

**Troax Group AB (publ)**  
Hillerstorp, the 28<sup>th</sup> of October 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- SEPTEMBER 2020

### JULY - SEPTEMBER

- Order intake decreased by 5 percent to 38,1 (40,0) MEUR. Adjusted for currency the decrease was 4 percent.
- Sales were unchanged and amounted to 42,0 (42,2) MEUR. Adjusted for currency sales were unchanged compared to the same period last year.
- Operating profit decreased to 9,3 (9,8) MEUR. Operating profit does not contain any government subsidies in the period due to the Corona pandemic.
- Operating margin decreased to 22,1 (23,2) percent.
- Financial net was -0,2 (-0,3) MEUR.
- Profit after tax decreased to 6,9 (7,3) MEUR.
- Earnings per share after dilution amounted to 0,12 (0,12) EUR.

### JANUARY - SEPTEMBER

- Order intake decreased by 5 percent to 120,4 (126,3) MEUR. Adjusted for currency the decrease was 5 percent.
- Sales decreased organically by 4 percent to 118,7 (123,6) MEUR. Adjusted for currency the decrease was 4 percent.
- Operating profit decreased to 22,2 (24,2) MEUR. The operating profit includes government subsidies in the USA and the UK during the period at the amount of 1,3 MEUR related to the Corona pandemic. The subsidies have been reported on the line "Other operating income and expenses".
- Operating margin decreased to 18,7 (19,6) percent.
- Financial net was -0,6 (-0,7) MEUR.
- Profit after tax decreased to 16,4 (17,9) MEUR.
- Earnings per share after dilution amounted to 0,27 (0,30) EUR.

### TROAX GROUP FIGURES

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2020	Jul-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Jan-Dec 2019	Jan-Dec 2018	Oct-Sept 2019/2020
Order intake	38,1	40,0	120,4	126,3	168,1	165,0	162,2
Sales	42,0	42,2	118,7	123,6	168,0	161,0	163,1
Gross profit	17,3	17,7	46,3	49,3	67,1	63,6	64,1
Gross margin, %	41,2	41,9	39,0	39,9	39,9	39,5	39,3
Operating profit	9,3	9,8	22,2	24,2	32,9	32,8	30,9
Operating margin, %	22,1	23,2	18,7	19,6	19,6	20,4	18,9
Profit after tax	6,9	7,3	16,4	17,9	24,3	24,4	22,8
EBITDA 1)	11,1	11,4	27,6	28,7	38,9	35,6	37,8
EBITDA margin, % 1)	26,4	27,0	23,3	23,2	23,2	22,1	23,2
Net debt / EBITDA					1,3	1,3	
Earnings per share after dilution in EUR 2)	0,12	0,12	0,27	0,30	0,41	0,41	0,38
Closing rate SEK/EUR	10,54	10,73	10,54	10,73	10,45	10,29	10,57
Earnings per share after dilution in SEK. 2,3)	1,21	1,31	2,88	3,20	4,23	4,18	4,02

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 60 000 000 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 5% during the quarter, which can be described as a good development compared to the conditions due to Covid. The quarter was less turbulent than expected and is characterized by a strong order intake mainly from larger customers in automated warehouse solutions driven by the need for increased e-commerce solutions. On the other hand, there was a continued weak demand from the automotive sector and a generally lower demand from small and medium-sized customers. We believe that there is a certain amount of catchup effect in the order intake for the third quarter, although this should not be exaggerated as several large orders were received during the period that are not considered to be affected by any Corona effects. On the positive side, market activity was acceptable throughout the quarter and fairly evenly distributed. Although the overall impression from the third quarter is clearly positive, we believe that we will lose some order intake during the fourth quarter compared with the previous year, as the market may still be described as weaker than 2019.

What seems to have been most negatively affected during the third quarter are smaller orders from small and medium-sized customers, where these customers probably have shorter order books compared with larger customers. As is well known, Troax is late in the business cycle but if we do not experience additional declines due to new closedowns of markets due to Corona restrictions, then we believe that the market has begun to stabilize at a lower level than before, but with continued good growth opportunities, especially in continued automation and e-commerce solutions.

