ACTIVE + AWARE

TROAX GROUP AB – ANNUAL REPORT 2022

THE ENGLISH VERSION OF THE ANNUAL REPORT IS A TRANSLATION ONLY, AND IN CASE OF ANY DISCREPANCY BETWEEN THE ENGLISH TRANSLATION AND THE SWEDISH ORIGINAL, THE SWEDISH VERSION SHALL PREVAIL.

ORIGINAL SAFETY

WHAT'S AN ORIGINAL? THE FIRST OF SOMETHING, BUT ALSO SOMETHING INNOVATIVE AND DISTINCTIVE. ORIGINAL THINGS BREAK AWAY FROM THE CROWD AND STAND OUT. THEY'RE REPLICATED, STUDIED, AND COPIED. FOR US, ORIGINALITY IS ALSO ABOUT COURAGE. IT'S ABOUT BELIEVING IN OUR OWN ABILITY AND FOCUSING ON WHAT WE DO. THAT'S HOW WE LEAD THE WAY AND BREAK NEW GROUND, BUT THIS DOESN'T HAPPEN AUTOMATICALLY. TROAX'S SOLUTIONS ARE ALWAYS BASED ON HARD WORK, GOOD IDEAS, AND VALUES SOFTER THAN STEEL. OUR APPROACH TO SAFETY AND BUSINESS HAS MADE TROAX THE WORLD'S LARGEST PROVIDER OF MESH PANEL SOLUTIONS FOR MACHINE GUARDING, WAREHOUSE PARTITIONING, AND PROPERTY PROTECTION. THIS WAS YET ANOTHER YEAR IN OUR WORLD. WELCOME TO TROAX, THE ORIGINAL.

TROAX GROUP AB – ANNUAL REPORT 2022

Financial Calendar 2023
Interim report Q1, 26 April
Interim report Q2, 16 August
Interim report Q3, 24 October
Year-end report 2023, February 2024

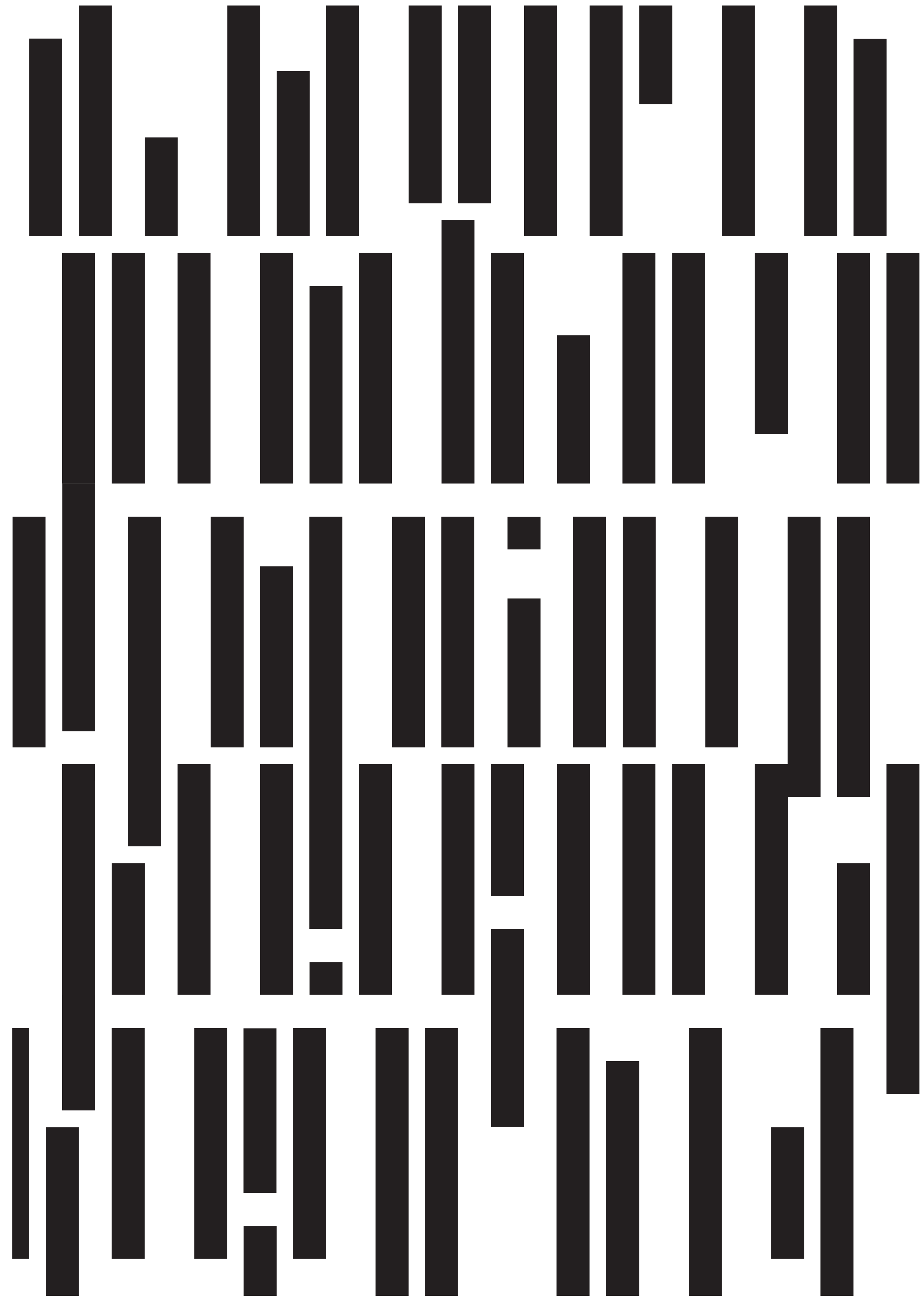
TABLE OF CONTENTS

FOR INFORMATION ABOUT THE BUSINESS,
MARKETS AND CORPORATE RESPONSIBILITY,
PLEASE SEE WWW.TROAX.COM

» LEADERSHIP IS AN ACTIVE CHOICE «

1955, 2022 AND ALL OTHER YEARS

The ability to make active choices and always move in a conscious direction is about having control. Control of your safety and comfort, your well-being, and leadership, but also over those things in life that matter. It's about responsibility and creating the right conditions for what you want to achieve. A strong character that allows you to choose how you want to act instead of being governed by chance and circumstances. It's the ability to see a brighter future even when dark clouds loom in the sky and the strength not to falter when others do. This is how we've made it from 1955 to 2022 and this is how we'll lead an entire industry into the future. It's our job to lead the way in our niche of safety and blaze new trails where no one else has gone before. We'll always develop solutions that are meaningful and fulfilling, and systems that protect people, property, and processes. When you make an active choice and are aware of the consequences, you can also make informed decisions and contribute to a better society. A choice that makes your world safer. We are Troax.



DIRECTOR'S REPORT

INFORMATION ABOUT THE BUSINESS
The Board of Directors and the CEO of Troax Group AB (publ) hereby submit the Annual Report and consolidated financial statements for the financial year 2022. The Troax Group AB Group (hereinafter referred to as "Troax") is an international producer of mesh walls for internal perimeter protection that protect people, property and processes. The business focuses on three market segments: Machine Guarding, Warehouse Partitioning and Property Protection.

Machine Guarding comprises Troax's standardised protection solutions for robot cells and automation solutions. The solutions comprise everything from individual mesh panels to complete installations of safety doors and locks equipped with circuit breakers.

Warehouse Partitioning comprises Troax's mesh panels for anti-collapse systems and mesh shelving for pallet racks, mesh partitioning for warehouse division and as protection against theft of goods, and complete machine guarding applications for automated warehouses.

Storage solutions where Troax supplies Troax mesh wall solutions for apartment storage and garages.

Sales and installations are mainly carried out through our own companies in Europe, the USA, Japan, Australia and China, as well as through a number of agents in Asia and South America.

Troax is a market leader in terms of volume, customer availability and product development, which is reflected not least in Troax's cooperation with a number of leading car manufacturers and automation builders in the Machine Guarding market area. The same is true for the leading integrators of automated warehouse solutions, driven by the need to increase e-commerce solutions.

Troax is headquartered in Hillerstorp, Sweden, and has production facilities in Hillerstorp, Birmingham (UK), Shanghai (China), Bulciago (Italy), Chicago (USA) and in Sroda and Koscian (Poland). Troax Group's turnover has in 2022 continued to increase compared to the previous year, mainly due to price increases that Troax has made to compensate for increased prices, mainly in steel, electricity and freight. However, these price increases have not fully compensated for the increased costs mentioned above, leading to a lower result for 2022 compared to 2021.

GROUP STRUCTURE
Troax Group AB (publ) is the parent company of the group with 29 directly and indirectly wholly owned subsidiaries, as shown in Note 31. Operationally, the Group is based on one operating segment, but sales and orders received are managed on the basis of geographical regions (Continental Europe, the Nordic region, the UK, North America and New Markets) and market segments (Machine Guarding, Warehouse Partitioning and Property Protection).

SIGNIFICANT EVENTS IN THE REPORTING PERIOD
Volumes during the year have been similar to 2021, with the difference that volumes were high in the first half of the year and weaker in the second. This is due to several international automated warehouse customers significantly reducing activity in 2022. Substantial increases in the prices of input steel products and freight have been noted during the year, resulting in higher prices to customers, with a certain time lag. Some delays in deliveries from subcontractors have also complicated the situation at certain times of the year, but the Group has nevertheless managed to deliver to customers satisfactorily. Two small acquisitions were made during the year, in Spain and Sweden.

