



## Triax Holding A/S

Bjørnkærvej 3  
8783 Hornsyld  
CVR No. 36919620

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 31.05.2021

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**Morten Jørgensen**

Chairman of the General Meeting

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# Entity details

## Entity

Triax Holding A/S

Bjørnkærvej 3

8783 Hornsyld

Business Registration No.: 36919620

Registered office: Hedensted

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Morten Jørgensen, Chairman

Jan Johan Kühl

Lars Rønn

Niels-Christian Worning

## Executive Board

Peter Lyhne Uhrenholt, Director

## 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 Holding A/S for the financial year 01.01.2020 - 31.12.2020

The annual report is presented 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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, 31.05.2021

## Executive Board

**Peter Lyhne Uhrenholt**

Director

## Board of Directors

**Morten Jørgensen**

Chairman

**Jan Johan Kühl**

**Lars Rønn**

**Niels-Christian Worning**

# 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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 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 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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and 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 and 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.

#### **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, 31.05.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Vedel**

State Authorised Public Accountant  
Identification No (MNE) mne10052

**Tommy Schormand Johansen**

State Authorised Public Accountant  
Identification No (MNE) mne44080

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Revenue	390,859	411,085	465,827	493,836	616,321
Gross profit/loss	105,911	114,967	135,915	140,710	176,342
EBITDA before restructuring cost	124	(2,348)	(12,472)	3	46,075
Restructuring cost	(5,004)	(3,892)	(5,096)	(11,643)	(3,023)
Operating profit/loss	(21,384)	(40,180)	(10,687)	(21,314)	25,301
Net financials	(6,515)	(6,285)	(13,337)	(8,959)	(10,176)
Profit/loss for the year	(25,063)	(73,531)	(26,872)	(32,533)	14,685
Balance sheet total	267,609	280,558	345,577	375,793	442,185
Investments in property, plant and equipment	735	1,256	1,143	1,069	16,755
Equity	34,781	49,148	123,805	55,648	89,198
Average number of employees	241	258	293	318	321
<b>Ratios</b>					
Gross margin (%)	27.10	27.97	29.18	28.49	28.61
Net margin (%)	(6.41)	(17.89)	(5.77)	(6.59)	2.38
Return on equity (%)	(59.72)	(85.03)	(29.95)	(44.92)	18.3
Equity ratio (%)	13.00	17.52	35.83	14.81	20.17

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

### Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity



**Equity ratio (%):**

Equity \* 100

Balance sheet total

### 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 – all centered around 'connectivity'.

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

### Development in activities and finances

The Covid-19 crisis had a negative impact on the financial performance in 2020. A number of the TRIAX products, solutions and services are sold to the hospitality segment, which has been under lockdown during the crisis. Consequently, TRIAX has experienced reduced interest in investing in new technologies from this segment, why the growth ambitions for 2020 were not achieved.

Despite the difficult market conditions TRIAX managed to grow sales by 5% year-on-year in the second half of 2020, which is considered satisfactory. TRIAX successfully identified and penetrated new market verticals, launched several new products as well as reinforced focus on the existing product portfolio, which fueled the sales growth.

Revenue was DKK 390.9m in 2020 (2019: DKK 411.1m), where the decline occurred in first half of 2020. EBITDA before non-recurring costs increased to DKK 4.7m (2019: DKK -5m), and TRIAX posted a loss for the year of DKK 27.3m (2019: a loss of DKK 73.5m). The overall result is considered unsatisfactory, but management is pleased to note, that TRIAX managed to improve earnings in the second half 2020 on a year-on-year basis and also significantly improved the operational result.

In order to mitigate the negative impact from the Covid-19 crisis TRIAX has utilised governmental support programs for fiscal support and sent staff on government supported furlough.

In line with the defined strategy of being a strong technology provider of new unique products to selected major customer and market segments, TRIAX continued its investments in core technology platforms in 2020. As a result, a series of innovations and new products were launched during 2020 and more are planned to be launched in 2021. The new TRIAX Compact Head End was launched in Q4 2020, and was well received in the market. With this launch the Group now have a headend that will fulfill the requirements of every installation in size and budget.

