

Troax Group AB (publ)
Hillerstorp, the 7th of November 2019



SOME DANGERS ARE OBVIOUS. OTHERS APPEAR UNEXPECTEDLY, OR WHEN YOU TURN YOUR BACK. WE BELIEVE THERE ARE NO SHORTCUTS WHEN IT COMES TO SAFETY. ON THE CONTRARY, TO ACHIEVE AN APPROPRIATE LEVEL OF SAFETY, YOU NEED TOP-NOTCH QUALITY, A HIGH LEVEL OF SKILL AND A WELL-THOUGHT-OUT SOLUTION. FOR US, SAFETY IS ABOUT ALWAYS BEING ONE STEP AHEAD AND TESTING OUR PRODUCTS TO MAKE SURE THAT THEY STAND UP TO THE TASK – REGARDLESS OF THE FORM THE DANGER TAKES.

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 2018 Troax net sales amounted to around 161 MEUR and the number of employees amounted to about 700 persons.

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

www.troax.com

INTERIM REPORT JANUARY-SEPTEMBER 2019

JULY - SEPTEMBER

- Order intake was unchanged compared to prior year and amounted to 40,0 (40,1) MEUR.
- Sales increased organically by 6 per cent to 42,2 (39,7) MEUR. Adjusted for currency the increase was 6 per cent.
- Operating profit increased to 9,8 (8,6) MEUR.
- Operating margin increased to 23,2 (21,7) per cent.
- Financial net was -0,3 (-0,3) MEUR.
- Profit after tax increased to 7,3 (6,3) MEUR.
- Earnings per share after dilution amounted to 0,12 (0,11) EUR based on 60 000 000 shares regarding both periods. (a split 3:1 was carried out in June 2019).

JANUARY - SEPTEMBER

- Order intake increased organically by 2 per cent to 126,3 (123,3) MEUR. Adjusted for currency the increase was 2 per cent.
- Sales increased organically by 5 per cent to 123,6 (117,5) MEUR. Adjusted for currency the increase was 5 per cent.
- Operating profit increased to 24,2 (22,7) MEUR.
- Operating margin increased to 19,6 (19,3) per cent.
- Financial net was -0,7 (-0,7) MEUR.
- Profit after tax increased to 17,9 (16,5) MEUR.
- Earnings per share after dilution amounted to 0,30 (0,28) EUR based on 60 000 000 shares regarding both periods. (a split 3:1 was carried out in June 2019).

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017	Oct-Sep 2018/19
Order intake	40,0	40,1	126,3	123,3	165,0	152,0	168,0
Sales	42,2	39,7	123,6	117,5	161,0	152,1	167,1
Gross profit	17,7	15,9	49,3	46,2	63,6	60,0	66,7
Gross margin, %	41,9	40,1	39,9	39,3	39,5	39,4	39,9
Operating profit	9,8	8,6	24,2	22,7	32,8	30,6	34,3
Operating margin, %	23,2	21,7	19,6	19,3	20,4	20,1	20,5
Profit after tax	7,3	6,3	17,9	16,5	24,4	17,0	25,8
EBITDA 1)	11,4	9,2	28,7	24,7	35,6	33,7	39,6
EBITDA margin, % 1)	27,0	23,2	23,2	21,0	22,1	22,2	23,7
Net debt / EBITDA					1,3	1,6	
Earnings per share after dilution in EUR 2)	0,12	0,11	0,30	0,28	0,41	0,28	0,43
Closing rate SEK/EUR	10,73	10,29	10,73	10,29	10,28	9,85	10,29
Earnings per share after dilution in SEK. 2,3)	1,31	1,08	3,20	2,83	4,18	2,79	4,42

1) Only the 2019 numbers are impacted by IFRS 16 (0,7 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

In summary, Troax shows a strong result for the third quarter of 2019. We can see that order intake is in line with previous year, an indication that the market is not currently growing. During this quarter, we have noted continued weak activity from the automotive sector, mainly affecting China and the US (Folding Guard). There has been an increased order intake in Europe, which we interpret as our continuing to take share of a market that is showing weak or negative growth. Thanks to the good order intake during the second quarter, sales growth in this third quarter was 6%, which also had a positive impact on both gross margin and profit. We have again received several important orders from customers in automation, warehousing and property protection and we have also received interesting orders in the automated warehouse sub-segment, although this is not at the same level as in the previous quarter.