In February 2022, Ukraine was invaded by Russia. Troax Group has virtually no sales to Russia or Ukraine and the Group has no employees in either of these countries. The subsidiary in Poland has had a small part of its raw material purchases from Ukraine, but most of these purchases were transferred to suppliers from other countries in 2022. As a relatively significant part of the steel production in Europe is made by companies in Russia/Ukraine, Troax Group has been negatively affected by the price effect of the war on the market price of refined steel. Troax Group has also been negatively affected by the effect on energy prices caused by the war.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD
No significant events have occurred since the end of the financial year.

ORDERS RECEIVED AND NET SALES
The Group's order intake in 2022 amounted to EUR 272.7 million, a decrease of 1 percent compared to the previous year. Adjusted for currency and acquisitions, order intake decreased by 4 percent. Net sales in 2022 amounted to EUR 284.1 million, an increase of 13 percent compared to the previous year. Adjusted for currency and acquisitions, net sales increased by 10 percent. All markets except North America have increased their sales compared to the previous year.

FINANCIAL PERFORMANCE
Operating profit (EBIT) in 2022 amounted to EUR 49.6 million, which is a decrease of EUR 2.8 million compared to the previous year. No non-recurring adjustment items have been made during the financial year that have a material impact on the result. The deterioration in operating profit compared with the previous year can be attributed to increased prices, primarily for steel, electricity and freight, which could not be fully compensated for by increased prices to the Group's customers. The operating result for 2022 has also been negatively affected by approximately EUR 1.5 million by obsolescence write-downs of the inventory value. In 2022, Troax has continued to invest in the development of New Markets that are expected to contribute to Troax's long-term growth. During the year, Troax has also invested in new products and markets through the acquisitions of Claitec Solutions S.L. and Svenska Cykelrum AB. Profit after tax in 2022 amounted to EUR 36.8 million, which is EUR 2.9 million lower than last year.

INVESTMENTS
Troax continually invests in the maintenance of production facilities and production equipment. In addition to maintenance investments, investments are made to expand or upgrade production units aimed at increasing productivity and/or capacity. In the financial year 2022, investments in property, plant and equipment mainly relate to a number of investments to expand capacity mainly in Sweden, Poland and Italy. In addition, Troax has acquired two subsidiaries, Claitec Solutions S.L. and Svenska Cykelrum AB. Investments in tangible and intangible assets for the year amount to EUR 16.9 million for the year.

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION
Cash flow from operating activities in 2022 amounted to EUR 48.5 million and total cash flow for the year amounted to EUR 3.1 million. The difference is mainly explained by dividends paid to shareholders, amortisation of bank loans and various investments mentioned above. Cash and cash equivalents as at 31 December 2022 amounted to EUR 37.5 million and net interest-bearing liabilities totalled EUR 38.3 million. Interest-bearing net debt in relation to EBITDA amounted to 0.6 times. This compares to the group's financial target of less than 2.5. On 31 December 2022, the Group's equity amounted to EUR 154.9 million and the equity ratio was 53.2 percent.

FIVE-YEAR SUMMARY

Group, million EUR	2022	2021	2022	2019	2018
Net sales	284.1	252.3	163.6	168.0	161.0
Gross profit	95.8	94.2	64.2	67.0	63.6
Operating profit before depreciation and amortisation (EBITDA)	61.2	62.3	38.5	38.9	35.6
Operating profit (EBIT)	49.6	52.4	30.8	32.9	32.8
Profit after tax	36.8	39.8	23.2	24.3	24.4
Equity	154.9	142.6	114.0	95.7	82.6
Total assets	291.1	291.3	245.3	220.4	191.5

EMPLOYEES
At the end of 2022, the group had 1,144 employees compared to 1,104 employees at the end of 2021. Of the total increase, 20 employees come from operations acquired/launched during the year in Spain and Sweden. Other staff information is presented in Note 7.

ENVIRONMENT, HEALTH AND SAFETY
Troax has implemented extensive initiatives to minimise the company's environmental impact and is constantly working to reduce it. Enhanced energy efficiency is an important part of the sustainability efforts, and an environmental report is distributed to managers and supervisory bodies every quarter. Troax has an environmentally friendly production process and was certified according to the environmental standard ISO 14001 already in 1998. The mesh panels produced by the company are 99 percent recyclable. As a result of previous activities at the factory in Hillerstorp, there has been some impact on the groundwater, see also the section "Risks and uncertainties" below.

Troax protects people, property and processes, a claim that applies to both customers and employees. That is why Troax has an integrated approach to health and safety that starts with an induction program for new employees and temporary workers. Local subsidiaries are responsible for implementing customised programmes to ensure that health and safety conditions comply with local rules and regulations. All incidents and near misses must be reported, measures taken and follow-up carried out in order to minimise the risk of accident and injury.

CORPORATE SOCIAL RESPONSIBILITY (CSR)
Troax's approach to CSR is summarised in three documents: The Group's Ethical Guidelines and Whistleblower Policy as well as the Group Code of Conduct. The contents of these documents have again been presented to, and discussed with, all staff members in the Group. The Troax Ethical Guidelines / Code of Conduct requires high business and personal ethics in the professional practice of Troax employees. For employees and those who represent Troax, honesty, integrity and legal compliance are an important part of Troax's corporate culture and daily operations.

SUSTAINABILITY REPORT
Sustainability issues have always been central to Troax. In 2022, the sustainability work has continued and this is reported in Troax's sustainability report, which also includes the auditor's opinion on the statutory sustainability report.

SHARES
At the end of 2022, there were 60,000,000 shares in the company. A t the end of the year, the share price was SEK 182.60. The number of shareholders at the end of the year was 7,478. See Note 20 for additional share information.

OWNERSHIP STRUCTURE
On 31 December 2022, Investment AB Latour owned 30.1 percent of the shares and is thus the largest shareholder. No other shareholders had holdings exceeding 10 percent.

PARENT COMPANY
Troax Group AB (publ) corp. ID no. 556916-4030, is the Parent Company for the activities within the Troax Group. The Parent Company's activities comprise Group functions. The parent company's net sales amounted to EUR 0.9 (0.9) million and the parent company's operating result amounted to EUR −1.7 (−1.6) million. Profit after financial items amounted to EUR 11.1 (7.8) million. Profit after tax amounted to EUR 24.3 (13.3) million.

RISKS AND UNCERTAINTIES
MACROECONOMIC FACTORS
The end customers of Troax products are typically integrators of automated production lines, OEMs, logistics companies, retailers, housing associations and property owners. Many of Troax's end customers are affected by changes in the general economy in the markets and geographical areas where they operate. This means that macroeconomic changes may reduce end-customer demand for Troax grid panel solutions. Furthermore, fluctuations in local or regional economic conditions may also affect Troax's end customers and the demand for its products. Should these circumstances occur, it could have an adverse effect on the business, financial position or performance.

RAW MATERIALS PRICES
Troax is exposed to fluctuations in the prices of the raw materials used in Troax's production and to fluctuations in the prices of the raw materials used in the production of the products that Troax purchases from external suppliers. Purchases of raw materials for the production of mesh panel solutions include steel tubes, wire and powder paint for painting. The raw materials used by Troax in its production are mainly standard products used in a number of industries.

UNFORESEEN PRODUCTION STOPPAGES
Troax's operations depend on its main production units in Hillerstorp, Sweden, in Bulciago, Italy, in Chicago, USA, and in Sroda and Koscian (Poland). If any of these production units should be totally or partially destroyed, for example by fire or natural disaster, have to be closed, or if any equipment in the plants should be seriously damaged, the production and distribution of the company's products may be hindered or interrupted. To the extent that unforeseen production interruptions, property damage or other value chain disruptions are not fully covered by insurance, they may also have a material adverse effect on the company's business, financial condition or results of operations.

COMPETITION
Troax operates in markets that are fragmented and generally characterised by fierce competition and is expected to continue to do so in the future. Alternative products that currently compete with Troax mesh panel solutions include simpler wire and mesh solutions and motion sensors that detect when people are near machines. There may also be alternative products or production techniques that have been or are being developed that the Company is not aware of.

Such products or production technologies may also be developed in the future and may, in one or more respects, compete with or outperform the Company's products or production efficiency. Troax currently enjoys a strong position as the leading company in its main markets and such a leading position always poses a risk in itself. Failure to compete successfully could result in a weakened market position, which could have a material adverse effect on the Group's business, financial condition or results of operations.

PRODUCT LIABILITY AND OTHER PRODUCT-RELATED CLAIMS
The Group is exposed to product liability and warranty claims to the extent that its products are defective or cause damage to persons or property. If a product is defective, the Group is normally responsible for repairing or replacing the defective products. This happens in relevant cases in both consumer and industrial markets. Because of the above risk, the Group may be subject to product liability and other claims if the products it manufactures or purchases from external suppliers are defective, cause production stoppages or personal or property damage.

ENVIRONMENTAL RISKS
Troax operations are housed in premises long-since used for industrial activities, particularly at the Hillerstorp site in Sweden. Troax's former activities resulted in an elevated level of trichloroethylene in the groundwater at Hillerstorp. In spring 2015, Troax completed an investigation involving bore samples to determine the scale of environmental impacts of the former activities. In 2015–2018, a monitoring programme for chlorinated solvents in groundwater was undertaken at selected testpoints, and the results were reported to the local authority. The local authority's general assessment of the results is that while contamination primarily with trichloroethylene does occur, there is no discernible decline or increase in contamination of the groundwater at either the testpoints or in samples taken from a drinking water well. According to the local authority, there is no conclusive need for remedial measures at the site on the basis of current evidence regarding contamination status. However, the company will have to perform continuous cleaning and ongoing testing of the water from the contaminated well to ensure access to production and drinking water, at least while the well is being used as a source of drinking water. There is no immediate need for continued ground water testing because this is unlikely to yield any new information. Control sampling of the well continues and will be done regularly to monitor carbon filtration measurements.