In December 2020 TRIAX announced the 50/50 merger agreement with the Spanish company Ikusi Multimedia. The merged Group will enhance the market footprint and regional presence along with a strengthened product portfolio. The merger has come into effect end of Q1 2021.

### Employees

The Group had 236 employees at the end of the financial year.

	<b>Denmark</b>	<b>Rest of the world</b>
Number of employees beginning of year	110	134
Net addition / reduction during the year	-4	-4
<b>Number of employees at year-end</b>	<b>106</b>	<b>130</b>

## Outlook

Based on the positive trend seen in the second half of 2020 and the strong pipeline of internally developed new products, TRIAX initially expects an increase in revenue and earnings in 2021. The merger with Ikusi Multimedia will have a positive impact on revenues in 2021 for the Group, but due to integration expenses, no material impact on earnings in 2021 is forecasted.

TRIAX has entered into a new long term committed financing agreement, which together with the merger with Ikusi Multimedia, will provide a solid platform to continue the ongoing transformation to a stronger market position.

## Particular risks

TRIAX's business is not found to be exposed to any particular risks other than those to which the business is usually subject to. Having said that, 2021 will also be negatively affected by Covid-19 virus in most of its markets.

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 2020, the Group's net interest-bearing bank debt totals DKK 108m (2019 94m). It is Management's assessment that the with new bank agreement as well as the combined strength from the merger, the present capital structure provides the necessary flexibility to meet the Company's future strategy.

## Research and development activities

TRIAX continued its focus on research and development activities in 2020, mainly driven internally by the R&D department. This continue to strengthen and expand the product and solutions offering and TRIAX' ability to support customers with highly competitive products and solutions.

The cost is capitalized in the balance sheet in order to align the cost and income from the new products and technologies.

## 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.

## Business model

TRIAX produces and sources various products related to the reception and distribution of signals for TV, radio and data. The products are sold through subsidiaries, directly to Cable TV (CATV) operators and as well as through various sales channels such as wholesalers. TRIAX also develops products and solutions to the hospitality segment such as hotels and elderly homes. These products and solution are sold through partners.

TRIAX is represented by subsidiaries in Denmark, Sweden, Germany, France, Spain, Austria, Hungary, UK and China. TRIAX also has a branch in Dubai.

## Environmental and climate change issues

TRIAX impacts environment with production plants in Denmark and the UK, transportation of products and employees and indirectly also with the production outsourced by TRIAX as well as the use and disposal of products by customers and end-users.

As TRIAX is aware of the potential risk of impacting the environment from our activities, we wish to be an environmentally conscious and responsible enterprise and cooperative partner. To achieve this, 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 within the entire enterprise.

TRIAX A/S is ISO 14001 certified since May 2006, and this was renewed without comments in 2020.

**Social and employee aspect**

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. TRIAX has a policy for physical and mental health on the work place, and have has clear guidelines for how to handle incidents. The policy is given to all new employees and is easily available for all staff at TRIAX's intranet.

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 2020 the goals and achieved results were:

KPI	2020 goals	2020 status
Work accidents	Maximum 3 in Denmark Maximum 5 in the UK	0 in Denmark 2 in the UK
Sick absence	Maximum 3.5% in Denmark  Maximum 3.5% in the UK	1.6% for hourly workers in Denmark  1.22% for white collar employees in Denmark  1,8% for hourly workers in UK (1 long term ill)  0,2% for white collar employees in UK

Two work accidents in the UK is still two too many, but compared with 13 accidents in 2016, TRIAX has progressed in identifying and reducing the risk.

**Social responsibility for society**

TRIAX supports the UN Global Compact initiative and its ten principles within human rights, labour, environment and anti-corruption. For TRIAX the main risks related to these are connected to sourcing and selling in high risk countries regarding labour, environment and anti-corruption. To mitigate these risks, it is ensured that these principles are observed in TRIAX' production areas in Denmark and the UK as well as at the suppliers worldwide. The codex is an integrated part of the day-to-day business dialog with customers, suppliers and colleagues. TRIAX has seen no violations of the codex during 2020.