As previously, we are still devoting a great deal of time and effort into the integration and improvement of our Folding Guard unit in Chicago. As announced earlier, we have seen positive changes in 2019 and we have switched to concentrating on increasing our marketing and sales efforts. This should start to have positive effects from 2020. The result for Folding Guard in the quarter is still clearly below our targets although it has improved during the year. The US market was again good in the third quarter (excluding automotive) and it is positive to note a good development for sales under the Troax brand. The indication is still that most customers have well-filled order books and activity levels have been high, although like the trend since the end of last year, market growth has levelled out. We therefore expect the good figures we showed for the fourth quarter of 2018 will be a challenge in terms of order intake in the fourth quarter. However, the order backlog at the end of the period remained at a high level.

Investments in increased production capacity at our plants in Sweden and Italy are proceeding according to plan and the Swedish investment regarding a new panel production line was put into production just before the summer holiday period this year. Investments in expanded warehouse space and improved warehouse management for the unit in Hillerstorp are also proceeding according to plan. With these investments, we expect to be well equipped for a continued increase in volume over the next few years. We can also announce a minor change; during the third quarter we acquired all shares in our former distributor in India and it is now consolidated in operations from September of this year.

Net sales increased by 6 per cent in the quarter compared to the corresponding period last year. The trend is positive, especially in Continental Europe, the UK and the Nordic countries. The result for the quarter has been positive. We continue to increase sales and marketing efforts according to plan, albeit to a slightly lower extent than in the first quarter. The gross margin is at a good level and has been stable during the third quarter. We continue to have good capacity utilization in our facilities in Hillerstorp, Sweden and Calco, Italy. For the Group, the operating margin was 23,2 percent, compared with 21,7 the previous year. The consolidation of Folding Guard continues to negatively affect the Group's operating margin. Net profit amounted to 7,3 MEUR for the quarter compared to 6,3 MEUR last year. The improvement is mainly attributable to better operating results. Earnings per share for the third quarter are 0,12 EUR, compared with 0,11 EUR for the corresponding quarter of 2018. Working capital is at the expected level. The balance sheet item "tangible assets" has increased by about 6,5 MEUR at January 1, 2019 due to IFRS 16. Cash flow for the quarter is in line with the corresponding period in 2018. Investments were charged to cash flow of 1,5 MEUR in the quarter.

Thomas Widstrand, President and CEO

THE GROUP SUMMARY

JULY - SEPTEMBER

The total order intake was unchanged during the period. Order intake amounted to 40,0 (40,1) MEUR. All regions except for North America and New markets increased their order intake during the quarter compared with the corresponding period last year.

Net sales amounted to 42,2 (39,7) MEUR, an increase of 6 percent or 6 percent adjusted for currency. All regions except North America and New markets increased their sales in the quarter compared with the corresponding period last year.

Operating profit amounted to 9,8 (8,6) MEUR, corresponding to an operating margin of 23,2 (21,7) per cent.

JANUARY – SEPTEMBER

The total order intake developed positively during the period. Order intake amounted to 126,3 (123,3) MEUR, an increase of 2 percent or 2 percent adjusted for currency. All regions except for North America and New markets increased their order intake during the period compared with the corresponding period last year.

Net sales amounted to 123,6 (117,5) MEUR, an increase of 5 percent or 5 percent adjusted for currency. All regions except North America and New markets increased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 24,2 (22,7) MEUR, corresponding to an operating margin of 19,6 (19,3) per cent.

