

**Trox Group AB (publ)**  
Hillerstorp, the 17<sup>th</sup> of August 2021



# TROAX EQUALS SAFETY

## **A SAFE FUTURE STARTS EVERY DAY**

Safety means everything to us. We keep people, property and processes safe. It is our reason of being and the very purpose of this company. Our products are made of high-quality steel to keep what matters most out of harm's way.

Troax is the global market leader in metal-based mesh solutions for machine guarding, warehouse partitioning and property protection. We protect people from injuries and machinery as well as goods from getting damaged in everyday work.

Troax Group AB (publ), Reg. No. 556916-4030, is a global organization with an unparalleled sales force and an efficient logistics setup, enabling local presence and short delivery times. We are represented in 42 countries and employ around 975 people. Our headquarters is located in Hillerstorp, Sweden. In 2020, Troax net sales amounted to 164 MEUR.

Stay safe with Troax, today and tomorrow.

[troax.com](https://troax.com)

[troaxgroup.org](https://troaxgroup.org)

## INTERIM REPORT JANUARY- JUNE 2021

### All time high in the quarter

#### APRIL - JUNE

- Order intake increased by 84 percent to 69,3 (37,7) MEUR. Adjusted for currency and acquisitions the increase was 59 percent compared with the same period last year.
- Sales increased by 88 percent to 67,5 (35,9) MEUR. Adjusted for currency and acquisitions, sales increased by 68 percent compared to the same period last year.
- Operating profit increased to 15,4 (6,4\*) MEUR.
- Operating margin increased to 22,8 (17,8) percent.
- Financial net was -0,2 (-0,2) MEUR.
- Profit after tax increased to 11,6 (4,7) MEUR.
- Earnings per share after dilution amounted to 0,19 (0,08) EUR.

#### JANUARY - JUNE

- Order intake increased by 63 percent to 133,8 (82,3) MEUR. Adjusted for currency and acquisitions the increase was 43 percent compared with the same period last year.
- Sales increased by 59 percent to 122,2 (76,7) MEUR. Adjusted for currency and acquisitions, sales increased by 42 percent compared to the same period last year.
- Operating profit increased to 26,4 (12,9\*) MEUR.
- Operating margin increased to 21,6 (16,8) percent.
- Financial net was -0,4 (-0,4) MEUR.
- Profit after tax increased to 20,0 (9,5) MEUR.
- Earnings per share after dilution amounted to 0,33 (0,16) EUR.

\* Operating profit in the second quarter 2020 contains government subsidies of 1,3 MEUR due to the Corona pandemic. The subsidies have been reported on the line "Other operating income and expenses".

### TROAX GROUP FIGURES

MEUR	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months	12 Months
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019	Jul-Jun 2020/2021
Order intake	69,3	37,7	133,8	82,3	178,4	168,1	229,9
Sales	67,5	35,9	122,2	76,7	163,6	168,0	209,1
Gross profit	25,5	13,7	47,1	29,0	64,2	67,1	82,3
Gross margin, %	37,8	38,2	38,5	37,8	39,2	39,9	39,4
Operating profit	15,4	6,4	26,4	12,9	30,8	32,9	44,3
Operating margin, %	22,8	17,8	21,6	16,8	18,8	19,6	21,2
Profit after tax	11,6	4,7	20,0	9,5	23,2	24,3	33,7
EBITDA 1)	17,8	8,2	31,2	16,5	38,5	38,9	53,2
EBITDA margin, % 1)	26,4	22,8	25,5	21,5	23,5	23,2	25,4
Net debt / EBITDA					1,4	1,3	
Earnings per share after dilution in EUR	0,19	0,08	0,33	0,16	0,39	0,41	0,56
Closing rate SEK/EUR	10,12	10,48	10,12	10,48	10,04	10,45	10,22
Earnings per share after dilution in SEK. 2)	1,96	0,82	3,37	1,66	3,88	4,23	5,74

1) EBITDA is impacted by IFRS 16 (approx. 0,8-1,0 MEUR per quarter in decreased leasing costs).

2) Earnings per share after dilution in SEK, is calculated based on result in Euro at Closing rate SEK/EUR.

