

**Troax Group AB (publ)**  
Hillerstorp, the 13<sup>th</sup> of August 2020

# FOR A SAFER TOMORROW



FOR US SAFETY IS ABOUT BEING ONE STEP AHEAD. WE TEST OUR PRODUCTS TO ENSURE HIGH QUALITY AND SAFETY TO BE ABLE TO OFFER THE BEST ON THE MARKET REGARDLESS OF WHAT YOUR SAFETY NEEDS ARE, WE CREATE SOLUTIONS TO MEET YOUR REQUESTS AND NEEDS FOR A SAFER TOMORROW.

#### **ABOUT TROAX**

Troax is the leading global supplier of indoor perimeter protection (“metal-based mesh panel solutions”) for the market segments: Machine guarding, Warehouse partitioning and Property protection.

Troax develops high quality and innovative safety solutions to protect people, property and processes.

Troax Group AB (publ), Reg. No. 556916-4030, has a global organisation with an unparalleled sales force and efficient logistics setup, enabling local presence and short delivery times in 42 countries. In 2019 Troax net sales amounted to around 168 MEUR and the number of employees amounted to about 700 persons.

The Company’s head office is located in Hillerstorp, Sweden.

[www.troax.com](http://www.troax.com)

## INTERIM REPORT JANUARY- JUNE 2020

### APRIL - JUNE

- Order intake decreased by 19 percent to 37,7 (46,6) MEUR. Adjusted for currency the decrease was 19 percent.
- Sales decreased organically by 15 percent to 35,9 (42,3) MEUR. Adjusted for currency the decrease was 15 percent.
- Operating profit decreased to 6,4 (8,5) MEUR.
- Operating margin decreased to 17,8 (20,1) percent.
- Financial net was -0,2 (-0,2) MEUR.
- Profit after tax decreased to 4,7 (6,3) MEUR.
- Earnings per share after dilution amounted to 0,08 (0,11) EUR.
- Due to Corona, the Group received government subsidies in the USA and the UK during the quarter at the amount of 1,3 MEUR. The subsidies have been reported on the line "Other operating income and expenses".

### JANUARY - JUNE

- Order intake decreased by 5 percent to 82,3 (86,3) MEUR. Adjusted for currency the decrease was 5 percent.
- Sales decreased organically by 6 percent to 76,7 (81,4) MEUR. Adjusted for currency the decrease was 6 percent.
- Operating profit decreased to 12,9 (14,4) MEUR.
- Operating margin decreased to 16,8 (17,7) percent.
- Financial net was -0,4 (-0,4) MEUR.
- Profit after tax decreased to 9,5 (10,6) MEUR.
- Earnings per share after dilution amounted to 0,16 (0,18) EUR.
- Due to Corona, the Group received government subsidies in the USA and the UK during the period at the amount of 1,3 MEUR. 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 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Jan-Dec 2018	Jul-Jun 2019/2020
Order intake	37,7	46,6	82,3	86,3	168,1	165,0	164,1
Sales	35,9	42,3	76,7	81,4	168,0	161,0	163,3
Gross profit	13,7	17,1	29,0	31,6	67,1	63,6	64,5
Gross margin, %	38,2	40,4	37,8	38,8	39,9	39,5	39,5
Operating profit	6,4	8,5	12,9	14,4	32,9	32,8	31,4
Operating margin, %	17,8	20,1	16,8	17,7	19,6	20,4	19,2
Profit after tax	4,7	6,3	9,5	10,6	24,3	24,4	23,2
EBITDA 1)	8,2	10,0	16,5	17,3	38,9	35,6	38,1
EBITDA margin, % 1)	22,8	23,6	21,5	21,3	23,2	22,1	23,3
Net debt / EBITDA					1,3	1,3	
Earnings per share after dilution in EUR 2)	0,08	0,11	0,16	0,18	0,41	0,41	0,39
Closing rate SEK/EUR	10,48	10,56	10,48	10,56	10,45	10,29	10,66
Earnings per share after dilution in SEK. 2,3)	0,82	1,11	1,66	1,87	4,23	4,18	4,12

1) The 2019 and 2020 numbers are impacted by IFRS 16 (0,7-0,8 MEUR per quarter in decreased leasing costs).

