0
Triax Svenska AB	Sweden	AB	100,0
Triax Kft.	Hungary	Kft.	100,0
Triax Austria GmbH	Austria	GmbH	100,0
Triax Sarl.	France	Sarl.	100,0
Triax GmbH	Germany	GmbH	100,0
Macnetix GmbH	Germany	GmbH	100,0
Triax Digital Multimedia S.L.	Spain	S.L.	100,0
Triax (Guangzhou) Multimedia Technologi Co., Ltd.	China	Ltd.	100,0

## Parent income statement for 2016

	<b>Notes</b>	<b>2016 12 month DKK'000</b>	<b>2015 4 month DKK'000</b>
Administrative costs	1	(6.788)	(1.391)
Other operating income		<u>4.900</u>	<u>1.500</u>
<b>Operating profit/loss before strategy expenses</b>		<b>(1.888)</b>	<b>109</b>
Strategy expenses		<u>(606)</u>	<u>0</u>
<b>Operating profit/loss after strategy expenses</b>		<b>(2.494)</b>	<b>109</b>
Income from investments in group enterprises		20.746	2.812
Other financial expenses	2	<u>(5.060)</u>	<u>(2.022)</u>
<b>Profit/loss before tax</b>		<b>13.192</b>	<b>899</b>
Tax on profit/loss for the year	3	<u>1.493</u>	<u>421</u>
<b>Profit/loss for the year</b>	4	<b><u>14.685</u></b>	<b><u>1.320</u></b>



## Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Investments in group enterprises		180.766	181.914
Deferred tax	6	1.914	421
<b>Fixed asset investments</b>	5	<b>182.680</b>	<b>182.335</b>
<b>Fixed assets</b>		<b>182.680</b>	<b>182.335</b>
Receivables from group enterprises		15.885	5.501
Other receivables		0	212
Contributed capital in arrears	7	578	0
<b>Receivables</b>		<b>16.463</b>	<b>5.713</b>
<b>Cash</b>		<b>183</b>	<b>0</b>
<b>Current assets</b>		<b>16.646</b>	<b>5.713</b>
<b>Assets</b>		<b>199.326</b>	<b>188.048</b>

## Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital	8	7.386	6.992
Retained earnings		81.812	64.070
<b>Equity</b>		<b>89.198</b>	<b>71.062</b>
Bank loans		32.000	65.000
Payables to shareholders and management		43.010	35.000
<b>Non-current liabilities other than provisions</b>	9	<b>75.010</b>	<b>100.000</b>
Current portion of long-term liabilities other than provisions	9	33.000	15.000
Trade payables		385	0
Other payables		1.733	1.986
<b>Current liabilities other than provisions</b>		<b>35.118</b>	<b>16.986</b>
<b>Liabilities other than provisions</b>		<b>110.128</b>	<b>116.986</b>
<b>Equity and liabilities</b>		<b>199.326</b>	<b>188.048</b>
Contingent liabilities	10		
Mortgages and securities	11		
Related parties with controlling interest	12		

## Parent statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluation according to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	6.992	0	64.070	71.062
Increase of capital	394	0	7.950	8.344
Exchange rate adjustments	0	(3.861)	0	(3.861)
Other equity postings	0	(1.032)	0	(1.032)
Profit/loss for the year	0	4.893	9.792	14.685
<b>Equity end of year</b>	<b>7.386</b>	<b>0</b>	<b>81.812</b>	<b>89.198</b>

## Notes to parent financial statements

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	4.981	1.181
Pension costs	332	75
Other social security costs	5	0
	<b>5.318</b>	<b>1.256</b>
Average number of employees	<b>3</b>	<b>2</b>
		<b>Remunera- tion of manage- ment 2016 DKK'000</b>
		2.603
		<b>2.603</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>2. Other financial expenses</b>		
Financial expenses from group enterprises	2.808	967
Interest expenses	2.243	804
Other financial expenses	9	251
	<b>5.060</b>	<b>2.022</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>3. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	(1.493)	(421)
	<b>(1.493)</b>	<b>(421)</b>
	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>4. Proposed distribution of profit/loss</b>		
Transferred to reserve for net revaluation according to the equity method	4.893	0
Retained earnings	9.792	1.320
	<b>14.685</b>	<b>1.320</b>

## Notes to parent financial statements

	<b>Investments in group enterprises DKK'000</b>	<b>Deferred tax DKK'000</b>
<b>5. Fixed asset investments</b>		
Cost beginning of year	222.017	421
Additions	0	1.493
<b>Cost end of year</b>	<b>222.017</b>	<b>1.914</b>
Revaluations beginning of year	(40.103)	0
Exchange rate adjustments	(3.863)	0
Amortisation of goodwill	(10.393)	0
Share of profit/loss for the year	31.140	0
Dividend	(17.000)	0
Other adjustments	(1.032)	0
<b>Revaluations end of year</b>	<b>(41.251)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>180.766</b>	<b>1.914</b>

### 6. Deferred tax

The group 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.

### 7. Contributed capital in arrears

Contributed capital in arrears relates to the capital increase on 22nd of December 2016. The amount has been paid in 2017.

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
<b>8. Contributed capital</b>			
A Class	5.081.202	0,1	508
B Class	3.271.775	0,1	327
C1 Class	48.074.264	0,1	4.808
C2 Class	16.450.736	0,1	1.645
C3 Class	732.095	0,1	73
C4 Class	250.519	0,1	25
	<b>73.860.591</b>		<b>7.386</b>

## Notes to parent financial statements

	<b>Instalments within 12 months 2016 DKK'000</b>	<b>Instalments within 12 months 2015 DKK'000</b>	<b>Instalments beyond 12 months 2016 DKK'000</b>	<b>Outstanding after 5 years DKK'000</b>
<b>9. Liabilities other than provisions</b>				
Bank loans	33.000	15.000	32.000	0
Payables to shareholders and management	0	0	43.010	43.010
	<b>33.000</b>	<b>15.000</b>	<b>75.010</b>	<b>43.010</b>

### 10. Contingent liabilities

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

### 11. Mortgages and securities

#### Collateral securities provided for subsidiaries and group enterprises

The Entity has guaranteed the subsidiaries' debt to Nordea. The maximum limit of the guarantee is kDKK 110.932. The subsidiaries' bank loans amount to kDKK 78.357.

As security for Triax A/S, Triax GmbH and Triax UK Limited's debt to Nordea has been mortgaged in unlisted shares of Triax A/S, nominal kDKK 30.000. The subsidiaries' bank loans amount to kDKK 78.357.

### 12. Related parties with controlling interest

Polaris Private Equity IV K/S, Copenhagen.

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

### Non-comparability

The comparative period includes the company's first financial year and consequently only include 6.5 months and are therefore not directly comparability.

### 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.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

## Accounting policies

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

### Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

### 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 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 and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.



## Accounting policies

### 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 expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, 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 internal profits or losses.

## Accounting policies

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital 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, net capital losses on securities, payables 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

#### Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### 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.

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, but over no more than 20 years.

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:

## Accounting policies

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

Estimated useful lives and residual values are reassessed annually.

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.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually.

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

### Contributed capital in arrears

Contributed capital in arrears consists of capital subscribed, but not paid up, which is recognised as a separate amount receivable in assets and a separate reserve in equity (gross method). The amount receivable is measured at amortised cost.

### Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

### 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 carry forwards, 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.

## Accounting policies

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 on 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. Financing 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.

### 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 calculated on this year's taxable income, adjusted for prepaid tax.

## Accounting policies

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

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

Cash less short-term bank loans.

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