We also refer to the Groups CSR-policy for detailed descriptions concerning Human Rights and anti-corruption

[https://www.triax.com/images/Certificates/CSRpolicy-2017FE\\_v2.pdf](https://www.triax.com/images/Certificates/CSRpolicy-2017FE_v2.pdf)

For additional information, please see: [www.triax.com/policies-and-certifications](http://www.triax.com/policies-and-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 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.

The gender composition has not changed and the Board of Directors and the Executive Board continues to consist of men only.

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 through dialog between management, HR and the hiring manager. At the end of 2020, 30% 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.companies.com/policies-and-certifications](http://www.companies.com/policies-and-certifications)

### **Recommendations for active ownership and corporate governance for private equity funds**

In January 2019, 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 partly 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 [www.dvca.dk/kapitalfonde/](http://www.dvca.dk/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 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 high 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 re-sources.

The Board of Directors of the TRIAX Group convenes according to a fixed meeting schedule, typically approx. 5 times per year. Normally, the Board of Directors and all members of the Executive Board participate in all meetings.

The Board of Directors consists of 4 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 such 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. Further-more, the chairmanship meets regularly with the Executive Board and 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 2020.

### **Ownership and capital structure**

TRIAX Holding A/S is ultimately owned by the private equity fund Polaris Private Equity IV K/S with 92,96% represented by member of the Board of Directors Niels-Christian Worning and Jan Johan Kühl. The Board of Directors, Management of TRIAX and former employees hold the remaining 7,04% 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 three members elected by the employees.

**Whistleblower**

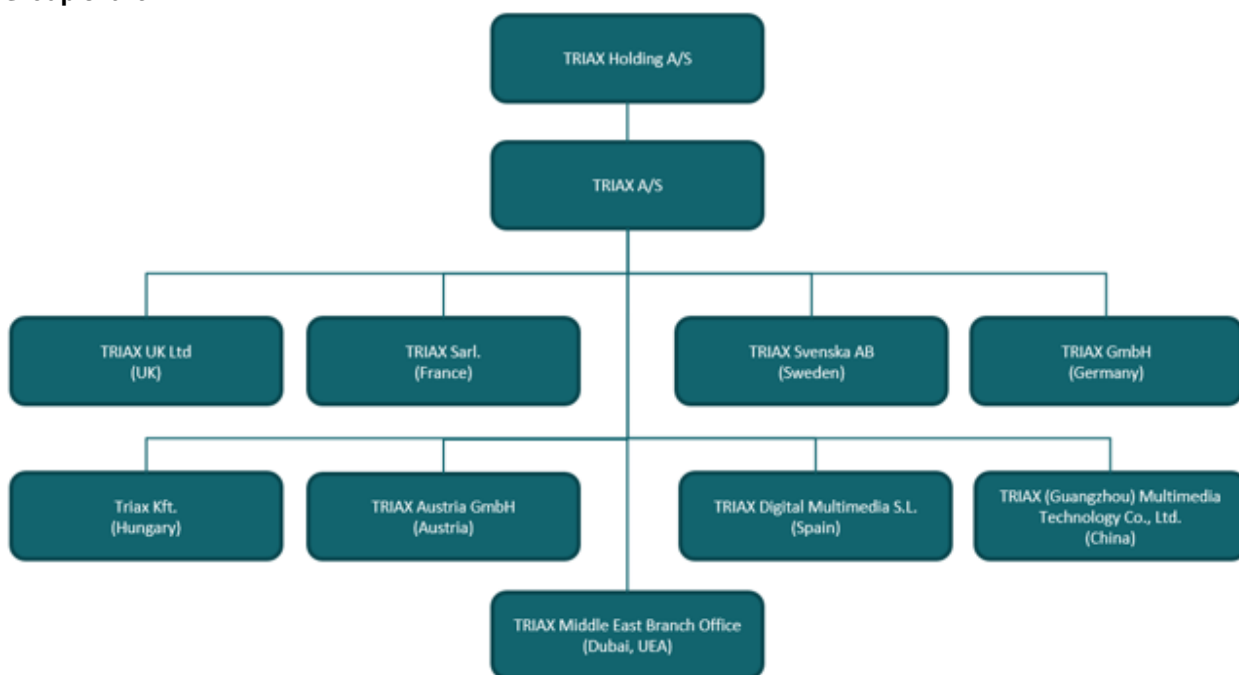
The board has discussed the need for establishing a whistleblower function but has not found this necessary for the time being. Due to new legal requirements the Group intends to have a whistleblower function in place by end 2021.