2) Earnings per share for all periods is calculated based on 60 000 00 shares after the split 3:1 on June 19th 2019

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

## CEO COMMENTS

Troax reduced order intake by 19 percent during a very turbulent quarter. It was expected order intake would decrease during the quarter as the Corona impact hit with full force from the end of March. In general, customers have been cautious about placing new orders, and they have concentrated on completing / executing projects that had already been placed. In many cases, customers' staff have been laid off or engaged at home, meaning projects have been 'automatically' delayed with responsible personnel not being in place. However, the trend was positive during the quarter, where April was the low point in both activities and order intake. This has since gradually improved later in the quarter. We stand by what we previously indicated, that the second and third quarters will be affected by clearly lower activities in the market due to obvious Corona effects.

Despite the decline in orders compared to the same quarter in 2019 (which was a strong quarter), Troax has continued to take important project business, primarily in automated warehouse solutions aimed at e-commerce. There has been some activity in the automotive industry where we received some notable smaller orders. What seems to have been most negatively affected during the second quarter are smaller orders from small and medium-sized customers, where these customers probably had shorter order books compared with larger customers. As is well known, Troax is late in the business cycle but was significantly affected during the second quarter.

Due to government decisions, we also had to close our units in Chicago USA and Birmingham UK for most of April and May, and this of course affected both order intake and earnings. We received government support to avoid redundancies in these factories. Operations at the units in Hillerstorp, Sweden, and Bulciago, Italy, continued as usual during this period, even though production volumes were lower than normal. Helped by the good order intake we saw in several markets during the first quarter of this year Invoicing during the quarter has decreased only slightly less than order intake,. Regionally, we have continued to develop well in the Nordic region and in new markets, while Continental Europe, the USA and the UK show weak figures. Troax USA has continued to positively develop, although weaker progress is noted at Folding Guard, partly driven by the closure in the USA during April and May. In summary, we believe despite the reduction in order intake, we continue to gain market share.

The last investments in increased production capacity at our facilities in Sweden and Italy were largely financially concluded during the second quarter. The unit in Bulciago, Italy, was commissioned at the beginning of the year and despite a certain lack of volume, has continued to progress positively during the second quarter. Our smallest factory in Shanghai, China, produced as planned during the quarter and it is noted that China, unlike the rest of the world, has had a good development of activity during the quarter.

Net sales decreased in the quarter by 15 percent compared with the corresponding period last year. New Markets showed good progress, while the other regions decreased their sales compared with the previous year. The gross margin is negatively affected by factory closures and lower volumes, while sales prices are largely unaffected so far. Costs are judged to be under control and declining in the short term. Overall, this means that operating profit decreased to 6,4 MEUR for the quarter, compared with 8,5 MEUR the previous year. In total for the Group, the operating margin was 17,8 percent in the quarter, compared with 20,1 percent the previous year. Net profit amounts to 4,7 MEUR for the quarter, compared with 6,3 MEUR the previous year.

The Board of Directors postponed the Annual General Meeting until June 25th, 2020, due to the great uncertainty about how the Corona pandemic will affect the company. The AGM resolved to approve the Board's proposal to reduce the dividend to 50 percent of the previously proposed dividend as a precautionary measure. The decision should be seen as a pure safety measure as Troax has a good cash flow even at lower sales volumes.

**Thomas Widstrand, President and CEO**

## THE GROUP SUMMARY

### APRIL - JUNE

The total order intake developed negatively in the period. Order intake amounted to 37,7 (46,6) MEUR, a decrease by 19 percent both before and adjusted for currency. All regions except Nordic and New Markets decreased their order intake during the quarter compared with the corresponding period last year.

Net sales amounted to 35,9 (42,3) MEUR, a decrease of 15 percent both before and adjusted for currency. All regions except New Markets decreased their sales in the quarter compared with the corresponding period last year.

Operating profit amounted to 6,4 (8,5) MEUR, corresponding to an operating margin of 17,8 (20,1) per cent. The operating result for the quarter contains government subsidies in the USA and the UK at the amount of 1,3 MEUR due to Corona. The subsidies have been reported on the line "Other operating income and expenses".

### JANUARY - JUNE

The total order intake developed negatively in the period. Order intake amounted to 82,3 (86,3) MEUR, a decrease by 5 percent both before and adjusted for currency. Continental Europe and North America decreased their order intake during the period compared with the corresponding period last year whereas the other regions increased their order intake.