FINANCIAL NET

For the third quarter of 2019, financial net amounted to -0,3 (-0,3) MEUR and to -0,7 (0,7) MEUR for the first 9 months of 2019.

TAXES

The tax expense was -2,2 (-2,0) MEUR for the third quarter and -5,6 (-5,5) MEUR for the first 9 months of 2019.

NET RESULT

Net result for the second quarter amounted to 7,3 (6,3) MEUR and 17,9 (16,5) MEUR for the first 9 months of 2019. The increase is mainly related to higher sales.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 8,2 (8,9) MEUR for the third quarter and 17,7 (18,8) MEUR for the first 9 months of 2019. Net debt excluding the impact from IFRS 16 was 44,5 (52,4) MEUR. Net debt in relation to the 12-month rolling EBITDA was 1,1 (1,6) to be compared with the company's financial target of less than 2,5.

INVESTMENTS

During the third quarter of 2019, investments were 1,5 (3,2) MEUR and 4,4 (8,6) MEUR for the first 9 months of 2019. The year's investments mainly relate to the extension of the factory in Hillerstorp.

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			9 Months			12 Months			12 Months Oct-Sep 2018/2019
	Jul-Sep 2019	Jul-Sep 2018	Diff	Jan-Sep 2019	Jan-Sep 2018	Diff	Jan-Dec 2018	Jan-Dec 2017	Diff	
Continental Europe	21,9	21,3	3%	67,7	65,6	3%	86,7	77,4	12%	88,8
Nordic region	5,8	5,6	4%	19,9	19,2	4%	27,3	25,7	6%	28,0
United Kingdom	4,7	4,3	9%	14,5	13,8	5%	19,7	15,9	24%	20,4
North America	5,6	6,4	-13%	18,0	18,3	-2%	25,2	24,7	2%	24,9
New Markets	1,9	2,5	-24%	5,6	6,4	-13%	9,1	8,3	10%	8,3
Total excl Currency	39,9	40,1	0%	125,7	123,3	2%	168,0	152,0	11%	170,4
Currency effect	0,1	0,0	0%	0,6	0,0	0%	-3,0	0,0	-2%	-2,4
Total Order intake	40,0	40,1	0%	126,3	123,3	2%	165,0	152,0	9%	168,0

Total Sales MEUR	3 Months			9 Months			12 Months			12 Months Oct-Sep 2018/2019
	Jul-Sep 2019	Jul-Sep 2018	Diff	Jan-Sep 2019	Jan-Jun 2018	Diff	Jan-Dec 2018	Jan-Dec 2017	Diff	
Continental Europe	23,1	21,0	10%	66,4	62,7	6%	85,8	77,1	19%	89,5
Nordic region	5,8	5,7	2%	19,2	18,1	6%	26,7	25,7	4%	27,8
United Kingdom	5,2	4,3	21%	15,6	13,0	20%	17,4	16,0	9%	20,0
North America	6,1	6,4	-5%	16,3	17,5	-7%	25,2	25,0	1%	24,0
New Markets	1,9	2,3	-17%	5,6	6,2	-10%	8,9	8,3	7%	8,3
Total excl Currency	42,1	39,7	6%	123,1	117,5	5%	164,0	152,1	8%	169,6
Currency effect	0,1	0,0	0%	0,5	0,0	0%	-3,0	0,0	-2%	-2,5
Total Sales	42,2	39,7	6%	123,6	117,5	5%	161,0	152,1	6%	167,1

* Note that we report organic growth excluding currency effect.