During the quarter, with some exceptions, our production units had a good capacity utilization rate, which is also reflected in a stable operating profit for the period. It is particularly welcome that the development has been positive in North America, both from an efficiency point of view and results. Invoicing during the quarter was at the same level as last year, which is better than expected. Regionally, we have also had a good development in the Nordic region and in New markets, while Continental Europe and the UK show weaker figures. In summary, we believe that despite the decrease in order intake (-5% after 9 months 2020), we have continued to gain market share.

The latest investments in increased production capacity at our facilities in Sweden and Italy were mainly financially completed during the second quarter. The last part of the investment in new improved warehouse / logistics in the unit in Hillerstorp, has also entered its final phase and will be completed within the next few months.

The gross margin is positively affected by relatively good utilization in our production facilities and sales prices have been largely unaffected. The costs are again judged to be under control and continue to fall in the short term (no trade fairs, travel, etc.). However, continued investments in the area of digitization will continue as planned. Overall, this means that operating profit decreased by 0,5 MEUR, which in its entirety can be attributed to the positive foreign exchange gains we had during the third quarter of 2019, primarily due to a stronger USD. In total, operating profit was 9,3 MEUR compared with 9,8 MEUR the previous year. Expressed in operating margin, the figure was 22,1% this year compared to 23,2% the previous year. Net profit amounts to 6,9 MEUR for the quarter compared with 7,3 MEUR the previous year. No major changes have taken place regarding the development of working capital compared with the previous year. It should be noted that the dividend was paid to the shareholders during the third quarter of this year due to the postponed Annual General Meeting.

**Thomas Widstrand, President and CEO**

## THE GROUP SUMMARY

### JULY - SEPTEMBER

The total order intake decreased in the period compared to the same period last year. Order intake amounted to 38,1 (40,0) MEUR, a decrease of 5 percent. Adjusted for currency the decrease was 4 percent. North America, Nordic and New Markets increased their order intake during the quarter while the other markets decreased their order intake compared with the corresponding period last year.

Net sales was in line with the same period last year both before and adjusted for currency and amounted to 42,0 (42,2) MEUR. North America, Nordic and New Markets increased their sales during the quarter while the other markets decreased their sales compared with the corresponding period last year.

Operating profit amounted to 9,3 (9,8) MEUR, corresponding to an operating margin of 22,1 (23,2) per cent. Operating profit does not contain any government subsidies in the period due to the Corona pandemic.

### JANUARY - SEPTEMBER

The total order intake decreased in the period. Order intake amounted to 120,4 (126,3) MEUR, a decrease of 5 percent both before and after adjustment for currency fluctuations. Only Continental Europe decreased their order intake during the period compared with the corresponding period last year whereas the other regions increased or had the same order intake during the period.

Net sales amounted to 118,7 (123,6) MEUR, a decrease of 4 percent both before and after adjustment for currency fluctuations. All regions except North America and New Markets decreased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 22,2 (24,2) MEUR, corresponding to an operating margin of 18,7 (19,6) 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 third quarter of 2020, financial net amounted to -0,2 (-0,3) MEUR and to -0,6 (-0,7) MEUR for the first 9 months of 2020.

### TAXES

The tax expense was -2,2 (-2,2) MEUR for the third quarter and -5,2 (-5,6) MEUR for the first 9 months of 2020.

### NET RESULT

Net result for the third quarter amounted to 6,9 (7,3) MEUR and 16,4 (17,9) MEUR for the first 9 months of 2020.

### CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 7,2 (8,2) MEUR for the third quarter and 18,4 (17,7) MEUR for the first 9 months of 2020. Net debt including the impact from IFRS 16 was 44,4 (48,8) MEUR. Net debt in relation to the 12-month rolling EBITDA was 1,1 (1,2) to be compared with the company's financial target of less than 2,5. Dividend to shareholders of 6,0 (9,4) MEUR has been charged to the third quarter's cash flow this year, while the dividend for 2019 took place during the second quarter.