FINANCING OF THE GROUP
The Group's liabilities primarily comprise loans from credit institutions. The level of debt indebtedness has implications for shareholders, including the need for Troax to allocate a portion of its operating cash flow to its obligations hereunder. This could lead to reduced resources for Troax's business, and also for investments, working capital, dividends, etc. Troax's ability to manage its debt is dependent on future performance, which in turn is affected by the prevailing economic climate as well as financial, business, regulatory and other factors. If this means that the Group is unable to generate sufficient cash flow for its debt obligations, it could have a material adverse effect on the Group's business, financial condition and results of operations.

CURRENCY RISK
Currency risk is the risk that changes in foreign exchange rates will adversely affect the Group's income statement, balance sheet or cash flow. Exposure to foreign exchange risk arises from the purchase or sale of products or services in a currency other than the local currencies of the respective subsidiaries (transaction exposure) and from the translation of the subsidiaries' balance sheets and income statements in foreign currencies into EUR (translation exposure). The group's global operations give rise to a significant cash flow in foreign currency. The Group is mainly exposed to changes in SEK, USD and GBP in relation to EUR.

THE WORK OF THE BOARD OF DIRECTORS
The Board of Directors is the highest decision-making body after the general meeting of shareholders.
The Board of Directors' principal role is to decide on the company's business strategy, resources and capital structure, as well as the company's organisation and management of the company's affairs. The Board's general duties also include the ongoing assessment of the company's financial situation and the approval of the company's business plan. The general duties include the Board of Directors being responsible for overarching issues such as the company's strategy, acquisitions, major investments, divestments, submissions of annual reports and interim reports, appointment of the CEO, etc. The Board of Directors adheres to written rules of procedure that are established annually at the first scheduled board meeting following election. The rules of procedure set out the obligations and decision-making powers of the Board of Directors, the division of responsibilities between the Board of Directors and the CEO, etc. The Board meets according to a pre-agreed annual schedule. In addition to these meetings, further meetings can be arranged in exceptional circumstances.

In addition to the Board meetings, the Chairman of the Board and the Chief Executive have an ongoing dialogue on the management of the company. The division of labour between the Board and the CEO is regulated in the Board's Rules of Procedure and in an instruction to the CEO. The CEO is responsible for the implementation of the business plan and the day-to-day management of the company's affairs as well as the day-to-day operations of the company. This means that the CEO has the right to take decisions on matters which can be considered to fall within the scope of the day-to-day management of the company.

In addition, the CEO may take measures without the authorisation of the Board of Directors which, having regard to the scale and nature of the company's activities, are of an unusual nature or of major importance and the decision of the Board of Directors cannot be awaited without significant inconvenience to the company's activities. The instruction to the CEO also regulates his responsibility for reporting to the Board.

The Board held six minuted meetings in 2022 and has held one minuted meeting so far in 2023. During 2022, the Troax Board of Directors has consisted of six ordinary members elected by the Annual General Meeting in June 2022 plus one employee representative. The Chairman of the Board does not participate in the operational management of the company.

GUIDELINES FOR REMUNERATION OF THE CEO AND GROUP MANAGEMENT
Prior to the 2020 AGM, the guidelines were adapted to new rules in ABL regarding remuneration to the CEO and other senior executives, which were adopted by the 2020 AGM. The 2021 AGM approved an amendment to the guidelines to include the possibility for the CEO and other senior executives also to receive long-term variable remuneration. The guidelines also include a proposal that remuneration may be supplemented by share-based incentive programs provided that these promote long-term commitment to the business and provided that they are issued on market terms. No changes to the guidelines were made for the 2022 AGM and the guidelines are expected to remain unchanged for the 2023 AGM.

FUTURE PROSPECTS
Troax does not make forecasts for the future. The Group does, however, prepare business plans which reinforce the positive view of growth in Troax's underlying market.

PROPOSED APPROPRIATION OF PROFITS

Non-restricted equity in the Parent Company in EUR thousand:	
Share premium reserve	18,665
Retained earnings	0
Profit for the year	24,293
Total	42,958

THE BOARD'S OPINION ON THE PROPOSED DISTRIBUTION OF PROFITS
The Board proposes to distribute to the shareholders EUR 0.32 (0.30) per share, totalling EUR 19.2 (18.0) million. The proposed dividend to shareholders reduces the parent company's equity ratio to 28.0 percent and the group's equity ratio to 49.9 percent. The equity/assets ratio is satisfactory in view of the fact that the company's and Group's business remains profitable.

It is estimated that liquidity in the company and Group can be maintained at an equally satisfactory level. It is the Board's view that the proposed distribution does not prevent the company, or other companies in the Group, from fulfilling their short-term or long-term obligations, nor from completing required investments. The proposed dividend can thus be justified with regard to what is stated in ABL Chapter 17. Section 3, paragraph 2–3 (Prudence Rule). The record date for payment is 28 April 2023.

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	2022	2021
Net sales	3	284,081	252,278
Cost of goods sold		–188,254	–158,113
Gross profit		**95,827**	**94,165**
Selling expenses		–30,545	–28,018
Administrative expenses		–15,945	–14,098
Other operating income	5	1,503	603
Other operating expenses	6	–1,284	–230
Operating profit	7, 8, 9	**49,556**	**52,422**
Financial income		–	–
Financial expenses		–1,355	–1,048
Net financial income/expense	10	**–1,355**	**–1,048**
Profit before tax		**48,201**	**51,374**
Taxes	11	–11,407	–11,597
Profit for the year		**36,794**	**39,777**
Earnings per share	20		
Before dilution (EUR)		0.61	0.66
After dilution (EUR)		0.61	0.66
Consolidated statement of comprehensive income			
Profit for the year		**36,794**	**39,777**
Other comprehensive income	21		
Items that are or may be reclassified to profit or loss			
Translation differences for the year		–7,766	314
Items that cannot be reclassified to profit or loss			
Revaluations of defined benefit pension plans		1,360	393
Tax relating to items that cannot be reclassified to profit or loss		–281	–80
Other comprehensive income for the year		**–6,685**	**626**
Other comprehensive income		**30,108**	**40,404**

The full amount of profit for the year is attributable to the Parent Company's shareholders.

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	31 Dec 2022	31 Dec 2021
Assets	4		
Non-current assets			
Intangible assets	12	98,558	95,651
Property, plant and equipment	13	44,349	43,733
Right-of-use assets	15	15,619	16,547
Non-current financial assets	14	2,129	2,072
Deferred tax asset	11	5,124	4,972
Total non-current assets		**165,779**	**162,975**
Current assets			
Inventories	16	32,342	35,516
Trade receivables	17	47,203	48,810
Other receivables		4,151	3,657
Prepaid expenses and accrued income	18	4,071	5,172
Cash and cash equivalents	32	37,531	35,193
Total current assets		**125,298**	**128,348**
Total assets		**291,077**	**291,323**
Equity and liabilities	20, 21, 33		
Share capital		2,574	2,574
Other paid-in capital		29,797	29,630
Reserves		–12,519	–13,600
Retained earnings including profit for the year		135,023	123,956
Total equity		**154,875**	**142,560**
Non-current liabilities			
Non-current, interest-bearing liabilities	22	71,568	82,322
Other non-current liabilities	26	2,492	313
Provisions for pensions	23	4,376	5,599
Other provisions		2,635	2,790
Deferred tax liabilities	11	7,706	7,210
Total non-current liabilities		**88,777**	**98,234**
Current liabilities			
Trade payables		21,627	28,555
Tax liabilities	11	3,991	2,076
Other liabilities	25	12,281	10,481
Accrued expense and deferred income	24	9,526	9,417
Total current liabilities		**47,425**	**50,529**
Total liabilities		**136,202**	**148,763**
Total equity and liabilities		**291,077**	**291,323**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Note	Share capital	Other paid-in capital	Reserves	Retained earnings incl. profit for the year	Total equity
Opening balance of equity 1 January 2021		**2,574**	**29,535**	**−13,913**	**95,838**	**114,034**
Other comprehensive income						
Profit for the year		–	–	–	39,777	39,777
Other comprehensive income for the year		–	–	313	314	627
Total comprehensive income		**0**	**0**	**313**	**40,091**	**40,404**
Transactions with owners of the Group						
Option premiums paid in		–	95	–	–	95
Repurchase of own shares		–	–	–	–	–
Distribution		–	–	–	−11,973	−11,973
Total transactions with owners of the group		–	95	–	−11,973	−11,878
Closing balance of equity 31 December 2021		**2,574**	**29,630**	**−13,600**	**123,956**	**142,560**
Opening balance of equity 1 January 2022		**2,574**	**29,630**	**−13,600**	**123,956**	**142,560**
Other comprehensive income						
Profit for the year		–	–	–	36,794	36,794
Other comprehensive income for the year		–	–	1,081	−7,765	−6,684
Total comprehensive income		**0**	**0**	**1,081**	**29,027**	**30,108**
Transactions with owners of the Group						
Option premiums paid in		–	167	–	–	167
Repurchase of own shares		–	–	–	–	–
Distribution		–	–	–	−17,960	−17,960
Total transactions with owners of the group		–	167	–	−17,960	−17,793
Closing balance of equity 31 December 2022		**2,574**	**29,797**	**−12,519**	**135,023**	**154,875**

The full amounts of all components of equity are attributable to the Parent Company's shareholders.