## CEO COMMENTS

Troax increased order intake by 59 percent organically during the quarter, which means a continued strong increase in volumes and activities. Including our newly acquired company in Poland, the corresponding figure for the second quarter will be 84 percent. These figures include a positive price effect that can be estimated at about 5 percent. However, this significant increase is compared against a corresponding quarter in 2020, which was negatively affected by the effects of the Corona virus situation. Accumulated, the corresponding figures are 43 percent organic and 63 percent including acquisitions and currency. Here, the price effect can be estimated at about 3 percent. The activity in the quarter was better than expected and is characterized by a continued strong order intake mainly from larger customers in automated warehouses (driven by the need for increased e-commerce solutions) but also pleasingly, the start of a return to previous higher activity levels for small and medium-sized customers. We also note this quarter a somewhat higher level of activity from the automotive sector, although this can far from be described as a good level. In general, we would describe market demand as very strong, driven by a return to normal levels after Corona, as well as some catch-up effects from some customers, who now have to reduce their previous backlogs caused by the pandemic.

During the quarter, our production units had a very good utilization rate, which is also reflected in the stable operating profit for the period. The significant increase in volumes during the second quarter has meant that the units have had to make every effort to meet our commitments. Pleasingly, they have managed this very meritoriously, even though it has led to increased costs in the form of overtime and hiring of staff. We also had some negative impact on late deliveries of raw materials during this quarter, which affected planning and efficiency, but we have largely succeeded in keeping customers indemnified against these delays. During the quarter, we also experienced continued sharp increases in the steel price in particular, which we mainly compensated for with our customers pricing. However, there is a certain lag in price increases for customers, which has a negative effect on the quarter's margin. We expect continued price increases for steel during the third quarter and there is a risk that it will continue into next year before a stabilization occurs.

It is particularly gratifying that the development has remained positive in terms of order intake in North America, but our European operations also show good figures for the quarter. If we look at the sales for the quarter, we can also highlight good increases in the UK and our New markets.

Our new acquisition, Natom Logistic in Poland, also showed continued good development during the quarter, both in terms of order intake and earnings. During the first half of the year, we have invested in a new building in Poland outside Poznan, where we envisage that today's two production units will be merged into one large one in 2021/22. The integration work has gained new momentum as lock downs have now largely disappeared.

The gross margin is positively affected by good capacity utilization and sales prices have, with some lag, continued to increase during the quarter. The costs are judged to be under control and together with the good sales volume, this means that Troax delivers an all-time high result in the quarter.

In total, this means that the operating profit for the quarter amounted to 15,4 MEUR with a margin of approximately 22,8 percent. Accumulated operating profit amounts to 26,4 MEUR, which gives a margin of 21,6 percent compared with 16,8 percent the previous year. Net profit amounts to 11,6 MEUR for the quarter, compared with 4,7 MEUR the previous year. No major changes have taken place regarding the development of working capital compared with the previous year, apart from the acquisition of our Polish company during the fourth quarter of 2020. We are still somewhat high in terms of inventory value, but at present this is something that increases security in our operations. After the end of the quarter, we acquired ABB's operations in aluminium protection, which strengthens Troax' product offering, especially in Europe and North America.

**Thomas Widstrand, President and CEO**

## THE GROUP SUMMARY

### APRIL – JUNE

The total order intake increased in the period compared with the corresponding period last year. Order intake amounted to 69,3 (37,7) MEUR, an increase of 84 percent. Adjusted for currency fluctuations and acquisitions, the increase was 59 percent. All markets increased their order intake during the period compared with the corresponding period last year.

Net sales amounted to 67,5 (35,9) MEUR, an increase of 88 percent. Adjusted for currency fluctuations and acquisitions, the increase was 68 percent. All Markets increased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 15,4 (6,4\*) MEUR, corresponding to an operating margin of 22,8 (17,8) percent.

### JANUARY – JUNE

The total order intake increased in the period compared with the corresponding period last year. Order intake amounted to 133,8 (82,3) MEUR, an increase of 63 percent. Adjusted for currency fluctuations and acquisitions, the increase was 43 percent. All markets increased their order intake during the period compared with the corresponding period last year.