### INVESTMENTS

During the third quarter, investments were 1,2 (1,5) MEUR and 5,5 (4,4) MEUR for the first 9 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			9 Months			12 Months			12 Months
	Jul-Sept 2020	Jul-Sept 2019	Diff	Jan-Sept 2020	Jan-Sept 2019	Diff	Jan-Dec 2019	Jan-Dec 2018	Diff	Oct-Sept 2019/2020
Continental Europe	19,8	21,9	-10%	60,3	67,7	-11%	90,5	86,7	4%	83,1
Nordic region	6,1	5,8	5%	20,0	19,6	2%	26,6	26,4	1%	27,0
United Kingdom	3,6	4,6	-22%	14,6	14,5	1%	19,2	19,5	-2%	19,3
North America	7,0	5,9	19%	19,2	19,2	0%	23,0	24,0	-4%	23,0
New Markets	1,9	1,8	6%	6,5	5,3	23%	8,0	8,4	-5%	9,2
<b>Total excl Currency</b>	<b>38,4</b>	<b>40,0</b>	<b>-4%</b>	<b>120,6</b>	<b>126,3</b>	<b>-5%</b>	<b>167,3</b>	<b>165,0</b>	<b>1%</b>	<b>161,6</b>
Currency effect	-0,3	0,0	-1%	-0,2	0,0	0%	0,8	0,0	0%	0,6
<b>Total Order intake</b>	<b>38,1</b>	<b>40,0</b>	<b>-5%</b>	<b>120,4</b>	<b>126,3</b>	<b>-5%</b>	<b>168,1</b>	<b>165,0</b>	<b>2%</b>	<b>162,2</b>
<b>Total Sales</b> MEUR										
Continental Europe	21,0	23,6	-11%	61,3	66,5	-8%	88,7	85,7	19%	83,5
Nordic region	6,2	5,4	15%	18,4	18,9	-3%	27,1	25,8	5%	26,6
United Kingdom	4,9	5,0	-2%	14,5	15,6	-7%	20,5	17,2	19%	19,4
North America	7,8	6,5	20%	18,2	17,3	5%	23,2	24,1	-4%	24,1
New Markets	2,3	1,7	35%	6,5	5,3	23%	7,7	8,2	-6%	8,9
<b>Total excl Currency</b>	<b>42,2</b>	<b>42,2</b>	<b>0%</b>	<b>118,9</b>	<b>123,6</b>	<b>-4%</b>	<b>167,2</b>	<b>161,0</b>	<b>4%</b>	<b>162,5</b>
Currency effect	-0,2	0,0	0%	-0,2	0,0	0%	0,8	0,0	0%	0,6
<b>Total Sales</b>	<b>42,0</b>	<b>42,2</b>	<b>0%</b>	<b>118,7</b>	<b>123,6</b>	<b>-4%</b>	<b>168,0</b>	<b>161,0</b>	<b>4%</b>	<b>163,1</b>

## THE GROUP - SUMMARY

### INCOME STATEMENT

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2020	Jul-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Jan-Dec 2019	Jan-Dec 2018	Oct-Sept 2019/2020
<b>Sales</b>	<b>42,0</b>	<b>42,2</b>	<b>118,7</b>	<b>123,6</b>	<b>168,0</b>	<b>161,0</b>	<b>163,1</b>
Cost of goods sold	-24,7	-24,5	-72,4	-74,3	-100,9	-97,4	-99,0
<b>Gross profit</b>	<b>17,3</b>	<b>17,7</b>	<b>46,3</b>	<b>49,3</b>	<b>67,1</b>	<b>63,6</b>	<b>64,1</b>
Sales expenses	-5,8	-5,7	-18,0	-17,9	-23,9	-21,4	-24,0
Administrative expenses	-2,2	-2,7	-7,2	-7,4	-9,7	-9,1	-9,5
Other operating income and expenses	0,0	0,5	1,1	0,2	-0,6	-0,3	0,3
<b>Operating profit</b>	<b>9,3</b>	<b>9,8</b>	<b>22,2</b>	<b>24,2</b>	<b>32,9</b>	<b>32,8</b>	<b>30,9</b>
Financial income and expenses	-0,2	-0,3	-0,6	-0,7	-0,9	-0,8	-0,8
<b>Result after financial expenses</b>	<b>9,1</b>	<b>9,5</b>	<b>21,6</b>	<b>23,5</b>	<b>32,0</b>	<b>32,0</b>	<b>30,1</b>
Taxes	-2,2	-2,2	-5,2	-5,6	-7,7	-7,6	-7,3
<b>Net result for the period</b>	<b>6,9</b>	<b>7,3</b>	<b>16,4</b>	<b>17,9</b>	<b>24,3</b>	<b>24,4</b>	<b>22,8</b>
Earnings per share before / after dilution	<b>0,12 €</b>	<b>0,12 €</b>	<b>0,27 €</b>	<b>0,30 €</b>	<b>0,41 €</b>	<b>0,41 €</b>	<b>0,38 €</b>
Number of shares before / after dilution in thousands	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>