Net sales amounted to 76,7 (81,4) MEUR, a decrease of 6 percent both before and adjusted for currency. All regions except New Markets decreased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 12,9 (14,4) MEUR, corresponding to an operating margin of 16,8 (17,7) per cent. The operating result for the quarter contains government subsidies in the USA and the UK at the amount of 1,3 MEUR due to Corona. The subsidies have been reported on the line "Other operating income and expenses".

### FINANCIAL NET

For the second quarter of 2020, financial net amounted to -0,2 (-0,2) MEUR and to -0,4 (0,4) MEUR for the first 6 months of 2020.

### TAXES

The tax expense was -1,5 (-2,0) MEUR for the second quarter and -3,0 (-3,4) MEUR for the first 6 months of 2020.

### NET RESULT

Net result for the second quarter amounted to 4,7 (6,3) MEUR and 9,5 (10,6) MEUR for the first 6 months of 2020.

### CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 9,6 (5,2) MEUR for the second quarter and 11,2 (9,5) MEUR for the first six months of 2020. Net debt including the impact from IFRS 16 was 43,1 (56,1) MEUR. Net debt in relation to the 12-month rolling EBITDA was 1,1 (1,5) to be compared with the company's financial target of less than 2,5. Dividend to shareholders of 6,0 (9,4) MEUR will be charged to the third quarter's cash flow this year, while the dividend for 2019 took place during the second quarter.

### INVESTMENTS

During the second quarter, investments were 2,2 (1,4) MEUR and 4,3 (2,9) MEUR for the first 6 months of 2020. The year's investments mainly relate to the extension of the factory in Sweden and the asset acquisition from our former distributor in Japan.

## 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
	Apr-Jun 2020	Apr-Jun 2019	Diff	Jan-Jun 2020	Jan-Jun 2019	Diff	Jan-Dec 2019	Jan-Dec 2018	Diff	Jul-Jun 2019/2020
Continental Europe	18,3	24,3	-25%	40,5	45,8	-12%	90,5	86,7	4%	85,2
Nordic region	6,9	6,8	1%	13,9	13,8	1%	26,6	26,4	1%	26,7
United Kingdom	4,3	5,5	-22%	11,0	9,9	11%	19,2	19,5	-2%	20,3
North America	5,7	8,1	-30%	12,2	13,3	-8%	23,0	24,0	-4%	21,9
New Markets	2,5	1,9	32%	4,6	3,5	31%	8,0	8,4	-5%	9,1
<b>Total excl Currency</b>	<b>37,7</b>	<b>46,6</b>	<b>-19%</b>	<b>82,2</b>	<b>86,3</b>	<b>-5%</b>	<b>167,3</b>	<b>165,0</b>	<b>1%</b>	<b>163,2</b>
Currency effect	0,0	0,0	0%	0,1	0,0	0%	0,8	0,0	0%	0,9
<b>Total Order intake</b>	<b>37,7</b>	<b>46,6</b>	<b>-19%</b>	<b>82,3</b>	<b>86,3</b>	<b>-5%</b>	<b>168,1</b>	<b>165,0</b>	<b>2%</b>	<b>164,1</b>
<b>Total Sales</b> MEUR	<b>3 Months</b> Apr-Jun 2020	<b>3 Months</b> Apr-Jun 2019	<b>Diff</b>	<b>6 Months</b> Jan-Jun 2020	<b>6 Months</b> Jan-Dec 2019	<b>Diff</b>	<b>12 Months</b> Jan-Dec 2019	<b>12 Months</b> Jan-Dec 2018	<b>Diff</b>	<b>12 Months</b> Jul-Jun 2019/2020
Continental Europe	17,8	22,3	-20%	40,3	42,9	-6%	88,7	85,7	19%	86,1
Nordic region	6,2	7,1	-13%	12,2	13,5	-10%	27,1	25,8	5%	25,8
United Kingdom	4,7	5,1	-8%	9,6	10,6	-9%	20,5	17,2	19%	19,5
North America	5,1	5,7	-11%	10,4	10,8	-4%	23,2	24,1	-4%	22,8
New Markets	2,2	2,1	5%	4,2	3,6	17%	7,7	8,2	-6%	8,3
<b>Total excl Currency</b>	<b>36,0</b>	<b>42,3</b>	<b>-15%</b>	<b>76,7</b>	<b>81,4</b>	<b>-6%</b>	<b>167,2</b>	<b>161,0</b>	<b>4%</b>	<b>162,5</b>
Currency effect	-0,1	0,0	0%	0,0	0,0	0%	0,8	0,0	0%	0,8
<b>Total Sales</b>	<b>35,9</b>	<b>42,3</b>	<b>-15%</b>	<b>76,7</b>	<b>81,4</b>	<b>-6%</b>	<b>168,0</b>	<b>161,0</b>	<b>4%</b>	<b>163,3</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 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Jan-Dec 2018	Jul-Jun 2019/2020
<b>Sales</b>	35,9	42,3	76,7	81,4	168,0	161,0	163,3
Cost of goods sold	-22,2	-25,2	-47,7	-49,8	-100,9	-97,4	-98,8
<b>Gross profit</b>	13,7	17,1	29,0	31,6	67,1	63,6	64,5
Sales expenses	-5,6	-6,1	-12,2	-12,2	-23,9	-21,4	-23,9
Administrative expenses	-2,6	-2,3	-5,0	-4,7	-9,7	-9,1	-10,0
Other operating income and expenses	0,9	-0,2	1,1	-0,3	-0,6	-0,3	0,8
<b>Operating profit</b>	6,4	8,5	12,9	14,4	32,9	32,8	31,4
Financial income and expenses	-0,2	-0,2	-0,4	-0,4	-0,9	-0,8	-0,9
<b>Result after financial expenses</b>	6,2	8,3	12,5	14,0	32,0	32,0	30,5
Taxes	-1,5	-2,0	-3,0	-3,4	-7,7	-7,6	-7,3
<b>Net result for the period</b>	4,7	6,3	9,5	10,6	24,3	24,4	23,2
Earnings per share before / after dilution	0,08 €	0,11 €	0,16 €	0,18 €	0,41 €	0,41 €	0,39 €
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 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Jan-Dec 2018	Jul-Jun 2019/2020
<b>Net result for the period</b>	4,7	6,3	9,5	10,6	24,3	24,4	23,2
<b>Other comprehensive income:</b>							
<b>Items that may be reclassified to the income statement</b>							
Translation differences	4,7	-1,4	-0,7	-2,1	-0,7	-2,5	0,7
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	4,7	-1,4	-0,7	-2,1	-0,7	-2,5	0,7
<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	-0,6	-0,4	-0,6
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,1	0,1	0,1
	0,0	0,0	0,0	0,0	-0,5	-0,3	-0,5
<b>Other comprehensive income, net of tax</b>	4,7	-1,4	-0,7	-2,1	-1,2	-2,8	0,2
<b>Total comprehensive income for the period</b>	9,4	4,9	8,8	8,5	23,1	21,6	23,4
<b>EBITDA</b>							
<b>Operating result</b>	6,4	8,5	12,9	14,4	32,9	32,8	31,4
<b>Depreciations</b>	1,8	1,5	3,6	2,9	6,0	2,8	6,7
<b>EBITDA</b>	8,2	10,0	16,5	17,3	38,9	35,6	38,1