**Events after the balance sheet date**

By end of March 2021 all relevant approvals have been obtained, and the TRIAX A/S Group is now part of the Trik Holding XXI, S.L.U Group, in which Triax Holding A/S owns 50% of the shares.

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

**Group chart**



All subsidiaries are wholly-owned. By end of March 2021 Triax A/S are owned by Trik Holding XXI, S.L.U



### Board members' directorships and Executive positions

Board of Directors is made up of chairman Morten Jørgensen, Lars Rønn, Jan Johan Kühl, Niels-Christian Worning and director Peter Lyhne Uhrenholt.

<u>Morten Jørgensen</u>	<u>Jan Johan Kühl</u>	<u>Niels-Christian Worning</u>
<p><b>Member of the board of:</b>            TRIAX A/S            TRIAX Holding A/S</p>	<p><b>Member of the board of:</b>            TRIAX Holding A/S            Brøndum Holding A/S            Brøndum A/S            Inter Primo A/S            Part Unique A/S            Advantage Investment Partners A/S            Sinful ApS            Polaris V Invest Fonden (Chairman)            GP af 24. marts 2021 ApS (Chairman)</p> <p>And several holding companies in connection with Polaris Private Equity</p> <p><b>Member of executive board:</b>            Business Synergy Group ApS            Polaris Management A/S            And several holding companies in connection with Polaris Private Equity</p>	<p><b>Member of the board of:</b>            TRIAX A/S            TRIAX Holding A/S            Sinful ApS (Chairman)</p> <p>And several holding companies in connection with Polaris Private Equity</p> <p><b>Member of executive board:</b>            Worning ApS</p> <p>And several holding companies in connection with Polaris Private Equity</p>
<u>Lars Rønn</u>	<u>Peter Lyhne Uhrenholt</u>	
<p><b>Member of the board of:</b>            TRIAX A/S            TRIAX Holding A/S            On Robot A/S            MapsPeople A/S            KUBO Aps            Tentoma A/S            Effimat A/S</p>	<p><b>Member of the board of:</b>            Profort A/S</p> <p><b>Member of executive board:</b>            TRIAX A/S (CEO)            TRIAX Holding A/S (CEO)            PLUH af 2015 ApS            PL Management</p>	

# Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	2	390,859	411,085
Production costs		(284,948)	(296,118)
<b>Gross profit/loss</b>		<b>105,911</b>	<b>114,967</b>
Distribution costs		(77,771)	(82,675)
Administrative expenses	3	(48,322)	(69,849)
Other operating income		3,802	1,269
Other operating expenses		(5,004)	(3,892)
<b>Operating profit/loss</b>		<b>(21,384)</b>	<b>(40,180)</b>
Other financial income	5	0	342
Other financial expenses	6	(6,515)	(6,627)
<b>Profit/loss before tax</b>		<b>(27,899)</b>	<b>(46,465)</b>
Tax on profit/loss for the year	7	2,836	(27,066)
<b>Profit/loss for the year</b>	8	<b>(25,063)</b>	<b>(73,531)</b>

# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Completed development projects	10	29,960	14,105
Acquired rights		1,077	2,600
Goodwill		69,835	83,663
Development projects in progress	10	7,737	18,436
<b>Intangible assets</b>	9	<b>108,609</b>	<b>118,804</b>
Land and buildings		3,813	3,861
Plant and machinery		755	2,928
Other fixtures and fittings, tools and equipment		2,205	2,784
Property, plant and equipment in progress		222	526
<b>Property, plant and equipment</b>	11	<b>6,995</b>	<b>10,099</b>
Other investments		838	862
<b>Financial assets</b>	12	<b>838</b>	<b>862</b>
<b>Fixed assets</b>		<b>116,442</b>	<b>129,765</b>
Raw materials and consumables		9,922	11,587
Work in progress		2,026	3,179
Manufactured goods and goods for resale		58,366	59,284
<b>Inventories</b>		<b>70,314</b>	<b>74,050</b>

Trade receivables	65,999	63,450
Other receivables	5,124	6,686
Tax receivable	2,200	1,042
<b>Receivables</b>	<b>73,323</b>	<b>71,178</b>
<hr/>		
<b>Cash</b>	<b>7,530</b>	<b>5,565</b>
<hr/>		
<b>Current assets</b>	<b>151,167</b>	<b>150,793</b>
<hr/>		
<b>Assets</b>	<b>267,609</b>	<b>280,558</b>
<hr/>		

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Contributed capital	13	18,071	16,886
Translation reserve		(1,462)	0
Retained earnings		18,172	32,262
<b>Equity</b>		<b>34,781</b>	<b>49,148</b>
Other provisions	14	18,516	18,900
<b>Provisions</b>		<b>18,516</b>	<b>18,900</b>
Bank loans		65,868	24,198
Payables to owners and management		0	4,270
<b>Non-current liabilities other than provisions</b>	15	<b>65,868</b>	<b>28,468</b>
Current portion of non-current liabilities other than provisions	15	0	17,180
Bank loans		49,280	57,799
Trade payables		46,123	59,161
Tax payable		254	1,112
Other payables		52,787	48,790
<b>Current liabilities other than provisions</b>		<b>148,444</b>	<b>184,042</b>
<b>Liabilities other than provisions</b>		<b>214,312</b>	<b>212,510</b>
<b>Equity and liabilities</b>		<b>267,609</b>	<b>280,558</b>
Events after the balance sheet date	1		
Staff costs	4		
Unrecognised rental and lease commitments	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Subsidiaries	20		

## Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	16,886	0	32,262	49,148
Increase of capital	1,185	0	10,668	11,853
Exchange rate adjustments	0	(1,462)	0	(1,462)
Other entries on equity	0	0	305	305
Profit/loss for the year	0	0	(25,063)	(25,063)
<b>Equity end of year</b>	<b>18,071</b>	<b>(1,462)</b>	<b>18,172</b>	<b>34,781</b>

# Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		(21,384)	(40,180)
Amortisation, depreciation and impairment losses		20,306	35,209
Working capital changes	16	(7,307)	16,245
<b>Cash flow from ordinary operating activities</b>		<b>(8,385)</b>	<b>11,274</b>
Financial expenses paid		(6,433)	(5,955)
Taxes refunded/(paid)		851	(2,530)
<b>Cash flows from operating activities</b>		<b>(13,967)</b>	<b>2,789</b>
Acquisition etc. of intangible assets		(10,487)	(11,870)
Acquisition etc. of property, plant and equipment		(118)	(636)
Sale of property, plant and equipment		3,100	0
Other cash flows from investing activities		48	296
<b>Cash flows from investing activities</b>		<b>(7,457)</b>	<b>(12,210)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(21,424)</b>	<b>(9,421)</b>
Loans raised		24,704	26,208
Repayments of loans etc.		(8,520)	(17,179)
Cash capital increase		7,500	0
Other cash flows from financing activities		0	(237)
<b>Cash flows from financing activities</b>		<b>23,684</b>	<b>8,792</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>2,260</b>	<b>(629)</b>
Cash and cash equivalents beginning of year		5,565	5,845
Currency translation adjustments of cash and cash equivalents		(295)	349
<b>Cash and cash equivalents end of year</b>		<b>7,530</b>	<b>5,565</b>

Cash and cash equivalents at year-end are composed of:

Cash	7,530	5,565
<b>Cash and cash equivalents end of year</b>	<b>7,530</b>	<b>5,565</b>

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# Notes to consolidated financial statements

## 1 Events after the balance sheet date

By end of March 2021 all relevant approvals have been obtained for at Merger between Triax A/S Group and "Ikusi Electrónica, S.L.U." with a new group owner Trik Holding XXI, S.L.U Group. Triax Holding A/S owns 50% of the shares in Trik Holding XXI, S.L.U Group.