### STATEMENT OF COMPREHENSIVE INCOME

	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2020	Jul-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Jan-Dec 2019	Jan-Dec 2018	Oct-Sept 2019/2020
<b>Net result for the period</b>	<b>6,9</b>	<b>7,3</b>	<b>16,4</b>	<b>17,9</b>	<b>24,3</b>	<b>24,4</b>	<b>22,8</b>
<b>Other comprehensive income:</b>							
<b>Items that may be reclassified to the income statement</b>							
Translation differences	-1,4	-0,9	-2,1	-3,0	-0,7	-2,5	0,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	<b>-1,4</b>	<b>-0,9</b>	<b>-2,1</b>	<b>-3,0</b>	<b>-0,7</b>	<b>-2,5</b>	<b>0,2</b>
<b>Items that will not be reclassified to the income statement</b>							
Actuarial gains and losses on defined-benefit pension commitments	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
	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-0,5</b>	<b>-0,3</b>	<b>-0,5</b>
<b>Other comprehensive income, net of tax</b>	<b>-1,4</b>	<b>-0,9</b>	<b>-2,1</b>	<b>-3,0</b>	<b>-1,2</b>	<b>-2,8</b>	<b>-0,3</b>
<b>Total comprehensive income for the period</b>	<b>5,5</b>	<b>6,4</b>	<b>14,3</b>	<b>14,9</b>	<b>23,1</b>	<b>21,6</b>	<b>22,5</b>
<b>EBITDA</b>	<b>9,3</b>	<b>9,8</b>	<b>22,2</b>	<b>24,2</b>	<b>32,9</b>	<b>32,8</b>	<b>30,9</b>
<b>Depreciations</b>	<b>1,8</b>	<b>1,6</b>	<b>5,4</b>	<b>4,5</b>	<b>6,0</b>	<b>2,8</b>	<b>6,9</b>
<b>EBITDA</b>	<b>11,1</b>	<b>11,4</b>	<b>27,6</b>	<b>28,7</b>	<b>38,9</b>	<b>35,6</b>	<b>37,8</b>

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

	2020	2019	2019	2018
MEUR	30-sep	30-sep	31-dec	31-dec
<b>Assets</b>				
Intangible assets	87,5	86,2	87,3	87,9
Tangible assets	42,0	32,0	41,8	26,2
Financial fixed assets	6,0	5,3	6,2	5,5
<b>Total fixed assets</b>	<b>135,5</b>	<b>123,5</b>	<b>135,3</b>	<b>119,6</b>
Inventories	13,9	13,6	14,5	11,9
Current receivables	38,1	40,8	40,0	37,3
Cash and cash equivalents	34,3	24,5	30,4	22,7
<b>Total current assets</b>	<b>86,3</b>	<b>78,9</b>	<b>84,9</b>	<b>71,9</b>
<b>TOTAL ASSETS</b>	<b>221,8</b>	<b>202,4</b>	<b>220,2</b>	<b>191,5</b>
<b>Equity and liabilities</b>				
Equity	103,2	88,1	95,7	82,6
Long-term liabilities	90,3	82,1	91,3	78,1
Current liabilities	28,3	32,2	33,2	30,8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>221,8</b>	<b>202,4</b>	<b>220,2</b>	<b>191,5</b>
Net debt = interest-bearing liabilities excluding provisions for pensions less cash	44,4	48,8	49,1	46,3