** All figures from 2018 and 2019 includes the IFRS 15 effect.

THE GROUP - SUMMARY

INCOME STATEMENT

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017	Oct-Sep 2018/19
Sales	42,2	39,7	123,6	117,5	161,0	152,1	167,1
Cost of goods sold	-24,5	-23,8	-74,3	-71,3	-97,4	-92,1	-100,4
Gross profit	17,7	15,9	49,3	46,2	63,6	60,0	66,7
Sales expenses	-5,7	-5,2	-17,9	-16,2	-21,4	-20,3	-23,1
Administrative expenses	-2,7	-2,0	-7,4	-6,6	-9,1	-8,4	-9,9
Other operating income and expenses	0,5	-0,1	0,2	-0,7	-0,3	-0,7	0,6
Operating profit	9,8	8,6	24,2	22,7	32,8	30,6	34,3
Financial income and expenses	-0,3	-0,3	-0,7	-0,7	-0,8	-5,2	-0,8
Result after financial expenses	9,5	8,3	23,5	22,0	32,0	25,4	33,5
Taxes	-2,2	-2,0	-5,6	-5,5	-7,6	-8,4	-7,7
Net result for the period	7,3	6,3	17,9	16,5	24,4	17,0	25,8

Earnings per share before / after dilution	0,12 €	0,11 €	0,30 €	0,28 €	0,41 €	0,28 €	0,43 €
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	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017	Oct-Sep 2018/19
Net result for the period	7,3	6,3	17,9	16,5	24,4	17,0	25,8
Other comprehensive income:							
Items that may be reclassified to the income statement							
Translation differences	-0,9	1,0	-3,0	-2,5	-2,5	-5,8	-6,3
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	-0,9	1,0	-3,0	-2,5	-2,5	-5,8	-6,3
Items that will not be reclassified to the income statement							
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	0,0	0,0	-0,4	-0,2	-0,2
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	-0,3	-0,1	-0,1
Other comprehensive income, net of tax	-0,9	1,0	-3,0	-2,5	-2,8	-5,9	-6,4
Total comprehensive income for the period	6,4	7,3	14,9	14,0	21,6	11,1	19,4

EBITDA	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017	Oct-Sep 2018/19
Operating result	9,8	8,6	24,2	22,7	32,8	30,6	34,3
Depreciations	1,6	0,6	4,5	2,0	2,8	3,1	5,3
EBITDA	11,4	9,2	28,7	24,7	35,6	33,7	39,6

1) Only the 2019 numbers are impacted by IFRS 16 (0,7 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	2019 30-sep	2018 30-sep	2018 31-dec	2017 31-dec
Assets				
Intangible assets	86,2	87,6	87,9	90,0
Tangible assets	32,0	24,3	26,2	20,1
Financial fixed assets	5,3	4,6	5,5	4,7
Total fixed assets	123,5	116,5	119,6	114,8
Inventories	13,6	11,2	11,9	10,7
Current receivables	40,8	36,9	37,3	32,6
Cash and cash equivalents	24,5	16,6	22,7	14,1
Total current assets	78,9	64,7	71,9	57,4
TOTAL ASSETS	202,4	181,2	191,5	172,2
Equity and liabilities				
Equity	88,1	75,0	82,6	69,1
Long-term liabilities	82,1	77,6	78,1	77,1
Current liabilities	32,2	28,6	30,8	26,0
TOTAL EQUITY AND LIABILITIES	202,4	181,2	191,5	172,2
Net debt (Bank loan of 69 MEUR less cash and equivalents)	44,5	52,4	46,3	54,9

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

	2019	2018	2018	2017
Opening balance	82,6	69,1	69,1	65,9
Dividends	-9,4	-8,1	-8,1	-7,8
Total comprehensive income for the period	14,9	14,0	21,6	11,0
Closing balance	88,1	75,0	82,6	69,1