During May, the existing shareholders made a capital increase to the company.

## 2 Revenue

	2020 DKK'000	2019 DKK'000
European countries	364,938	375,762
Middle East	25,639	29,724
Other countries	282	5,599
<b>Total revenue by geographical market</b>	<b>390,859</b>	<b>411,085</b>

## 3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK'000	2019 DKK'000
Statutory audit services	965	922
Other assurance engagements	280	285
Tax services	207	188
	<b>1,452</b>	<b>1,395</b>

## 4 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	96,557	105,771
Pension costs	8,988	5,686
Other social security costs	7,128	13,002
Other staff costs	0	(3,892)
	<b>112,673</b>	<b>120,567</b>
Number of employees at balance sheet date	236	244
Average number of full-time employees	241	258

	Remuneration of manage- ment 2020 DKK'000	Remuneration of manage- ment 2019 DKK'000
Total amount for management categories	3,285	3,069
	<b>3,285</b>	<b>3,069</b>

#### 5 Other financial income

	2020 DKK'000	2019 DKK'000
Other financial income	0	342
	<b>0</b>	<b>342</b>

#### 6 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	0	270
Other interest expenses	6,515	6,357
	<b>6,515</b>	<b>6,627</b>

#### 7 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	(2,836)	2,437
Change in deferred tax	0	24,629
	<b>(2,836)</b>	<b>27,066</b>

#### 8 Proposed distribution of profit/loss

	2020 DKK'000	2019 DKK'000
Retained earnings	(25,063)	(73,531)
	<b>(25,063)</b>	<b>(73,531)</b>

## 9 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	17,820	5,906	159,106	18,436
Exchange rate adjustments	(3)	(3)	(335)	0
Transfers	20,977	35	0	(21,012)
Additions	112	0	61	10,313
<b>Cost end of year</b>	<b>38,906</b>	<b>5,938</b>	<b>158,832</b>	<b>7,737</b>
Amortisation and impairment losses beginning of year	(3,715)	(3,306)	(75,443)	0
Exchange rate adjustments	2	3	111	0
Amortisation for the year	(5,216)	(1,539)	(13,665)	0
Reversal regarding disposals	(17)	(19)	0	0
<b>Amortisation and impairment losses end of year</b>	<b>(8,946)</b>	<b>(4,861)</b>	<b>(88,997)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>29,960</b>	<b>1,077</b>	<b>69,835</b>	<b>7,737</b>

## 10 Development projects

Clearly defined and identified development projects are recognised 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 capitalised. Other development costs are recognised as expenses in the income statement when they are incurred.

Management of TRIAX Holding A/S has conducted impairment tests on the usefulness of the carrying amount of goodwill in the group companies. The test has been carried out by the Senior Management of the Group estimating the expected free cash flow within a 10-year budget and forecast period for the years 2020-2029. The free cash flow after tax is added to a discounted cash flow model ("value in use" principle) to assess the value and goodwill of the Company, which is then compared with the book value of the TRIAX Group.

Determination of the return requirement is calculated at a WACC where the risk-free interest rate is based on the current yield requirement on a 10-year government bond. To this is added a risk premium depending on the individual industry and geography, as well as the Company's capital structure, based on a peer group that is the market perspective on an optimal capital structure. The growth rate for extrapolating cash flow for businesses in the years 2025-2029 is set at 0%.

TRIAX continues to transition from a product business to a solution business and has a product portfolio that is prepared to benefit from the increased demand world-wide for data transmission and stable broadcasting equipment. Growth rate in the overall revenue is 2%-6% with increasing margins from transitioning to higher margin products. The future growth can be achieved on the current cost base.