Net sales amounted to 122,2 (76,7) MEUR, an increase of 59 percent. Adjusted for currency fluctuations and acquisitions, the increase was 42 percent. All Markets increased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 26,4 (12,9\*) MEUR, corresponding to an operating margin of 21,6 (16,8) percent.

*\* Operating profit in the second quarter 2020 contains government subsidies of 1,3 MEUR due to the Corona pandemic. The subsidies have been reported on the line "Other operating income and expenses".*

### FINANCIAL NET

For the second quarter of 2021, financial net amounted to -0,2 (-0,2) MEUR and to -0,4 (0,4) MEUR for the first 6 months of 2021.

### TAXES

The tax expense was -3,6 (-1,5) MEUR for the second quarter and -6,0 (-3,0) MEUR for the first 6 months of 2021.

### NET RESULT

Net result for the second quarter amounted to 11,6 (4,7) MEUR and 20,0 (9,5) MEUR for the first 6 months of 2021.

### CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 9,4 (9,6) MEUR for the second quarter and 12,4 (11,2) MEUR for the first six months of 2021. Net debt including the impact from IFRS 16 was 63,2 (43,1) MEUR. Net debt in relation to the 12-month rolling EBITDA was 1,2 (1,1) to be compared with the company's financial target of less than 2,5. Dividend to shareholders of 12,0 (6,0) MEUR was charged to the second quarter's cash flow this year, while the dividend for 2020 took place during the third quarter.

### INVESTMENTS

During the second quarter, investments were 2,0 (2,2) MEUR and 8,1 (4,3) MEUR for the first 6 months of 2021. The year's investments mainly relate to the investment in a new building in Poland.

## REGIONAL DEVELOPMENT

Troax operations are reported as one segment. As secondary information Order intake and Sales are reported based on geographical regions.

Nordic – Sweden, Denmark, Norway and Finland

Continental Europe – Europe excluding Nordic and United Kingdom

United Kingdom – Great Britain and Ireland

North America – US and Canada

New Markets – rest of the world including all distributors directly connected to Sweden

Order intake MEUR	3 Months			6 Months			12 Months			12 Months Jul-Jun 2020/2021
	Apr-Jun 2021	Apr-Jun 2020	Diff	Jan-Jun 2021	Jan-Jun 2020	Diff	Jan-Dec 2020	Jan-Dec 2019	Diff	
Continental Europe	28,2	18,2	55%	53,0	40,5	31%	81,0	90,6	-11%	93,5
Nordic region	8,3	6,9	20%	15,7	13,8	14%	26,2	26,1	0%	28,1
United Kingdom	5,1	4,3	19%	14,4	11,0	31%	24,1	19,4	24%	27,5
North America	15,2	5,8	162%	26,7	12,5	114%	31,3	24,2	29%	45,5
New Markets	3,2	2,5	28%	7,7	4,5	71%	9,2	7,8	18%	12,4
<b>Total excl Currency</b>	<b>60,0</b>	<b>37,7</b>	<b>59%</b>	<b>117,5</b>	<b>82,3</b>	<b>43%</b>	<b>171,8</b>	<b>168,1</b>	<b>2%</b>	<b>207,0</b>
Currency effect	-0,9	0,0	-2%	-1,8	0,0	-2%	-0,9	0,0	-1%	-2,7
Order intake acquisitions	10,2	0,0	27%	18,1	0,0	22%	7,5	0,0	4%	25,6
<b>Total Order intake</b>	<b>69,3</b>	<b>37,7</b>	<b>84%</b>	<b>133,8</b>	<b>82,3</b>	<b>63%</b>	<b>178,4</b>	<b>168,1</b>	<b>6%</b>	<b>229,9</b>