STATEMENT OF CASH FLOW

MEUR	3 Months 2019 30-sep	3 Months 2018 30-sep	9 Months 2019 30-sep	9 Months 2018 30-sep	12 Months 2018 31-dec	12 Months 2017 31-dec
Operating profit	9,8	8,6	24,2	22,7	32,8	30,6
Interest received and paid, tax paid and adjustments	-1,7	-0,1	-2,2	-2,4	-6,3	-8,9
Changes in working capital	0,1	0,4	-4,3	-1,5	-0,5	-3,0
Cash flow from operating activities	8,2	8,9	17,7	18,8	26,0	18,7
Net investments	-1,5	-3,2	-4,4	-8,6	-8,9	-2,8
Cash flow after investing activities	6,7	5,7	13,3	10,2	17,1	15,9
Financing activities	-0,7	0,0	-11,5	-8,1	-8,1	-14,9
Cash flow for the period	6,0	5,7	1,8	2,1	9,0	1,0
Cash and cash equivalents at the start of the period	18,5	10,9	22,7	14,1	14,1	12,2
Translation difference in cash and cash equivalents	0,0	0,0	0,0	0,4	-0,4	0,9
Cash and cash equivalents at the end of the period	24,5	16,6	24,5	16,6	22,7	14,1

PARENT COMPANY - SUMMARY

INCOME STATEMENT	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017
MEUR						
Sales	0,3	0,3	0,9	0,9	1,2	1,3
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
Gross profit	0,3	0,3	0,9	0,9	1,2	1,3
Administrative expenses	-0,3	-0,4	-1,3	-1,3	-1,8	-1,8
Other operating income and expenses	-0,1	0,0	-0,2	-0,1	-0,1	-0,1
Operating profit	-0,1	-0,1	-0,6	-0,5	-0,7	-0,6
Financial income and expenses	0,9	9,6	10,4	10,1	10,4	-7,6
Result after financial expenses	0,8	9,5	9,8	9,6	9,7	-8,2
Year-end appropriations	0,0	0,0	0,0	0,0	7,3	9,8
Profit before tax	0,8	9,5	9,8	9,6	17,0	1,6
Taxes	-0,1	0,1	-0,1	0,0	-1,6	-0,4
Net result for the period	0,7	9,6	9,7	9,6	15,4	1,2

STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	0,7	9,6	9,7	9,6	15,4	1,2
Other comprehensive income, net of tax	0,0	0,0	0,0	0,0	0,0	0,0
Total comprehensive income for the period	0,7	9,6	9,7	9,6	15,4	1,2

	30-sep 2019	30-sep 2018	31-dec 2018	31-dec 2017
MEUR				
Assets				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	23,8	22,5	22,9	21,8
Total fixed assets	111,5	110,2	110,6	109,5
Receivables to subsidiaries	1,2	0,7	7,4	10,0
Current receivables	0,0	0,0	0,7	0,3
Cash and cash equivalents	0,0	0,0	0,0	0,0
Total current assets	1,2	0,7	8,1	10,3
TOTAL ASSETS	112,7	110,9	118,7	119,8
Equity and liabilities				
Equity	38,6	32,5	38,2	30,8
Untaxed reserves	4,3	1,9	4,3	1,9
Long-term liabilities	69,0	73,8	69,0	69,0
Current liabilities	0,8	2,7	7,2	18,1
TOTAL EQUITY AND LIABILITIES	112,7	110,9	118,7	119,8

CASH FLOW

	3 Months 2019	3 Months 2018	9 Months 2019	9 Months 2018	12 Months 2018	12 Months 2017
MEUR	30-sep	30-sep	30-sep	30-sep	31-dec	31-dec
Operating profit before financial items	-0,1	-0,1	-0,6	-0,5	-0,7	-0,6
Interest paid and received, taxes, adjustments	0,1	9,6	0,2	7,2	9,5	-4,8
Change in working capital	-0,1	0,1	0,4	1,4	-0,7	-4,4
Cash flow from continuing operations	-0,1	9,6	0,0	8,1	8,1	-9,8
Investments	0	0,0	0	0,0	0,0	0,0
Cash flow from investment activities	-0,1	9,6	0,0	8,1	8,1	-9,8
Cash flow from financing activities	0	-9,6	0	-8,1	-8,1	9,8
Cash flow for the period	-0,1	0,0	0,0	0,0	0,0	0,0
Cash and cash equivalents at the beginning of the period	0,1	0,0	0	0,0	0,0	0,0
Translation difference	0	0,0	0	0,0	0,0	0,0
Cash and cash equivalents at the end of the period	0,0	0,0	0,0	0,0	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.