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Note	2022	2021
Operating Activities	33		
Operating result before financial items		49,556	52,422
Adjustments for non-cash items		10,785	10,917
Interest received		–	–
Interest paid		−1,355	−1,048
Income taxes paid		−10,522	−8,856
Cash flow from operating activities before changes in working capital		**48,464**	**53,435**
Cash flow from changes in working capital			
Increase/decrease in inventories		3,174	−17,475
Increase/decrease in accounts receivable		2,668	−14,151
Increase/decrease in other current receivables		1,065	−1,281
Increase/decrease in trade payables		−7,128	11,542
Increase/decrease in other current receivables		517	100
Cash flow from operating activities		**48,760**	**32,170**
Investing activities			
Investments in subsidiaries	4	−4,534	−705
Investments in intangible assets		−233	−204
Investments in tangible non-current assets		−8,350	−13,454
Proceeds from sale of property, plant and equipment		–	–
Investments in financial non-current assets		−57	−220
Cash flow from investing activities		**−13,174**	**−14,583**
Financing activities			
Option premiums received		167	95
Repayment of borrowings in respect of right-to-use assets		−4,469	−4,389
Borrowing/repayment of loans		−10,163	1,000
Dividends paid		−17,960	−11,973
Cash flow from financing activities		**−32,425**	**−15,267**
Cash flow for the year		3,161	2,320
Cash and cash equivalents at the beginning of the year		35,193	32,494
Translation difference		−823	379
Cash and cash equivalents at the end of the year		**37,531**	**35,193**

INCOME STATEMENT / Parent Company

EUR thousand	Note	2022	2021
Net sales		881	865
Gross profit		**881**	**865**
Administrative costs		−2,190	−2,509
Other operating income	5	0	25
Other operating expenses	6	−315	0
Operating profit	7. 8	**−1,624**	**−1,619**
Profit/loss from financial items			
Profit/loss from investments in Group companies	36	11,604	7,880
Profit/loss from other securities and receivables accounted for as non-current assets		1,380	1,784
Interest income and similar items from Group companies		579	512
Interest expense and similar income and expense items		−813	−740
Total net financial items	10	**12,750**	**9,436**
Profit/loss after net financial items		**11,126**	**7,817**
Appropriations	19	16,536	6,846
Tax on profit for the year	11	−3,369	−1,385
Profit for the year		**24,293**	**13,278**
Statement of comprehensive income, Parent Company			
Profit for the year		24,293	13,278
Other comprehensive income for the year		0	0
Other comprehensive income		**24,293**	**13,278**

BALANCE SHEET / Parent Company

EUR thousand	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Non-current financial assets			
Participations in Group companies	31	87,694	87,694
Receivables from Group companies		24,424	23,029
Deferred tax assets	11	146	172
Other non-current receivables	14	551	647
Total non-current assets		**112,815**	**111,542**
Current assets			
Current receivables			
Receivables from Group companies		5,475	7,026
Current tax receivables		0	293
Other current receivables		0	4
Prepaid expenses and accrued income		3	3
		5,478	**7,326**
Cash and bank		9,765	12,847
Total current assets		**15,243**	**20,173**
Total assets		**128,058**	**131,715**

BALANCE SHEET / Parent Company

EUR thousand	Note	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity	21, 34		
Restricted equity			
Share capital		2,574	2,574
Non-restricted equity			
Share premium reserve		18,665	23,180
Retained earnings		0	0
Profit for the year		24,293	13,278
Total non-restricted equity		**42,958**	**36,458**
Total equity		**45,532**	**39,032**
Untaxed reserves	32	**5,713**	**6,967**
Provisions			
Other provisions		711	837
Total provisions		**711**	**837**
Non-current liabilities			
Liabilities to other credit institutions	22, 27	60,000	70,000
Total non-current liabilities		**60,000**	**70,000**
Current liabilities			
Trade payables		11	115
Liabilities to Group companies		13,416	13,607
Current tax liabilities		1,688	0
Other current liabilities		66	46
Accrued expense and deferred income		920	1,111
Total current liabilities		**16,102**	**14,879**
Total equity and liabilities		**128,058**	**131,715**

STATEMENT OF CHANGES IN EQUITY / Parent Company

EUR thousand	Note	Share capital	Share premium reserve	Retained earnings incl. profit for the year	Total equity
Opening balance of equity 1 January 2021		**2,574**	**25,768**	**9,290**	**37,633**
Other comprehensive income					
Profit for the year		–	–	13,278	13,278
Total comprehensive income		**0**	**0**	**13,278**	**13,278**
Transactions with owners of the Group					
Option premiums paid in		–	95	–	95
Repurchase of own shares		–	–	–	–
Dividends to the Parent Company's owners		–	−2,683	−9,290	−11,973
Closing balance of equity 31 December 2021		**2,574**	**23,180**	**13,278**	**39,032**
Opening balance of equity 1 January 2022		**2,574**	**23,180**	**13,278**	**39,032**
Other comprehensive income					
Profit for the year		–	–	24,293	24,293
Total comprehensive income		**0**	**0**	**24,293**	**24,293**
Transactions with owners of the Group					
Option premiums paid in		–	167	–	167
Repurchase of own shares		–	–	–	–
Dividends to the Parent Company's owners		–	−4,682	−13,278	−17,960
Closing balance of equity 31 December 2022		**2,574**	**18,665**	**24,293**	**45,532**

CASH FLOW STATEMENT / Parent Company

EUR thousand	Note	2022	2021
Operating Activities	33		
Operating result before financial items		–1,624	–1,619
Change in provisions		–126	195
Interest received		579	512
Dividends received		11,604	7,880
Interest paid		–813	–740
Income taxes paid		–1,414	–876
Cash flow from operating activities before changes in working capital		**8,206**	**5,352**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		16,970	4,365
Increase/decrease in operating liabilities		–465	5,011
Cash flow from operating activities		**24,711**	**14,729**
Financing activities			
Option premiums received		167	95
Share repurchases		–	–
Borrowing/repayment of loans		–10,000	–
Borrowings		–	1,000
Dividends paid		–17,960	–11,973
Cash flow from financing activities		**–27,793**	**–10,878**
Cash flow for the year		**–3,082**	**3,850**
Cash and cash equivalents at the beginning of the year		12,847	8,997
Cash and cash equivalents at the end of the year		**9,765**	**12,847**

NOTES

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Accounting policies and valuation principles

(a) Compliance with standards and legislation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU, and the Swedish Annual Accounts Act. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

The Parent Company applies the same accounting policies as the Group, except as stated below under the section "Parent Company's accounting policies".

The annual accounts and consolidated accounts were approved for issue by the Board of Directors and the Chief Executive Officer on 24 March 2023. The consolidated income statement and statement of comprehensive income and the consolidated balance sheet, as well as the parent company's income statement and balance sheet, will be subject to approval by the Annual General Meeting on 27 April 2023.

(b) Measurement bases used in preparing the financial statements
Assets and liabilities are measured on a historical cost basis except for certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities that are measured at fair value comprise derivative instruments.

(c) Functional currency and presentation currency
The Parent Company's presentation currency, and also its functional currency, is the Euro. The Group's presentation currency is the Euro. This means that the Parent Company's financial statements and the consolidated financial statements are presented in EUR. All amounts are rounded to the nearest thousand unless otherwise stated.

(d) Judgements and estimates in the financial statements
Preparation of the financial statements in accordance with IFRS requires the senior management to make judgements, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgements.

Estimates and assumptions are reviewed on an ongoing basis. Changes to estimates are recognised in the period in which the estimates are changed if the changes affect that period alone, or in the period in which the change occurs and future periods, if the change affects both.

(e) Right-of-use assets
The Group leases production facilities, offices, warehouses, machinery and vehicles. The leases are normally written for fixed periods between 6 months and 8 years but there may be options to extend, as described in *(i)* below.

The terms are negotiated separately for each contract and contain a large number of different contractual terms. The leases contain no specific conditions or restrictions except that the lessor retains the rights to the pledged leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of the following lease payments:

» fixed charges (including substantially fixed charges), after deducting any benefits associated with the signing of the lease to be received
» variable lease payments that depend on an index or a price, initially measured using the index or price at the commencement date
» amounts expected to be paid by the lessee under residual value guarantees
» lease payments that will be made for reasonably certain extension options are also included in the measurement of the liability.

The Group has chosen to classify right-of-use agreements shorter than 12 months or expiring within 12 months of the transition date as short-term agreements and these are therefore not included in the recognised liabilities or right-of-use assets. Identified low value contracts are also not included in the recognised liabilities or rights of use.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the lessee shall use their incremental borrowing rate, which is the rate that a lessee would have had to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment and with similar terms and conditions and similar security.

The Group determines the incremental borrowing rate as follows:

» where possible, financing that has recently been obtained from a third party shall be used as a starting point and then adjusted to reflect changes in financing conditions since the financing was obtained. In the event that no financing has recently been obtained from a third party, the incremental borrowing rate shall be calculated using the current base rate in the relevant country, adjusted for the margin judged to be required for financing from a third party.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they become effective. When adjustments of lease payments that depend on an index or rate take effect, the lease liability is remeasured and a corresponding adjustment is made to the right-of-use asset.

Lease payments are split between repayment of debt and interest. The interest is recognised in the income statement over the lease term in a manner that results in a fixed interest rate for the lease liability recognised in each period.