Total Sales MEUR	3 Months			6 Months			12 Months			12 Months Jul-Jun 2020/2021
	Apr-Jun 2021	Apr-Jun 2020	Diff	Jan-Jun 2021	Jan-Jun 2020	Diff	Jan-Dec 2020	Jan-Dec 2019	Diff	
Continental Europe	24,4	17,8	37%	46,6	40,3	16%	82,7	88,7	19%	89,0
Nordic region	7,7	6,1	26%	13,4	12,0	12%	25,2	26,6	-5%	26,6
United Kingdom	9,5	4,7	102%	17,3	9,6	80%	19,0	20,7	-8%	26,7
North America	14,3	5,2	175%	24,9	10,7	133%	24,9	24,5	2%	39,1
New Markets	4,3	2,1	105%	6,7	4,1	63%	8,9	7,5	19%	11,5
<b>Total excl Currency</b>	<b>60,2</b>	<b>35,9</b>	<b>68%</b>	<b>108,9</b>	<b>76,7</b>	<b>42%</b>	<b>160,7</b>	<b>168,0</b>	<b>-4%</b>	<b>192,9</b>
Currency effect	-0,9	0,0	-3%	-1,7	0,0	-2%	-0,8	0,0	0%	-2,5
Sales acquisitions	8,2	0,0	23%	15,0	0,0	20%	3,7	0,0	2%	18,7
<b>Total Sales</b>	<b>67,5</b>	<b>35,9</b>	<b>88%</b>	<b>122,2</b>	<b>76,7</b>	<b>59%</b>	<b>163,6</b>	<b>168,0</b>	<b>-3%</b>	<b>209,1</b>

\* Note that we report organic growth excluding currency effect.

## THE GROUP - SUMMARY

### INCOME STATEMENT

MEUR	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months	12 Months
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019	Jul-Jun 2020/2021
<b>Sales</b>	67,5	35,9	122,2	76,7	163,6	168,0	209,1
Cost of goods sold	-42,0	-22,2	-75,1	-47,7	-99,4	-100,9	-126,8
<b>Gross profit</b>	25,5	13,7	47,1	29,0	64,2	67,1	82,3
Sales expenses	-7,3	-5,6	-14,1	-12,2	-23,5	-23,9	-25,4
Administrative expenses	-3,2	-2,6	-6,5	-5,0	-10,7	-9,7	-12,2
Other operating income and expenses	0,4	0,9	-0,1	1,1	0,8	-0,6	-0,4
<b>Operating profit</b>	15,4	6,4	26,4	12,9	30,8	32,9	44,3
Financial income and expenses	-0,2	-0,2	-0,4	-0,4	-0,7	-0,9	-0,7
<b>Result after financial expenses</b>	15,2	6,2	26,0	12,5	30,1	32,0	43,6
Taxes	-3,6	-1,5	-6,0	-3,0	-6,9	-7,7	-9,9
<b>Net result for the period</b>	11,6	4,7	20,0	9,5	23,2	24,3	33,7
Earnings per share before / after dilution	0,19 €	0,08 €	0,33 €	0,16 €	0,39 €	0,41 €	0,56 €
Number of shares before / after dilution in thousands	60 000	60 000	60 000	60 000	60 000	60 000	60 000

### STATEMENT OF COMPREHENSIVE INCOME

	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months	12 Months
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019	Jul-Jun 2020/2021
<b>Net result for the period</b>	11,6	4,7	20,0	9,5	23,2	24,3	33,7
<b>Other comprehensive income:</b>							
<b>Items that may be reclassified to the income statement</b>							
Translation differences	1,2	4,7	-0,1	-0,7	2,1	-0,7	2,7
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	1,2	4,7	-0,1	-0,7	2,1	-0,7	2,7
<b>Items that will not be reclassified to the income statement</b>							
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	0,0	0,0	-0,2	-0,6	-0,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,1	0,0
	0,0	0,0	0,0	0,0	-0,2	-0,5	-0,2
<b>Other comprehensive income, net of tax</b>	1,2	4,7	-0,1	-0,7	1,9	-1,2	2,5
<b>Total comprehensive income for the period</b>	12,8	9,4	19,9	8,8	25,1	23,1	36,2
<b>EBITDA</b>	15,4	6,4	26,4	12,9	30,8	32,9	44,3
<b>Depreciations</b>	2,4	1,8	4,8	3,6	7,7	6,0	8,9
<b>EBITDA</b>	17,8	8,2	31,2	16,5	38,5	38,9	53,2

1) EBITDA is impacted by IFRS 16 (0,8-1,0 MEUR in decreased leasing costs per quarter).