Additionally, as part of the merger process in 2020 a third party valuation of the Group has been made, and based on that the book value of goodwill has been deemed recoverable.

## 11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	4,757	7,160	17,806	526
Exchange rate adjustments	(277)	(33)	(51)	0
Transfers	88	109	345	(542)
Additions	292	200	5	238
Disposals	0	(2,054)	(58)	0
<b>Cost end of year</b>	<b>4,860</b>	<b>5,382</b>	<b>18,047</b>	<b>222</b>
Depreciation and impairment losses beginning of year	(896)	(4,232)	(15,022)	0
Exchange rate adjustments	51	30	34	0
Depreciation for the year	(202)	(427)	(912)	0
Reversal regarding disposals	0	2	58	0
<b>Depreciation and impairment losses end of year</b>	<b>(1,047)</b>	<b>(4,627)</b>	<b>(15,842)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>3,813</b>	<b>755</b>	<b>2,205</b>	<b>222</b>

## 12 Financial assets

	Other investments DKK'000
Cost beginning of year	862
Exchange rate adjustments	316
Additions	39
Disposals	(379)
<b>Cost end of year</b>	<b>838</b>
<b>Carrying amount end of year</b>	<b>838</b>

### 13 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Aktieklasser A	5,173,702	0,1	518
Aktieklasser B	3,364,275	0,1	336
Aktieklasser C1	48,074,264	0,1	4,807
Aktieklasser C2	16,450,736	0,1	1,645
Aktieklasser C3	732,095	0,1	73
Aktieklasser C4	250,519	0,1	25
Aktieklasser D	11,280,085	0,1	1,128
Aktieklasser E	33,354,754	0,1	3,336
Aktieklasser F	50,179,078	0,1	5,018
Aktieklasser G	11,853,672	0,1	1,185
	<b>180,713,180</b>		<b>18,071</b>

### 14 Other provisions

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

### 15 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Bank loans	17,180	65,868	26,038
	<b>17,180</b>	<b>65,868</b>	<b>26,038</b>

### 16 Changes in working capital

	2020 DKK'000	2019 DKK'000
Increase/decrease in inventories	2,515	3,534
Increase/decrease in receivables	(1,856)	13,840
Increase/decrease in trade payables etc.	(7,966)	(1,129)
	<b>(7,307)</b>	<b>16,245</b>

### 17 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	20,208	27,114

### 18 Assets charged and collateral

Bank loans are secured by way of floating charge registered to the mortgagor of nominal DKK 80,000k. The floating charge covers all assets not otherwise charged.

As security for bank loans, unlisted shares of Triax A/S have been mortgaged of nominal DKK 30,000k.

### 19 Non-arm's length related party transactions

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.

### 20 Subsidiaries

	Registered in	Corporate form	Ownership %
Triax A/S	Danmark	A/S	100
Triax UK Ltd.	England	ltd.	100
Triax Svenska AB	Sweden	AB	100
Triax Kft.	Hungary	Kft.	100
Triax Austria GmbH	Austria	GmbH	100
Triax Sarl.	France	Sarl.	100
Triax GmbH	Germany	GmbH	100
Triax Digital Multimedia S.L.	Spanien	S.L.	100
Triax (Guangzhou) Multimedia Technologi Co., Ltd.	China	Ltd.	100

## Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Administrative expenses		(9,045)	(7,934)
Other operating income		5,400	5,400
<b>Operating profit/loss</b>		<b>(3,645)</b>	<b>(2,534)</b>
Income from investments in group enterprises		(24,247)	(68,805)
Other financial income		2	1
Other financial expenses	3	(91)	(279)
<b>Profit/loss before tax</b>		<b>(27,981)</b>	<b>(71,617)</b>
Tax on profit/loss for the year	4	2,918	(1,914)
<b>Profit/loss for the year</b>	5	<b>(25,063)</b>	<b>(73,531)</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		32,621	44,129
<b>Financial assets</b>	6	<b>32,621</b>	<b>44,129</b>
<b>Fixed assets</b>		<b>32,621</b>	<b>44,129</b>
Receivables from group enterprises		2,752	11,878
<b>Receivables</b>		<b>2,752</b>	<b>11,878</b>
<b>Cash</b>		<b>2,345</b>	<b>256</b>
<b>Current assets</b>		<b>5,097</b>	<b>12,134</b>
<b>Assets</b>		<b>37,718</b>	<b>56,263</b>