Right-of-use assets are measured at cost and include the following:

- the amount of the lease liability initially measured at
- lease payments made at or before the commencement date, after deducting any benefits received in connection with the signing of the lease agreement.
- initial direct costs
- cost of restoring the asset to the condition specified in the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight line basis over the shorter of the useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments for short-term contracts relating to low-value leases are charged to the income statement on a straight-line basis. Short-term contracts are contracts with a leasing period of 12 months or less. Leases of low-value assets include, but are not limited to, IT equipment and small items of office furniture.

(i) Options to extend and terminate leases

Options to extend and terminate leases are included in a number of the Group's leases for buildings and equipment. Terms and conditions are used to maximise flexibility in managing the assets used in the Group's operations. The majority of the options to extend and terminate leases can only be used by the Group and not by lessors.

(ii) Estimates and judgements relating to the lease term

When the lease term is determined, management considers all the available information that creates an economic incentive to exercise an option to extend a lease, or not to exercise an option to terminate a lease. Options to extend a lease are included in the lease term only if it is reasonably certain that the lease will be extended.

Troax has identified contracts, mainly related to real estate, as open, that is, without a defined end date. In many countries, local laws and regulations give the lessee security of tenure when such agreements have been concluded. This means that Troax, as a lessee, has to determine for itself what contract length can be considered reasonable instead of considering the termination clause in the contracts. In these cases, Troax has determined the contract period by assessing factors such as the importance of the property to the business, its own planned or completed investments in the leased property, the market situation for real estate and the costs and business interruption that would be required to replace the leased asset. As a result of these considerations, the contractual periods of many leases have been deemed to be longer than the minimum contractual period.

The majority of the extension options relating to vehicle leases have not been included in the lease liability because the Group is able to replace the assets without undue cost or disruption to operations.

The lease term is reassessed if an option is exercised (or not exercised). An assessment of reasonable certainty will be reassessed only where a significant event or change in circumstances occurs that affects this assessment and is within the control of the lessee.

(iii) Guaranteed residual values

To optimise lease costs during the lease term in respect of machinery and vehicle leases, the Group sometimes provides residual value guarantees.

(iv) Estimates of amounts expected to be payable under residual value guarantees

The Group initially estimates the amounts of guaranteed residual values that it expects to be required to pay and recognises them as part of the lease liability. Normally the expected residual value at the start of the lease is equal to or higher than the guaranteed amount and therefore the Group does not expect to pay anything for the guaranteed residual values.

(f) Classification

Fixed assets and non-current liabilities essentially comprise amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities fundamentally comprise amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

(g) Segment reporting

An operating segment is a part of the Group that is involved in business activities that generate revenue and incur costs and for which stand-alone financial information is available. An operating segment's performance is followed up further by the company's chief operating decision makers in order to evaluate performance and to be able to allocate resources to the operating segment. See Note 3 for further description of the classification and presentation of operating segments.

(h) Consolidation principles and business combinations

Subsidiaries are companies in which Troax Group AB (publ) has a controlling influence. Troax Group AB (publ) has a controlling influence if it controls an investee, has exposure or rights to variable returns from the entity and is able to exercise its influence over the investee to affect returns. An assessment of whether a situation involves controlling influence takes into account potential voting rights and situations of de facto control.

Subsidiaries are recognised according to the acquisition method. The method means that acquisitions of subsidiaries are regarded as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value on the acquisition date of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests. An acquisition analysis is provisional until it is finalised. A preliminary purchase price allocation is amended as soon as new information regarding assets/liabilities at the time of acquisition is obtained, but no later than one year from the date of acquisition, the preliminary purchase price allocation is determined. Transaction fees that arise are recognised immediately through profit or loss.

For a business acquisition where transferred consideration exceeds the fair value of the acquired assets and assumed liabilities recognised separately, the difference is recognised as goodwill.

Intra-group receivables and liabilities, revenue or expenses and unrealised profits or losses that arise from intra-group transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements.

(i) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing at the transaction date. Functional currency is the currency of the primary economic environments in which the company operates. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. Exchange differences that arise in translation are recognised in profit or loss. Non-monetary assets and liabilities reported at historical cost are translated at the exchange rate at the time of the transaction. Non-monetary assets and liabilities recognised at fair value are translated into the functional currency at the exchange rate prevailing at the date of the fair value measurement.

(ii) Financial reports of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation into the Group's reporting currency, the euro, at he exchange rate prevailing on the balance sheet date. Revenue and expenses from foreign operations are translated into Euros at an average exchange rate that is an approximation of the actual exchange rates at the time of the respective transactions. Translation differences that arise in connection with currency translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, in reserves. When control of a foreign operation ceases, the cumulative translation differences relating to the operation are realised and reclassified from the translation reserve in equity to profit or loss.

(iii) Intra-group foreign currency receivables and liabilities

Intra-group receivables and liabilities in foreign currency that form part of the net investment in a foreign operation and are revalued in accordance with IAS 21 have an impact on the income statement and are treated as follows. Translation differences that arise during currency translation are recognised in other comprehensive income and accumulated in a separate reserve within equity.

(j) Sale of goods and services

The Group's net sales mainly comprise revenue from the sale of goods. Net sales have, where appropriate, been reduced by the value of discounts given and returned goods. Revenue from the sale of goods is recognised when ownership of the goods have been transferred to a third party, normally in connection with delivery to the customer.

(k) Financial income and expense

Financial income comprises interest income, exchange differences and other financial income.

Financial expense mainly comprises interest expense on loans and defined-benefit pensions, as well as exchange differences.

Foreign exchange gains and losses are recognised on a net basis.

(l) Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or less except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or equity.

Current tax is tax that is to be paid or received for the current year, with application of the tax rates that have been enacted or substantively enacted at the balance sheet date. Current tax also includes adjustments for current tax of prior periods.

Deferred tax is calculated in accordance with the balance sheet method and is based on temporary differences between the carrying amount and the tax bases of assets and liabilities. Temporary differences are not recognised for goodwill on consolidation nor for differences arising from initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit or loss. Furthermore, temporary differences attributable to holdings in subsidiaries and associated companies that are not expected to be repaid within the foreseeable future are not considered. Measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets concerning deductible temporary differences and deductible deficits are recognised only to the extent it is likely that these can be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

(m) Financial instruments

As of 1 January 2018, IFRS 9 is applied which deals with the classification, measurement and recognition of financial assets and liabilities.

Financial instruments reported in the statement of financial position include, on the asset side, cash and cash equivalents, trade receivables, other receivables, securities held as non-current assets and derivatives. Liabilities include trade payables, loans and derivatives.

(i) Recognition and derecognition in statement of financial position

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Receivables are recognised when the company has satisfied its performance obligations and there is a contractual obligation on the counterparty to pay, even if the invoice has yet to be sent. Trade receivables are recognised in the statement of financial position once an invoice has been sent. Liabilities are recognised when the counterparty has satisfied its performance obligations and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade payables are recognised when an invoice is received.

A financial asset is derecognised from the statement of financial position when the rights under the contract are realised, expire or the company loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is discharged or is otherwise extinguished. The same applies to a portion of a financial liability.

Financial assets and financial liabilities offset each other and the net amount is recognised in the statement of financial position only when a legal right to offset the amounts exists and the company intends to settle them on a net basis or to simultaneously realise the asset and settle the liability.

Acquisitions and sales of financial assets are recognised on the transaction date. The transaction date is the date when the company undertakes to acquire or sell the asset.

(ii) Classification and measurement

Financial instruments that are not derivatives are recognised initially at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments except for those classified as financial assets recognised at fair value through profit or loss, which are recognised at fair value excluding transaction costs. A financial instrument is classified at initial recognition, partly on the basis of the purpose for which the instrument was acquired. Classification determines how the financial instrument is measured after initial recognition, as described below.

Cash and cash equivalents consist of cash on hand.

Financial assets valued at fair value through profit or loss

This category comprises two sub-categories: financial assets held for trading purposes and other financial assets that the company has decided on initial recognition to place in this category (according to the so-called Fair Value Option). Financial instruments in this category are measured continuously at fair value with any changes in value recognised through profit or loss. The first sub-category includes derivatives with positive fair values with the exception of derivatives that have been identified as effective hedging instruments. The group has no instruments in the second sub-category.

Financial assets are valued at their accrued acquisition value

Loan receivables and trade receivables are non-derivative financial assets with fixed payments, which are not listed on an active market. These assets are measured at amortised cost. Assets held for the purpose of collecting contractual cash flows and where those cash flows represent only principal and interest are measured at amortised cost. Assets in this category are initially recognised at fair value including transaction costs. After acquisition they are recognised at amortised cost using the effective interest rate method. The carrying amount of these assets is adjusted by any expected credit losses recognised. Interest income from these financial assets is recognised using the effective interest rate method and included in financial income. Assets in this category comprise non-current financing receivables, trade receivables and other current receivables. They are included in current assets except for items with a maturity date of more than 12 months after the end of the reporting period, which are classified as non-current assets.

Financial liabilities at fair value through profit or loss

This category consists of two subcategories, financial liabilities held for trading and other financial liabilities that the entity has chosen to place in this category (the so-called Fair Value Option), as described above under “Financial assets at fair value through profit or loss”. The first category includes the Group’s derivatives with a negative fair value. Changes in fair value are recognised through profit or loss. The group has no instruments in the second sub-category.

Financial assets are valued at their accrued acquisition value

Loans and other financial liabilities, for example trade payables, are included in this category. These liabilities are measured at amortised cost. The Group’s bank borrowings are not subject to repayment and the Group therefore does not recognise any current portion of long-term liabilities on the balance sheet.