1) 2020 and 2019 numbers are impacted by IFRS 16 (0,7-0,8 MEUR in decreased leasing costs per quarter).

2) The number of shares and earnings per share for all periods is calculated based on 60 000 000 shares after split 3:1 on the 19th of June 2019

## STATEMENT OF FINANCIAL POSITION

MEUR	2020 30-jun	2019 30-jun	2019 31-dec	2018 31-dec
<b>Assets</b>				
Intangible assets	88,3	86,5	87,3	87,9
Tangible assets	41,3	32,8	41,8	26,2
Financial fixed assets	6,3	5,2	6,2	5,5
<b>Total fixed assets</b>	<b>135,9</b>	<b>124,5</b>	<b>135,3</b>	<b>119,6</b>
Inventories	15,0	12,3	14,5	11,9
Current receivables	34,9	39,7	40,0	37,3
Cash and cash equivalents	35,0	18,5	30,4	22,7
<b>Total current assets</b>	<b>84,9</b>	<b>70,5</b>	<b>84,9</b>	<b>71,9</b>
<b>TOTAL ASSETS</b>	<b>220,8</b>	<b>195,0</b>	<b>220,2</b>	<b>191,5</b>
<b>Equity and liabilities</b>				
Equity	103,7	81,7	95,7	82,6
Long-term liabilities	89,9	83,6	91,3	78,1
Current liabilities	27,2	29,7	33,2	30,8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>220,8</b>	<b>195,0</b>	<b>220,2</b>	<b>191,5</b>
Net debt = interest-bearing liabilities excluding provisions for pensions less cash	43,1	56,1	49,1	46,3

## STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

	2020 30-jun	2019 30-jun	2019 31-dec	2018 31-dec
Opening balance	95,7	82,6	82,6	69,1
Dividends	0,0	-9,4	-9,4	-8,1
Re-purchase of shares	-0,8	0,0	-0,6	0,0
Total comprehensive income for the period	8,8	8,5	23,1	21,6
<b>Closing balance</b>	<b>103,7</b>	<b>81,7</b>	<b>95,7</b>	<b>82,6</b>

MEUR	3 Months 2020 30-jun	3 Months 2019 30-jun	6 Months 2020 30-jun	6 Months 2019 30-jun	12 Months 2019 31-dec	12 Months 2018 31-dec
<b>Operating profit</b>	<b>6,4</b>	<b>8,5</b>	<b>12,9</b>	<b>14,4</b>	<b>32,9</b>	<b>32,8</b>
Interest received and paid, tax paid and adjustments	1,2	-0,9	-0,4	-0,5	-0,6	-6,3
Changes in working capital	2,0	-2,4	-1,3	-4,4	-3,4	-0,5
<b>Cash flow from operating activities</b>	<b>9,6</b>	<b>5,2</b>	<b>11,2</b>	<b>9,5</b>	<b>28,9</b>	<b>26,0</b>
Net investments	-2,2	-1,4	-4,3	-2,9	-8,6	-8,9
<b>Cash flow after investing activities</b>	<b>7,4</b>	<b>3,8</b>	<b>6,9</b>	<b>6,6</b>	<b>20,3</b>	<b>17,1</b>
Financing activities	-0,7	-10,1	-2,3	-10,8	-12,2	-8,1
<b>Cash flow for the period</b>	<b>6,7</b>	<b>-6,3</b>	<b>4,6</b>	<b>-4,2</b>	<b>8,1</b>	<b>9,0</b>
Cash and cash equivalents at the start of the period	28,3	24,8	30,4	22,7	22,7	14,1
Translation difference in cash and cash equivalents	0,0	0,0	0,0	0,0	-0,4	-0,4
<b>Cash and cash equivalents at the end of the period</b>	<b>35,0</b>	<b>18,5</b>	<b>35,0</b>	<b>18,5</b>	<b>30,4</b>	<b>22,7</b>



## PARENT COMPANY – SUMMARY

### INCOME STATEMENT

	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	Jan-Dec
MEUR	2020	2019	2020	2019	2019	2018
Sales	0,3	0,3	0,6	0,6	1,2	1,2
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
<b>Gross profit</b>	<b>0,3</b>	<b>0,3</b>	<b>0,6</b>	<b>0,6</b>	<b>1,2</b>	<b>1,2</b>
Administrative expenses	-0,5	-0,5	-1,0	-1,0	-1,8	-1,8
Other operating income and expenses	0,0	0,0	-0,2	-0,1	-0,2	-0,1
<b>Operating profit</b>	<b>-0,2</b>	<b>-0,2</b>	<b>-0,6</b>	<b>-0,5</b>	<b>-0,8</b>	<b>-0,7</b>
Financial income and expenses	-0,3	9,1	-0,1	9,5	10,0	10,4
<b>Result after financial expenses</b>	<b>-0,5</b>	<b>8,9</b>	<b>-0,7</b>	<b>9,0</b>	<b>9,2</b>	<b>9,7</b>
Year-end appropriations	0,0	0,0	0,0	0,0	7,4	7,3
<b>Profit before tax</b>	<b>-0,5</b>	<b>8,9</b>	<b>-0,7</b>	<b>9,0</b>	<b>16,6</b>	<b>17,0</b>
Taxes	0,1	0,0	0,2	0,0	-1,6	-1,6
<b>Net result for the period</b>	<b>-0,4</b>	<b>8,9</b>	<b>-0,5</b>	<b>9,0</b>	<b>15,0</b>	<b>15,4</b>

### STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	-0,4	8,9	-0,5	9,0	15,0	15,4
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>	<b>-0,4</b>	<b>8,9</b>	<b>-0,5</b>	<b>9,0</b>	<b>15,0</b>	<b>15,4</b>