## STATEMENT OF FINANCIAL POSITION

MEUR	2021 30-jun	2020 30-jun	2020 31-dec	2019 31-dec
<b>Assets</b>				
Intangible assets	95,7	88,3	95,1	87,3
Tangible assets	57,2	41,3	51,5	41,8
Financial fixed assets	5,8	6,3	6,3	6,2
<b>Total fixed assets</b>	<b>158,7</b>	<b>135,9</b>	<b>152,9</b>	<b>135,3</b>
Inventories	25,1	15,0	18,0	14,5
Current receivables	58,3	34,9	41,2	40,0
Cash and cash equivalents	22,8	35,0	32,5	30,4
<b>Total current assets</b>	<b>106,2</b>	<b>84,9</b>	<b>91,7</b>	<b>84,9</b>
<b>TOTAL ASSETS</b>	<b>264,9</b>	<b>220,8</b>	<b>244,6</b>	<b>220,2</b>
<b>Equity and liabilities</b>				
Equity	121,9	103,7	114,0	95,7
Long-term liabilities *	30,8	89,9	100,5	91,3
Current liabilities *	112,2	27,2	30,1	33,2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>264,9</b>	<b>220,8</b>	<b>244,6</b>	<b>220,2</b>
Net debt	63,2	43,1	52,6	49,1

\* Loans from credit institutions are reported as current liabilities in the balance sheet for Q2 2021 as the current agreement matures within 12 months after the balance sheet date. Negotiations on a new loan agreement are ongoing and are expected to be completed during the second half of 2021.

## CASH FLOW STATEMENT

MEUR	3 Months 2021 30-jun	3 Months 2020 30-jun	6 Months 2021 30-jun	6 Months 2020 30-jun	12 Months 2020 31-dec	12 Months 2019 31-dec
<b>Operating profit</b>	<b>15,4</b>	<b>6,4</b>	<b>26,4</b>	<b>12,9</b>	<b>30,8</b>	<b>32,9</b>
Interest received and paid, tax paid and adjustments	-3,0	1,2	-3,0	-0,4	-1,7	-0,6
Changes in working capital	-3,0	2,0	-11,0	-1,3	-2,8	-3,4
<b>Cash flow from operating activities</b>	<b>9,4</b>	<b>9,6</b>	<b>12,4</b>	<b>11,2</b>	<b>26,3</b>	<b>28,9</b>
Net investments	-2,0	-2,2	-8,1	-4,3	-14,8	-8,6
<b>Cash flow after investing activities</b>	<b>7,4</b>	<b>7,4</b>	<b>4,3</b>	<b>6,9</b>	<b>11,5</b>	<b>20,3</b>
Financing activities	-12,9	-0,7	-14,0	-2,3	-9,5	-12,2
<b>Cash flow for the period</b>	<b>-5,5</b>	<b>6,7</b>	<b>-9,7</b>	<b>4,6</b>	<b>2,0</b>	<b>8,1</b>
Cash and cash equivalents at the start of the period	28,3	28,3	32,5	30,4	30,4	22,7
Translation difference in cash and cash equivalents	0,0	0,0	0,0	0,0	0,1	-0,4
<b>Cash and cash equivalents at the end of the period</b>	<b>22,8</b>	<b>35,0</b>	<b>22,8</b>	<b>35,0</b>	<b>32,5</b>	<b>30,4</b>



## PARENT COMPANY – SUMMARY

INCOME STATEMENT	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Dec 2019
<b>MEUR</b>						
<b>Sales</b>	0,2	0,3	0,4	0,6	0,8	1,2
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
<b>Gross profit</b>	0,2	0,3	0,4	0,6	0,8	1,2
Administrative expenses	-0,6	-0,5	-1,2	-1,0	-1,7	-1,8
Other operating income and expenses	0,1	0,0	0,0	-0,2	-0,2	-0,2
<b>Operating profit</b>	-0,3	-0,2	-0,8	-0,6	-1,1	-0,8
Financial income and expenses	7,6	-0,3	8,5	-0,1	2,9	10,0
<b>Result after financial expenses</b>	7,3	-0,5	7,7	-0,7	1,8	9,2
Year-end appropriations	0,0	0,0	0,0	0,0	-0,4	7,4
<b>Profit before tax</b>	7,3	-0,5	7,7	-0,7	1,4	16,6
Taxes	0,1	0,1	0,1	0,2	-0,2	-1,6
<b>Net result for the period</b>	7,4	-0,4	7,8	-0,5	1,2	15,0

### STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	7,4	-0,4	7,8	-0,5	1,2	15,0
Other comprehensive income, net of tax	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total comprehensive income for the period</b>	7,4	-0,4	7,8	-0,5	1,2	15,0

### STATEMENT OF FINANCIAL POSITION

MEUR	30-jun 2021	30-jun 2020	31-dec 2020	31-dec 2019
<b>Assets</b>				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	22,2	14,0	21,2	23,5
<b>Total fixed assets</b>	109,9	101,7	108,9	111,2
Receivables to subsidiaries	0,0	9,7	5,0	9,7
Current receivables	0,9	0,6	0,4	0,4
Cash and cash equivalents	0,0	6,2	0,0	0,0
<b>Total current assets</b>	0,9	16,5	5,4	10,1
<b>TOTAL ASSETS</b>	110,8	118,2	114,3	121,3
<b>Equity and liabilities</b>				
Equity	33,5	41,9	37,6	43,2
Untaxed reserves	7,0	6,5	7,0	6,5
Long-term liabilities *	0,0	69,0	0,0	69,0
Current liabilities *	70,3	0,8	0,7	2,6
<b>TOTAL EQUITY AND LIABILITIES</b>	110,8	118,2	45,3	121,3

\* Loans from credit institutions are reported as current liabilities in the balance sheet for Q2 2021 as the current agreement matures within 12 months after the balance sheet date. Negotiations on a new loan agreement are ongoing and are expected to be completed during the second half of 2021.

CASH FLOW STATEMENT	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
	2021	2020	2021	2020	2020	2019
<b>MEUR</b>	30-jun	30-jun	30-jun	30-jun	31-dec	31-dec
Operating profit before financial items	-0,3	-0,2	-0,8	-0,6	-1,1	-0,8
Interest paid and received, taxes, adjustments	-0,1	0,0	0,6	0,0	-0,7	9,6
Change in working capital	0,1	-0,6	0,2	7,6	8,6	0,6
<b>Cash flow from continuing operations</b>	-0,3	-0,8	0,0	7,0	6,8	9,4
Investments	0	0,0	0	0,0	0	0,0
<b>Cash flow from investment activities</b>	-0,3	-0,8	0,0	7,0	6,8	9,4
Cash flow from financing activities	0	0,0	0	-0,8	-6,8	-9,4
<b>Cash flow for the period</b>	-0,3	-0,8	0,0	6,2	0,0	0,0
Cash and cash equivalents at the beginning of the period	0,3	7,0	0,0	0,0	0,0	0,0
Translation difference	0,0	0,0	0,0	0,0	0,0	0,0
<b>Cash and cash equivalents at the end of the period</b>	0,0	6,2	0,0	6,2	0,0	0,0

## FINANCIAL TARGETS

Troax Group's financial targets connected to the company's strategic initiatives are presented below. All expressed opinions in this part are future orientated.

<b>Growth</b>	Troax's objective is to grow in its current markets, both organically and by selective acquisitions
<b>Profitability</b>	Troax's target is to have an operating margin in excess of 20 per cent.
<b>Financial structure</b>	Net debt in relation to the 12-month rolling EBITDA, excluding temporary deviations, shall not exceed 2,5 times.
<b>Dividend policy</b>	Troax's target is to pay approximately 50 per cent of its net profit in dividends. The dividend proposal shall consider Troax's long-term development potential, its financial position and its investment needs.

The financial targets represent future oriented information. Future oriented information shall not be considered as guarantees for future result or development. The actual result may and can materially vary from what is expressed in the future oriented information.

## OTHER INFORMATION

### ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities. The Accounting principles that have been applied coincide with those accounting principles used for preparing the latest Annual Report. The Annual Report for 2020 is available on [www.troax.com](http://www.troax.com).