(iii) Derivatives

The group’s derivative instruments have been acquired in order to mitigate the exchange rate risks the company is exposed to. Troax does not apply hedge accounting, which means that changes in the fair value of derivatives are immediately recognised through profit or loss for the period in which they occur. Changes in the fair value of derivatives are recognised on a net basis as either other operating income or other operating expense. Derivatives are valued at level 2, which is then on an arm’s length basis using observable market prices available at each balance sheet date.

(n) Intangible assets

(i) Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested for impairment at least annually. Goodwill is not amortised.

(ii) Licences

Acquired licences are booked at cost less accumulated amortisation and any impairment losses. Licenses are amortised on a straight-line basis over the useful life pursuant to contractual provisions of 5 years. Amortisation is included in the cost of goods sold.

(iii) Trademarks

Acquired trademarks are recognised at cost less any impairment. Most of the Group’s trademarks are considered to have indefinite lives and are therefore not amortised. These trademarks are tested for impairment at least annually.

(iv) Customer relationships

Acquired customer relationships are recognised at cost less accumulated amortisation and any impairment losses. Customer relationships are amortised on a straight-line basis over the estimated useful life of 5–15 years.

(o) Property, plant and equipment

Property, plant and equipment are recognised in the consolidated balance sheet at cost after deduction for accumulated depreciation and any impairment losses. Cost includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be utilised in accordance with the purpose of the acquisition. Loan expenses that are directly attributable to purchase, construction or production of assets that require significant time to be made ready for their intended use or sale are included in cost. Accounting policies relating to impairment are shown below.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset. Gains or losses arising on the sale or disposal of an asset consist of the difference between the consideration paid and the carrying amount of the asset less any direct sales costs. Gains and losses are recognised as other operating income/operating expense.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset; land is not depreciated.

Estimated useful lives:

» Office and industrial buildings	20–25 years
» Machinery and other technical installations	5–10 years
» Equipment, tools and installations	3–10 years

In the income statement, depreciation is allocated to the respective functions.

(p) Inventories

Inventories are valued at the lower of cost and net sales value. The cost of inventories is calculated through the application of the first in, first out method (FIFO). For self-manufactured goods, cost includes a reasonable share of indirect costs.

(q) Impairment

The carrying amounts of assets are tested for indication of impairment at each balance sheet date. IAS 36 is applied to impairment of assets other than financial assets, which are accounted for in accordance with IFRS 9.

(i) Impairment of property, plant and equipment and intangible assets

If there is an indication of impairment, the asset’s recoverable amount is calculated (see below). For goodwill and trademarks that are not written off, the recoverable amount is also calculated annually. An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the recoverable amount. An impairment loss is recognised as an expense through profit or loss. When impairment losses have been identified for a cash generating unit, the impairment amount is in the first instance allocated to goodwill. Thereafter, proportionate impairment losses are recognised for other assets included in the unit.

The recoverable amount is the higher of the fair value less costs to sell or the value in use. When calculating the value in use, future cash flows are discounted by a discounting factor that takes into account risk-free interest and the risk that is associated with the specific asset.

(ii) Impairment of financial assets

The Group applies the simplified approach to calculation of expected credit losses. This approach means that lifetime expected credit losses can be recognised for trade receivables and contract assets. In order to calculate expected credit losses, trade receivables and contract assets are grouped into categories based on credit risk characteristics and number of days past due. Contract assets comprise work performed but not yet invoiced and essentially share the risk characteristics of already invoiced work under the same type of contract. The Group therefore believes that expected credit losses on trade receivables are a reasonable estimate of expected credit losses on contract assets. The expected credit loss levels are based on the customers’ payment history for a period of 36 months as of 31 December 2022 and 1 January 2022 respectively, together with the loss history for the same period. Historic losses are adjusted to take into account current and forward-looking information about macro-economic factors that could affect customers’ ability to pay receivables.

The impairment of receivables is determined based on historical experience of customer losses on similar receivables. Impaired trade receivables are recognised at the present value of expected future cash flows. However, short-term receivables are not discounted.

(iii) Reversal of impairment losses

An impairment loss on assets within the scope of IAS 36 is reversed if there is both an indication that the impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable amount. However, impairment losses for goodwill are never reversed. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation, if no impairment loss had been recognised.

Impairment losses on loans receivable and trade receivables that are recognised at amortised cost are reversed if the previous reasons for the impairment losses no longer exist and full payment is expected to be received from the customer.

(r) Dividends

Dividends are recognised as liabilities after the Annual General Meeting has approved the dividend.

(s) Earnings per share

Calculation of earnings per share is based on the Group’s profit or loss for the year attributable to the Parent Company’s owners and the weighted average number of outstanding ordinary shares over the year.

(t) Warrants programme

The 2018, 2019, 2020, 2021 and 2022 AGMs resolved on warrant programs for senior executives in the group.

The participants in the subscription program have on the allocation date paid the fair value of the warrants, which has been calculated using an adapted version of the Black Scholes valuation model. The Parent Company has repurchased its own shares in the market to cover its obligations under the stock option plans.

In the 2019 program, 66,200 options were subscribed for against a paid option premium of SEK 9.35 per option where each option gives a right to subscribe for one share at a subscription price of SEK 121.68 per share during the period 20 May 2023 to 30 June 2023.

In the 2020 program, 30,257 options were subscribed for against a paid option premium of SEK 17.37 per option where each option gives a right to subscribe for one share at a subscription price of SEK 250.64 per share during the period 20 May 2024 to 30 June 2024.

In the 2021 program, 26,007 options were subscribed for against a paid option premium of SEK 36.68 per option, where each option gives a right to subscribe for one share at a subscription price of SEK 515.33 per share during the period 20 May 2025 to 30 June 2025.

In the 2022 program, 132,360 options were subscribed for against a paid option premium of SEK 18.0 per option, where each option gives a right to subscribe for three shares at a subscription price of SEK 231.25 per share during the period 20 May 2026 to 30 June 2026.

(u) Remuneration of staff

(i) Short-term remuneration

Short-term remuneration of staff is calculated without discounting and recognised as an expense when the associated services are received.

(ii) Pension obligations

Plans in which the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution pension plans. The majority of the group's pension obligations are defined contribution plans and have been secured through insurance policies with insurance companies. For the CEO, part of the defined contribution plan has been secured by a direct pension solution secured by endowment insurance. However, the group also has some defined benefit plans. Defined benefit plans are plans other than defined contribution plans. In Sweden, the defined benefit plans comprise IAS 2. In addition, the Group has some pension obligations in subsidiaries in Italy and France that are classified as defined benefit plans according to IAS 19.

The group's obligation relating to defined benefit plans is calculated separately for each plan through an estimate of future compensation that the employee has earned through his/her employment in both current and previous periods; this compensation is discounted to a present value. The discount rate is the interest on the balance sheet date of a high quality corporate bond, including mortgage bond, with a maturity that corresponds to the group's pension commitments. The calculation is carried out by a qualified actuary using the so-called Projected Unit Credit Method.

The Group's net obligation comprises the present value of the obligation. The interest expense on the defined benefit obligation is accounted for in net interest income/expense. The net interest cost is based on the interest that arises when discounting the net obligation, that is, the interest on the obligation. Other components are reported by function in the income statement.

Revaluation effects consist of actuarial gains and losses. Revaluation effects are recognised in other comprehensive income. Special payroll tax constitutes a part of actuarial assumptions and is therefore recognised as part of the net obligation. For reasons of simplification, the part of the special payroll tax calculated on the basis of the Pension Obligations Act in legal entities is recognised as an accrued expense instead of as part of the net obligation/asset.

Income tax is recognised in the income statement for the period to which it relates and is therefore not included in the calculation of the liability.

(v) Provisions

Provisions are recognised at the amount that is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the timing of payment is material, provisions are calculated by discounting expected future cash flow to an interest rate before tax that reflects current market estimates of the time value of money and, where applicable, the risks associated with the liability.

(x) Government assistance

State aid is a financial contribution from government and supranational bodies that is received in exchange for the Troax group meeting certain conditions. Financial contributions are recognised in the financial statements when there is reasonable assurance that the conditions will be met and the contributions will be received. The grants are recognised in the income statement as other operating income.

(y) Contingent liabilities

Contingent liabilities are recognised when there is a possible obligation resulting from past events and the existence of which is confirmed only through one or more uncertain future events not within the control of the Group, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or is not reliably measurable.

The Parent Company's accounting policies

The parent company has prepared its annual report in accordance with the Annual Accounts Act (SFS 1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements for listed companies have also been applied. According to RFR 2, the Parent Company must, in the financial statements for the legal entity, apply all IFRS and statements adopted by the EU in so far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligation Vesting Act and with regard to the relationship between accounting and taxation. The recommendation states the exceptions from and additions to IFRS that should be applied.

Differences between the Group's and the Parent Company's accounting policies

The differences between the Group's and the Parent Company's accounting policies are described below. The Parent Company's accounting policies shown below have been applied consistently to all periods that are presented in the Parent Company's financial statements.

Revised accounting policies

Unless otherwise stated below, the parent company's accounting policies in 2022 have changed in accordance with what is stated above for the group.

Classification and formats

The format of the Parent Company's income statement and balance sheet follow the format in the Swedish Annual Accounts Act. The difference with IAS 1 Presentation of Financial Statements, which is applied in the preparation of the consolidated financial statements, is mainly the recognition of financial income and expenses, non-current assets and equity.

Subsidiaries

Shares in subsidiaries are recognised by the Parent Company in accordance with the cost method. This means that transaction fees are included in the recognised value of holdings in subsidiaries. In the consolidated financial statements, transaction fees attributable to subsidiaries are recognised immediately through profit or loss account when they are incurred.