Growth	Troax's objective is to grow in its current markets, both organically and by selective acquisitions
Profitability	Troax's target is to have an operating margin in excess of 20 per cent.
Financial structure	Net debt in relation to the 12-month rolling EBITDA, excluding temporary deviations, shall not exceed 2,5 times.
Dividend policy	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 2018 is available on www.troax.com, with the following additions.

IFRS 16, Leasing. The company has applied IFRS 16 since January 1, 2019, which requires that assets and liabilities attributable to all leases, with some exceptions, are reported in the balance sheet. The view is based on the lessee having a right to use an asset and at the same time an obligation to pay for this right. Some of the Group's commitments are covered by the exception for short contracts and contracts of lesser value. The implementation of IFRS 16 has resulted in a change in the Group's accounting principle, which is applied with retroactive effect. This means that a recalculation of the opening balance has occurred as of 1 January 2019 and the changed accounting principle has led to an increase of tangible fixed assets and short and long-term liabilities by 6,5 MEUR as of January 1, 2019, which corresponds to 3,4% of the total assets.

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.

OTHER INFORMATION (CONT.)

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 Annual Report 2018 Note 24.

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.

CALL OPTION PROGRAM FOR SENIOR EXECUTIVES

At the Annual General Meeting in 2018, a share-based incentive program was decided based on call options for the CEO, senior executives and certain other key employees within the Group. After the split 3:1 on the 19th of June 2019, the program comprises 315,000 options, of which 111,000 were subscribed for at a subscription price of SEK 9,67 where each option gives the right to subscribe a new share at a subscription price of SEK 120,78 per share. The vesting date for the options is from 20 May 2022 to 30 June 2022.

At the Annual General Meeting in 2019, a share-based incentive program was decided based on call options for the CEO, senior executives and certain other key employees within the Group. The program comprises 315,000 options, of which 62,200 were subscribed for at a subscription price of SEK 9,35 where each option gives the right to subscribe a new share at a subscription price of SEK 121,68 per share. The vesting date for the options is from 20 May 2023 to 30 June 2023.

EMPLOYEES

At the end of the period the Group had 754 (692) 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 been reviewed by the auditors.

NEXT REPORTS

Interim report Q4 2019 on the 10th of February 2020.

SHAREHOLDERS MEETING

The Annual General Meeting will be held at Troax in Hillerstorp on the 23rd of April 2020, at 15:00hrs. Shareholders who wish to add topics to be handled during the Shareholders Meeting can send their suggestions to the Chairman, Troax Group AB, attention "Topic for the Shareholders Meeting", Box 89, 335 04 Hillerstorp, Sweden. The topics must arrive at least seven weeks prior to the meeting, and by the 5th of March 2020 at the latest.

OTHER INFORMATION (CONT.)

ELECTION COMMITTEE

Based on shareholder statistics as of August 31, 2019, the following nomination committee has been appointed:

Johan Hjertonsson (chairman) – Investmentaktiebolaget Latour
Jan Särllvik – Nordea Fonder
Lilian Fossum Biner – Handelsbanken
Jan Svensson – Chairman of the Board

Shareholders who wish to leave suggestions for the Election Committee can send them to Troax Group AB (publ), Attention: Election Committee Johan Hjertonsson, Box 89, 335 04 Hillerstorp, Sweden.

TELEPHONE CONFERENCE

Invitation to presentation of the first quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 7th of November 2019 at 16:00 CET. The conference will be held in English. For more information, please refer to <https://www.troax.com/en/news>.



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Troax Group AB (publ)
Hillerstorp, 7th of November 2019

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