### ALTERNATIVE KEY RATIOS

In this interim report, Troax presents certain financial measures that are not defined by IFRS, so-called alternative key ratios. The Group believes that these measures provide valuable supplementary information to investors as they enable an evaluation of the company's results and position. Since not all companies calculate financial measurements in the same way, these are not always comparable to those used by other companies. Investors should consider these financial measures as a complement rather than an IFRS financial statement. Troax uses the following alternative key figures:

#### Organic growth

As a large proportion of the Group's sales take place in currencies other than the reporting currency (Euro), the Group's sales are evaluated on the basis of its organic sales growth, which enables separate evaluations of the effect of acquisitions / divestments and currency effects.

Total Sales MEUR	3 Months Apr-Jun			6 Months Jan-Jun			12 Months Jan-Dec			12 Months Jul-Jun
	2021	2020	Diff	2021	2020	Diff	2020	2019	Diff	2020/2021
Organic sales / growth	60,2	35,9	68%	108,9	76,7	42%	160,7	168,0	-4%	192,9
Currency effect	-0,9	0,0	-3%	-1,7	0,0	-2%	-0,8	0,0	0%	-2,5
Sales from acquisitions	8,2	0,0	23%	15,0	0,0	20%	3,7	0,0	2%	11,9
<b>Total Sales</b>	<b>67,5</b>	<b>35,9</b>	<b>88%</b>	<b>122,2</b>	<b>76,7</b>	<b>59%</b>	<b>163,6</b>	<b>168,0</b>	<b>-3%</b>	<b>202,3</b>

#### Net debt / EBITDA

Troax's definition of net debt is the sum of interest-bearing liabilities excluding pension liabilities less cash and cash equivalents. As of January 1, 2019, leasing liabilities are also included. Net debt is used by Group management to monitor and analyze the debt development in the Group and evaluate the Group's refinancing needs. Net debt compared with EBITDA provides a key figure for net debt in relation to cash-generating operating results, which gives an indication of the business' ability to pay its debts.

## OTHER INFORMATION (CONT.)

MEUR	Jun 2021	Jun 2020	Dec 2020	Dec 2019
Short term loans	69,0	0,0	0,0	0,0
Long term loans	0,0	69,0	69,0	69,0
Liabilities for leases (IFRS 16)	16,9	9,1	16,1	10,5
Total debt	85,9	78,1	85,1	79,5
cash	22,8	35,0	32,5	30,4
<b>Net debt</b>	<b>63,1</b>	<b>43,1</b>	<b>52,6</b>	<b>49,1</b>
12 month rolling EBITDA	53,2	38,0	38,6	38,9
<b>Net debt / EBITDA</b>	<b>1,2</b>	<b>1,1</b>	<b>1,4</b>	<b>1,3</b>

### RISKS AND RISK MANAGEMENT

Exposure to risks is a natural part of business operations and this reflects Troax's approach to risk management. This aims to identify and prevent the occurrence of risks and to limit any damage from these risks. The most significant risks to which the Group is exposed are related to the cyclical impact on demand. For further information, see the Management Report and Note 26 in the Annual Report 2020.

### SEASONAL VARIATIONS

Seasonal variations have some impact on Troax business. Sales are normally in general stable between the quarters but can fluctuate between the months in the quarter. Sales can be somewhat lower in the summer months (July-August) and from December to January. In periods of high production, the company normally ties up more money in Working Capital. Cash is then released from working capital after a high season when manufactured goods are installed and the customer's receivables paid.

### TRANSACTIONS WITH RELATED PARTIES

No significant transactions with related parties have taken place during the period.

### EMPLOYEES

At the end of the period the Group had 1 055 (750) employees.

### OTHER EVENTS DURING THE QUARTER

There is no other significant information to report for the quarter.

### OTHER EVENTS AFTER THE QUARTER

After the end of the quarter, we acquired ABB's operations in aluminium protection, which strengthens Troax' product offering, especially in Europe and North America.

### AUDIT

This report has not been reviewed by the auditors.

### NEXT REPORTS

Interim report Q3 2021, 26<sup>th</sup> of October 2021

### TELEPHONE CONFERENCE

Invitation to presentation of the second quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 17<sup>th</sup> of August 2021 at 16:00 CET. The conference will be held in English. For more information, please refer to

<https://www.troax.com/global/en/press>

Hillerstorp 2021-08-17

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President and CEO

Anders Mörck  
Chairman

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**Troax Group AB (publ)**  
Hillerstorp, 17<sup>th</sup> of August 2021

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