Financial instruments

Due to the link between accounting and taxation, the rules on financial instruments and hedge accounting in IFRS 9 are not applied in the parent company as a legal entity.

NOTE 2 Estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes will, by definition, rarely correspond to actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Note 12 sets out the assumptions underlying the impairment test for goodwill.

A significant item in the Group's balance sheet is inventories. As of 31 December 2022, inventory amounted to EUR 32.3 (35.5) million, net of obsolescence of EUR 2.9 (1.3) million. The principles of inventory accounting are set out in Note 1. When determining the value of inventories, the risk of obsolescence is taken into account. The company applies a group-wide principle for the assessment of obsolescence, which takes into account the turnover rate of the individual items as well as estimated future sales volumes. The size of the obsolescence reserve is thus sensitive to changes in estimated future sales volumes.

A significant item in the consolidated balance sheet is right-of-use assets and lease liabilities. When the lease term is determined, management considers all the available information that creates an economic incentive to exercise an option to extend a lease, or not to exercise an option to terminate a lease. The principles for assessing extension options are set out in Note 1.

NOTE 3 Operating segments and breakdown of revenues

An operating segment is a part of the Group that is involved in business activities that generate revenue and incur costs and for which stand-alone financial information is available.

An operating segment's financial performance is followed up further by the company's chief operating decision makers, the Group management, in order to evaluate financial performance and allocate resources to the operating segment. Troax's Group management follows up the financial performance of the Group as one entity. Therefore, the operating segment statement comprises only one segment, mesh panels. The segment's financial information therefore corresponds to the financial information for the Group.

The reason the Group is followed up as one segment is that performance measures are only monitored at an overall level because production and other overall costs are found at the head office and not distributed across other areas. At lower levels than the operating segment, monitoring only applies to regional sales and volume of orders received. There are therefore no performance measures that the chief operating decision makers use for distribution of resources.

Internal prices between the Group's different regions are based on the "arm's length" principle, that is, between parties that are independent of each other, well-informed and with an interest in ensuring the transactions are carried out.

Geographical areas/Business areas

The Group's net sales are divided into the following five geographical areas: The Nordic region, the UK, Continental Europe, North America and New markets, and the following three business areas: Property Protection, Machine Guarding, Warehouse Partitioning.

Internal sales only occur between the head office and other units, not between geographical areas. Sales and installation primarily take place via own sales companies in Europe, the USA and China, and via a small number of agents in Asia and South America.

Note 3 continued

Geographical areas

Net sales	31 Dec 2022	31 Dec 2021
Nordic region	38,348	30,005
UK	34,669	30,870
Continental Europe	143,146	123,556
North America	49,505	51,051
New markets	18,413	16,796
Total	**284,081**	**252,278**

None of the Group's customers individually account for 10 percent or more of its turnover. Of the turnover in the Nordic region, Sweden, where the company is based, accounts for EUR 20,534 (17,497) thousand. Net sales above are based on customers' domicile.

Business areas		
Property Protection	27,339	24,726
Machine guarding	172,503	151,489
Warehouse partitioning	84,239	76,063
Total	**284,081**	**252,278**

Intangible assets, tangible assets and right-of-use assets		
Nordic region	78,778	83,244
UK	2,597	1,779
Continental Europe	56,776	49,505
North America	18,053	18,510
New markets	2,322	2,891
Total	**158,526**	**155,929**

Of the fixed assets in the Nordic region, Sweden, where the company is based, accounts for EUR 78,155 (83,044) thousand.

NOTE 4 Business combinations

Acquisitions

On 3 May 2022, Troax acquired the Spanish company Claitec Solutions S.L for approximately EUR 3.9 million. An additional purchase price of maximum EUR 3.1 million is possible if the results for 2022, 2023 and 2024 reach a certain minimum amount. Claitec Solutions S.L specialises in industrial safety and accident prevention solutions in a global market and is headquartered in Girona, Spain. The company has 16 employees and a turnover of around EUR 2 million.

The analysis of intangible assets found that the key value drivers for the acquired business are the products themselves (know-how) and distributors and agents with a good understanding of customisation and pricing for the global market. An analysis has also been made of the company's customer relations. The analysis was based on the factors that are crucial for sales. These include the ability to offer tailor-made solutions, efficient logistics and an attractive price. The customer relationship does have some impact on customers' purchasing decisions, but it is not significant. Based on this, a value of EUR 3 million has therefore been assigned to the company's customer relationships.

Acquisition-related costs of EUR 100 thousand are included in the line item Depreciation from acquisitions in the consolidated income statement for the financial year 2022. The acquisition has, provisionally, the following effects on the group's assets and liabilities. The net assets of the acquired company at the time of acquisition are shown in the first table.

On 3 October 2022, Troax acquired Svenska Cykelrum AB for approximately EUR 1.6 million. An additional purchase price of maximum EUR 0.7 million is possible if the results for 2022, 2023, 2024 and 2025 reach a certain minimum amount. Svenska Cykelrum AB specialises in indoor bike parking solutions for the Nordic market and is headquartered in Stockholm, Sweden. The company has 4 employees and a turnover of around EUR 2 million.

The analysis of intangible assets concluded that the main value drivers for the acquired business are the company's customer relationships. The analysis was based on the factors that are crucial for sales. These include the ability to offer tailor-made solutions, efficient logistics and an attractive price. The customer relationship has a significant impact on customers' purchasing decisions. Based on this, a value of EUR 1.9 million has therefore been assigned to the company's customer relationships.

Acquisition-related costs of EUR 35 thousand are included in the line item Amortization from acquisitions in the consolidated income statement for the financial year 2022. The acquisition has, provisionally, the following effects on the group's assets and liabilities. The net assets of the acquired company at the time of acquisition are shown in the second table.

Claitec

EUR thousand	Carrying amount prior to acquisition	Fair value, adjustment	Fair value recognised by the Group
Property, plant and equipment	123		123
Inventories	174		174
Trade receivables and other receivables	1,024		1,024
Cash and cash equivalents	389		389
Trade payables and other operating liabilities	–198		–198
Net assets	**1,512**		**1,512**
Net assets acquired	**1,512**		
Goodwill	2,508		
Customer relationships	3,001		
Consideration	**7,021**		
Cancellation of acquired cash	389		
Deduct additional purchase price	3,105		
Total impact on Group cash and cash equivalents	**3,527**		

Svenska Cykelrum

EUR thousand	Carrying amount prior to acquisition	Fair value, adjustment	Fair value recognised by the Group
Property, plant and equipment	12		12
Inventories	–		–
Trade receivables and other receivables	373		373
Cash and cash equivalents	425		425
Trade payables and other operating liabilities	–189		–189
Net assets	**621**		**621**
Net assets acquired	**621**		
Goodwill	–		
Customer relationships	1,438		
Consideration	**2,059**		
Cancellation of acquired cash	425		
Deduct additional purchase price	629		
Total impact on Group cash and cash equivalents	**1,005**		

NOTE 5 Other operating income

	Group		Parent Company	
	2022	2021	2022	2021
Capital gain/loss on the sale of property, plant and equipment	–	–	–	–
Change in fair value of currency derivatives	–	–	–	–
Currency gains on receivables/liabilities relating to operations	1,503	–	0	25
Government assistance	–	410	–	–
Other	–	193	–	–
Total	**1,503**	**603**	**315**	**25**

NOTE 6 Other operating expenses

	Group		Parent Company	
	2022	2021	2022	2021
Currency losses on receivables/liabilities relating to operations	–	–226	–315	–
Change in fair value of currency derivatives	–930	–	–	–
Capital gain/loss on the sale of property, plant and equipment	51	–	–	–
Other	–303	–4	–	–
Total	**–1,284**	**–230**	**–315**	**0**

NOTE 7 Employees and employee benefit expenses

	Group		Parent Company	
Wages, salaries, other remuneration and social security contributions	**2022**	**2021**	**2022**	**2021**
Wages and remunerations	50,200	46,278	1,110	1,067
Social security contributions	8,947	9,428	364	419
Pension costs, defined benefit (also see Note 23)	623	581	–	–
Pension costs, defined contribution plans	1,438	1,278	208	242
Total	**61,208**	**57,565**	**1,682**	**1,728**

Of the parent company's pension costs, EUR 89 (121) thousand relates to the Board of Directors and CEO. Part of the pension cost for the CEO has been secured with a direct pension solution secured through endowment insurance. There are no outstanding pension obligations to the Board of Directors.

Average number of employees				
Parent Company	**2022**	**Of which are men**	**2021**	**Of which are men**
Sweden	3	100%	3	100%
Total, Parent Company				
Subsidiaries				
Sweden	278	77%	258	77%
Norway	1	0%	2	50%
Denmark	9	89%	8	88%
Finland	5	100%	5	100%
UK	73	86%	69	87%
Benelux	21	76%	21	76%
France	27	63%	29	72%
Germany	53	74%	48	75%
Switzerland	1	100%	1	100%
Italy	137	67%	129	68%
Spain	46	76%	29	69%
China	27	67%	30	70%
USA	197	65%	226	63%
Poland	225	76%	209	77%
Other	38	82%	37	73%
Total, subsidiaries	**1,141**		**1,101**	
Total, Group	**1,144**	**70%**	**1,104**	**72%**

Gender ratio in senior management	**31 Dec 2022**	**31 Dec 2021**
Parent Company	**Proportion women**	**Proportion women**
Board of Directors	33%	33%
Other senior executives	0%	0%
Group		
Board of Directors	33%	33%
Other senior executives	0%	0%

Women account for 33 percent of the board of directors elected by the general meeting.