### STATEMENT OF FINANCIAL POSITION

	30-jun	30-jun	31-dec	31-dec
MEUR	2020	2019	2019	2018
<b>Assets</b>				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	14,0	22,9	23,5	22,9
<b>Total fixed assets</b>	<b>101,7</b>	<b>110,6</b>	<b>111,2</b>	<b>110,6</b>
Receivables to subsidiaries	9,7	1,2	9,7	7,4
Current receivables	0,6	0,1	0,4	0,7
Cash and cash equivalents	6,2	0,1	0,0	0,0
<b>Total current assets</b>	<b>16,5</b>	<b>1,4</b>	<b>10,1</b>	<b>8,1</b>
<b>TOTAL ASSETS</b>	<b>118,2</b>	<b>112,0</b>	<b>121,3</b>	<b>118,7</b>
<b>Equity and liabilities</b>				
Equity	41,9	37,8	43,2	38,2
Untaxed reserves	6,5	4,3	6,5	4,3
Long-term liabilities	69,0	69,0	69,0	69,0
Current liabilities	0,8	0,9	2,6	7,2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>118,2</b>	<b>112,0</b>	<b>121,3</b>	<b>118,7</b>

### CASH FLOW

	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months
MEUR	30-jun	30-jun	30-jun	30-jun	31-dec	31-dec
	2020	2019	2020	2019	2019	2018
Operating profit before financial items	-0,2	-0,2	-0,6	-0,5	-0,8	-0,7
Interest paid and received, taxes, adjustments	0	-0,1	0	0,1	9,6	9,5
Change in working capital	-0,6	0,4	7,6	0,5	0,6	-0,7
<b>Cash flow from continuing operations</b>	<b>-0,8</b>	<b>0,1</b>	<b>7,0</b>	<b>0,1</b>	<b>9,4</b>	<b>8,1</b>
Investments	0	0,0	0	0,0	0	0,0
<b>Cash flow from investment activities</b>	<b>-0,8</b>	<b>0,1</b>	<b>7,0</b>	<b>0,1</b>	<b>9,4</b>	<b>8,1</b>
Cash flow from financing activities	0	0,0	-0,8	0,0	-9,4	-8,1
<b>Cash flow for the period</b>	<b>-0,8</b>	<b>0,1</b>	<b>6,2</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>
Cash and cash equivalents at the beginning of the period	7,0	0,0	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>	<b>6,2</b>	<b>0,1</b>	<b>6,2</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>

## 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 2019 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.

### 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 25 in the Annual Report 2019.

### 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.

## OTHER INFORMATION (CONT.)

### TRANSACTIONS WITH RELATED PARTIES

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

### CALL OPTION PROGRAM FOR SENIOR EXECUTIVES

At the Annual General Meeting 2018, 2019 and 2020, share-based incentive programs were decided based on call options for the CEO, senior executives and certain other key persons within the Group. The programs are described in more detail in Note 1 of the Annual Report 2019. Below is a summary of the option programs:

Year	Subscribed options	Option premium	Subscription price
2018	37 000 st	9,67 kr / option	120,78 kr / share
2019	66 200 st	9,35 kr / option	121,68 kr / share
2020*			

\*An offer to subscribe for call options will take place during the third quarter of 2020.

### RE-PURCHASE OF SHARES

On August 14, 2019, the Board of Directors resolved on a repurchase program of a maximum of 600,000 shares, supported by authorization from the Annual General Meeting on May 14, 2019. As of June 30<sup>th</sup>, 2020, Troax Group AB (publ) owned 133,000 own shares.

### EMPLOYEES

At the end of the period the Group had 750 (737) employees.

### OTHER EVENTS DURING THE QUARTER

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

### OTHER EVENTS AFTER THE QUARTER

There is no significant information to report after the quarter.

### AUDIT

This report has not been reviewed by the auditors.

### NEXT REPORTS

Interim report Q3, 28th of October 2020.

### TELEPHONE CONFERENCE

Invitation to presentation of the second quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 13<sup>th</sup> of August 2020 at 16:00 CET. The conference will be held in English. For more information, please refer to <https://www.troax.com/se/en/press>



Hillerstorp 2020-08-13

Thomas Widstrand  
President and CEO

Anders Mörck  
Chairman

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**Troax Group AB (publ)**  
Hillerstorp, 13<sup>th</sup> of August 2020

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*This information is information that Troax Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014 and the Securities Markets Act (2007:528). The information was submitted for publication, through the agency of the contact person set out above, at 12:30 CET on the 13<sup>th</sup> of August 2020*