**Equity and liabilities**

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		18,071	16,886
Retained earnings		16,710	32,262
<b>Equity</b>		<b>34,781</b>	<b>49,148</b>
Payables to owners and management		0	4,270
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>4,270</b>
Trade payables		304	1,803
Payables to group enterprises		0	2
Other payables		2,633	1,040
<b>Current liabilities other than provisions</b>		<b>2,937</b>	<b>2,845</b>
<b>Liabilities other than provisions</b>		<b>2,937</b>	<b>7,115</b>
<b>Equity and liabilities</b>		<b>37,718</b>	<b>56,263</b>

Events after the balance sheet date	1
Staff costs	2
Contingent liabilities	7
Assets charged and collateral	8
Related parties with controlling interest	9
Transactions with related parties	10

# Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	16,886	0	32,262	49,148
Increase of capital	1,185	0	10,668	11,853
Exchange rate adjustments	0	(1,462)	0	(1,462)
Other entries on equity	0	305	0	305
Transfer to reserves	0	1,157	(1,157)	0
Profit/loss for the year	0	0	(25,063)	(25,063)
<b>Equity end of year</b>	<b>18,071</b>	<b>0</b>	<b>16,710</b>	<b>34,781</b>

# Notes to parent financial statements

## 1 Events after the balance sheet date

For Management's comments on subsequent events refer to the notes to the consolidated financial statements.

## 2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	4,644	4,441
Pension costs	465	350
Other social security costs	10	12
	<b>5,119</b>	<b>4,803</b>
Number of employees at balance sheet date	<b>3</b>	<b>3</b>
Average number of full-time employees	<b>3</b>	<b>3</b>

	Remuneration of manage- ment 2020 DKK'000	Remuneration of manage- ment 2019 DKK'000
Total amount for management categories	776	728
	<b>776</b>	<b>728</b>

## 3 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	84	270
Other interest expenses	3	2
Other financial expenses	4	7
	<b>91</b>	<b>279</b>

## 4 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Change in deferred tax	0	1,914
Adjustment concerning previous years	(2,918)	0
	<b>(2,918)</b>	<b>1,914</b>

## 5 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	(25,063)	(73,531)
	<b>(25,063)</b>	<b>(73,531)</b>

## 6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	222,017
Additions	13,895
<b>Cost end of year</b>	<b>235,912</b>
Revaluations beginning of year	(165,388)
Exchange rate adjustments	(1,462)
Amortisation of goodwill	(8,069)
Share of profit/loss for the year	(16,180)
Other adjustments	308
<b>Revaluations end of year</b>	<b>(190,791)</b>
Impairment losses beginning of year	(12,500)
<b>Impairment losses end of year</b>	<b>(12,500)</b>
<b>Carrying amount end of year</b>	<b>32,621</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement with Triax Holding A/S serving as the administration company and, therefore, the Entity is 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.

## 8 Assets charged and collateral

The Entity has guaranteed the subsidiaries bank loans. The maximum limit of the guarantee is DKK 125,040k.

As security for bank loans, unlisted shares of Triax A/S have been mortgaged of nominal DKK 30,000k.

### **9 Related parties with controlling interest**

Related parties with controlling interest:

Polaris Private Equity IV K/S, Copenhagen.

### **10 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 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 (large).

## 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.

## 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' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

### 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. 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 recognised directly in 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.

### 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: 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, and 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 writedown 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., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

#### Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for

administration of the Entity.

**Other operating income**

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

**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 dividends etc. received on other investments, 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, and 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 or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

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



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

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:

Buildings	40-50 years
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.

### **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.

### **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, depreciation 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.

### **Tax payable or receivable**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Additional payments from and repayments to members**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed

### **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.

### **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**

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 at year end consists of cash less short-term bank loans.