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

	2020	2019	2019	2018
MEUR	30-sep	30-sep	31-dec	31-dec
Opening balance	95,7	82,6	82,6	69,1
Dividends	-6,0	-9,4	-9,4	-8,1
Re-purchase of shares	-0,8	0,0	-0,6	0,0
Total comprehensive income for the period	14,3	14,9	23,1	21,6
<b>Closing balance</b>	<b>103,2</b>	<b>88,1</b>	<b>95,7</b>	<b>82,6</b>

## CASH FLOW STATEMENT

	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months
MEUR	2020	2019	2020	2019	2019	2018
	30-sep	30-sep	30-sep	30-sep	31-dec	31-dec
<b>Operating profit</b>	<b>9,3</b>	<b>9,8</b>	<b>22,2</b>	<b>24,2</b>	<b>32,9</b>	<b>32,8</b>
Interest received and paid, tax paid and adjustments	-1,0	-1,7	-1,4	-2,2	-0,6	-6,3
Changes in working capital	-1,1	0,1	-2,4	-4,3	-3,4	-0,5
<b>Cash flow from operating activities</b>	<b>7,2</b>	<b>8,2</b>	<b>18,4</b>	<b>17,7</b>	<b>28,9</b>	<b>26,0</b>
Net investments	-1,2	-1,5	-5,5	-4,4	-8,6	-8,9
<b>Cash flow after investing activities</b>	<b>6,0</b>	<b>6,7</b>	<b>12,9</b>	<b>13,3</b>	<b>20,3</b>	<b>17,1</b>
Financing activities	-6,7	-0,7	-9,0	-11,5	-12,2	-8,1
<b>Cash flow for the period</b>	<b>-0,7</b>	<b>6,0</b>	<b>3,9</b>	<b>1,8</b>	<b>8,1</b>	<b>9,0</b>
Cash and cash equivalents at the start of the period	35,0	18,5	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>34,3</b>	<b>24,5</b>	<b>34,3</b>	<b>24,5</b>	<b>30,4</b>	<b>22,7</b>



## PARENT COMPANY – SUMMARY

INCOME STATEMENT	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months
	Jul-Sept 2020	Jul-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Jan-Dec 2019	Jan-Dec 2018
<b>MEUR</b>						
<b>Sales</b>	<b>0,3</b>	<b>0,3</b>	<b>0,9</b>	<b>0,9</b>	<b>1,2</b>	<b>1,2</b>
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>0,9</b>	<b>0,9</b>	<b>1,2</b>	<b>1,2</b>
Administrative expenses	-0,3	-0,3	-1,3	-1,3	-1,8	-1,8
Other operating income and expenses	0,0	-0,1	-0,2	-0,2	-0,2	-0,1
<b>Operating profit</b>	<b>0,0</b>	<b>-0,1</b>	<b>-0,6</b>	<b>-0,6</b>	<b>-0,8</b>	<b>-0,7</b>
Financial income and expenses	-1,0	0,9	-1,1	10,4	10,0	10,4
<b>Result after financial expenses</b>	<b>-1,0</b>	<b>0,8</b>	<b>-1,7</b>	<b>9,8</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>-1,0</b>	<b>0,8</b>	<b>-1,7</b>	<b>9,8</b>	<b>16,6</b>	<b>17,0</b>
Taxes	0,2	-0,1	0,4	-0,1	-1,6	-1,6
<b>Net result for the period</b>	<b>-0,8</b>	<b>0,7</b>	<b>-1,3</b>	<b>9,7</b>	<b>15,0</b>	<b>15,4</b>

### STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	-0,8	0,7	-1,3	9,7	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>-0,8</b>	<b>0,7</b>	<b>-1,3</b>	<b>9,7</b>	<b>15,0</b>	<b>15,4</b>

### STATEMENT OF FINANCIAL POSITION

	30-sep 2020	30-sep 2019	31-dec 2019	31-dec 2018
<b>MEUR</b>				
<b>Assets</b>				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	12,6	23,8	23,5	22,9
<b>Total fixed assets</b>	<b>100,3</b>	<b>111,5</b>	<b>111,2</b>	<b>110,6</b>
Receivables to subsidiaries	9,8	1,2	9,7	7,4
Current receivables	0,5	0,0	0,4	0,7
Cash and cash equivalents	0,1	0,0	0,0	0,0
<b>Total current assets</b>	<b>10,4</b>	<b>1,2</b>	<b>10,1</b>	<b>8,1</b>
<b>TOTAL ASSETS</b>	<b>110,7</b>	<b>112,7</b>	<b>121,3</b>	<b>118,7</b>
<b>Equity and liabilities</b>				
Equity	35,1	38,6	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	0,1	0,8	2,6	7,2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>110,7</b>	<b>112,7</b>	<b>121,3</b>	<b>118,7</b>

### CASH FLOW STATEMENT

	3 Months 2020	3 Months 2019	9 Months 2020	9 Months 2019	12 Months 2019	12 Months 2018
MEUR	30-sep	30-sep	30-sep	30-sep	31-dec	31-dec
Operating profit before financial items	0,0	-0,1	-0,6	-0,6	-0,8	-0,7
Interest paid and received, taxes, adjustments	0	0,1	0	0,2	9,6	9,5
Change in working capital	-0,1	-0,1	7,5	0,4	0,6	-0,7
<b>Cash flow from continuing operations</b>	<b>-0,1</b>	<b>-0,1</b>	<b>6,9</b>	<b>0,0</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>-0,1</b>	<b>-0,1</b>	<b>6,9</b>	<b>0,0</b>	<b>9,4</b>	<b>8,1</b>
Cash flow from financing activities	-6	0,0	-6,8	0,0	-9,4	-8,1
<b>Cash flow for the period</b>	<b>-6,1</b>	<b>-0,1</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Cash and cash equivalents at the beginning of the period	6,2	0,1	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>0,1</b>	<b>0,0</b>	<b>0,1</b>	<b>0,0</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	30 250 st	17,37 kr / option	250,64 kr / share

**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 760 (754) 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 2020, 11<sup>th</sup> of February 2021.

**SHAREHOLDERS MEETING**

The Annual General Meeting will be held at Troax in Hillerstorp on the 26<sup>th</sup> of April 2021, 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 8<sup>th</sup> of March 2021 at the latest.

**ELECTION COMMITTEE**

Based on shareholder statistics as of August 31, 2020, the following nomination committee has been appointed:

Johan Hjertonsson (chairman) – Investmentaktiebolaget Latour  
 Thomas Widstrand – Own holding  
 Louise Hedberg – SEB Investment Management  
 Anders Mörck – 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 third quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 28<sup>th</sup> of October 2020 at 16:00 CET. The conference will be held in English. For more information, please refer to <https://www.troax.com/global/en/press>



THOMAS WIDSTRAND  
**President and CEO**  
Phone +46 (0)370-828 31  
thomas.widstrand@troax.com

**Troax Group AB (publ)**  
Hillerstorp, 28<sup>th</sup> of October 2020

ANDERS EKLÖF  
**CFO**  
Phone +46 (0)370-828 25  
anders.eklof@troax.com

---

Headquarters:  
**Troax AB**  
Box 89, SE-335 04 Hillerstorp, Sweden  
Phone: +46 (0)370-828 00  
Fax +46 (0)370-824 86  
www.troax.com

*This information is information that Troax Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact person set out above, at 12:30 CET on the 28<sup>th</sup> of October 2020*



# Auditor's report

Troax Group AB (publ). reg. no. 556916-4030

---

## Introduction

We have reviewed the condensed interim financial information (interim report) of Troax Group AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 28 October 2020

Öhrlings PricewaterhouseCoopers AB

Johan Palmgren  
Authorized Public Accountant