Severance pay
In the case of termination by the CEO, a period of notice of six months applies. There are no agreements on severance pay or other benefits for either the Chairman of the Board or the other members of the Board, other than the CEO. Upon termination of employment by the company, the CEO is entitled to the equivalent of 12 months' salary. The final six months are conditional on the CEO not having found new employment.

Similar agreements of 6–12 months' salary exist with CEOs of subsidiaries.

Benefits of Group Management

Principles for remuneration of the Board of Directors
The Chairman of the Board and other Board members receive fees as determined by the Annual General Meeting.

Employee representatives on the Board do not receive board fees. The 2022 AGM decided that fees to the Board for the work during 2022 / 2023 until the next AGM would be paid with TSEK 695 (675) to the Chairman of the Board and SEK 280 (270) thousand to each Board member. An additional SEK 52 (50) thousand and SEK 108 (105) thousand is paid to the chairman of the Remuneration Committee and the Audit Committee respectively. For members of the Remuneration Committee and Audit Committee, an additional SEK 26 (25) thousand and 83 (80) thousand respectively.

Principles for remuneration of the CEO and President
Remuneration
The CEO and President receives remuneration in the form of basic salary, pension and variable remuneration. In 2022, the basic salary was EUR 350.0 (360) thousand.

The short-term variable remuneration may not exceed 6 months' salary. Any bonus payments are determined on the basis of the Troax Group's performance and growth. In addition, there is a possible long-term variable remuneration linked to certain key figures for the financial year 2023, which corresponds to a maximum of EUR 340 thousand, spread over three years.

In 2022, the remuneration to the President and CEO was EUR 654 (777) thousand, including benefits of which EUR 184 (283) thousand was a bonus for the financial year 2022. The amount of variable remuneration to the CEO includes EUR 113 thousand relating to a provision for estimated variable cash remuneration where the actual remuneration is based on the achievement of targets for the financial year 2023.

Retirement benefits

The President and CEO are entitled to retire at the age of 67. The pension plan is not a defined benefit plan.

In 2022, the premium costs were EUR 89 (121) thousand for the CEO.

Principles for remuneration to other members of the Group management

Remuneration

Those members of the Group management who are employed in companies other than the Parent Company receive their remuneration from the respective companies. The remuneration is decided by the CEO, assisted by the Chairman of the Board, and comprises a basic salary, pension, variable remuneration and other benefits. For other members of the Group management, the variable compensation must not exceed 4 monthly salaries. Any bonus payments and the bonus amounts are determined by the Board on the basis of the Troax Group's financial performance and growth. In 2022, the remuneration to other members of Group Management was EUR 1,560 (1,684) thousand, of which EUR 138 (298) thousand was a bonus for the financial year 2022.

Notice periods and severance pay

Other members of the Group management have notice periods of six to twelve months in the case of termination by the company, and three to six months in case of resignation. During the notice period other members of the Group management have the right to full salary and other employment benefits. None of the other members of the Group management is entitled to severance pay.

Retirement benefits

Other members of the Group management have the right to retire at the age of 65. Pension payments adhere to the collectively bargained plan ITP.

The company's obligation is linked to final salary at retirement. In 2022, the premium costs amounted to EUR 270 (265) thousand for other members of Group Management.

Remuneration and other benefits during the year, 2022	Basic salary Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chairman of the Board Anders Mörck	70	–	–	–	70
Board member Anna Stålenbring	37	–	–	–	37
Board member Eva Nygren	29	–	–	–	29
Board member Bertil Persson	34	–	–	–	34
Board member Fredrik Hansson	26	–	–	–	26
CEO Thomas Widstrand	367	184	14	89	654
Other members of the Group management (6 individuals)	1,055	138	97	270	1,560
Total	**1,618**	**322**	**111**	**359**	**2,410**
Of which from the Parent Company	**689**	**220**	**44**	**205**	**1,158**

Remuneration and other benefits during the year, 2021	Basic salary Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chairman of the Board Anders Mörck	71	–	–	–	71
Board member Anna Stålenbring	37	–	–	–	37
Board member Eva Nygren	29	–	–	–	29
Board member Bertil Persson	35	–	–	–	35
Board member Fredrik Hansson	27	–	–	–	27
CEO Thomas Widstrand	360	283	13	121	777
Other members of the Group management (6 individuals)	1,029	299	91	265	1,684
Total	**1,588**	**582**	**104**	**386**	**2,660**
Of which from the Parent Company	**899**	**365**	**38**	**242**	**1,544**

NOTE 8 Fees and reimbursement of costs to auditors

	Group		Parent Company	
PwC	**2022**	**2021**	**2022**	**2021**
Audit assignment	236	187	202	156
Auditing services other than the audit assignment	5	5	–	5
Tax advice	11	17	11	17
Other services	–	5	–	5
Total	**252**	**214**	**213**	**183**
Other auditors				
Audit assignment	75	65	–	–
Auditing services other than the audit assignment	49	10	–	–
Other services	12	8	–	–
Total	**136**	**83**	0	**0**

Of the fees and remuneration paid in 2022 to the auditors of the Group, payments to the accounting firm Öhrlings PricewaterhouseCoopers AB were as follows: Audit assignment EUR 208 (187) thousand, audit activities in addition to the audit assignment EUR 5 (5) thousand, tax advice EUR 11 (17) thousand and other services EUR 0 (5) thousand.

NOTE 9 Operating expenses by type of expense

	Group	
	2022	**2021**
Material costs	–90,406	–75,449
Changes in inventories, finished goods and work in progress	–2,772	6,060
Employee benefits expenses	–61,905	–59,963
Other external costs	–67,160	–60,618
Depreciation	–11,637	–9,887
Total costs	**–233,880**	**–199,857**

NOTE 10 Net financial income/expense

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Dividends	–	–	11,604	7,880
Interest income, Group companies	–	–	579	512
Net changes in exchange rates	–	–	1,380	1,784
Financial income	**0**	**0**	**13,563**	**10,176**
Interest expense, credit institutions	–757	–639	–732	–740
Interest expense, lease liabilities	–272	–139	–	–
Interest cost, pension debt	–79	–56	–	–
Interest expense, other	–246	–195	–81	–
Net changes in exchange rates	0	–19	–	–
Financial expenses	**–1,355**	**–1,048**	**–813**	**–740**
Net financial income/expense	**–1,355**	**–1,048**	**12,750**	**9,436**

NOTE 11 Taxes

Recognised in the income statement and statement of other comprehensive income

	Group		Parent Company	
Current tax expense (–)/tax income (+)	**2022**	**2021**	**2022**	**2021**
Tax expense for the period	–11,063	–10,097	–3,339	–1,419
	–11,063	**–10,097**	**–3,339**	**–1,419**

Deferred tax expense (–)/tax income (+)				
Deferred tax on revaluation of carrying amounts	–344	–1,500	–33	34
Total recognised tax expense	**–11,407**	**–11,597**	**–3,369**	**–1,385**

Reconciliation of effective tax

Group		**2022**		**2021**
Profit before tax		48,201		51,375
Tax in accordance with the applicable tax rate for the Parent Company	20.6%	–9,929	20.6%	–10,580
Effect of other tax rates for foreign subsidiaries	3.0%	–1,428	1.7%	–851
Non-deductible expenses and non-taxable income	–0.0%	128	0.2%	–92
Adjustments relating to previous years	0.0%	–362	0.0%	–
Tax on deficits	–0.0%	230		
Other effects	–0.0%	8	0.1%	–64
Standard rate of interest on the tax allocation reserve	0.0%	–54	0.0%	–10
Recognised effective tax	**23.6%**	**–11,407**	**22.6%**	–11,597

Parent Company				
Profit before tax		27,662		14,661
Tax in accordance with the applicable tax rate for the Parent Company	20.6%	–5,698	20.6%	–3,019
Non-deductible expenses	0.0%	–26	0.0%	–17
Dividends received	–8.6%	2,390	–11.0%	1,623
Adjustments relating to previous years	0.0%	–	0.0%	34
Standard rate of interest on the tax allocation reserve	0.0%	–35	0.0%	–6
Recognised effective tax	**12.1%**	**3,369**	**9.7%**	**1,385**

Group

Tax attributable to other comprehensive income	**2022**	**2021**
Tax attributable to revaluation of defined benefit pension plans	–281	–80
Total	**–281**	**–80**

Amounts recognised in the balance sheet

Change in deferred tax in temporary differences and loss carry-forwards

	Balance sheet at 1 Jan 2022	Recognised through profit or loss	Recognised in other compre-hensive income	Acquisition/ disposal of business	Balance sheet at 31 Dec 2022
Property, plant and equipment	–1,044	61	33	–	–950
Intangible assets	952	45	140	–1,381	–244
Pension provisions	704	–42	–328	–	334
Untaxed reserves	–3,664	161	181	–	–3,322
Loss carry-forwards	745	62	30	–	837
Other	69	464	230	–	763
Total	**–2,238**	**751**	**286**	**–1,381**	**–2,582**

	Balance sheet as of 1 Jan 2021	Recognised through profit or loss	Recognised in other compre-hensive income	Acquisition/ disposal of business	Balance sheet as of 31 Dec 2021
Property, plant and equipment	–1,129	85	–	–	–1,044
Intangible assets	1,800	–848	–	–	952
Pension provisions	655	49	–	–	704
Untaxed reserves	–3,750	86	–	–	–3,664
Loss carry-forwards	1,604	–859	–	–	745
Other	82	–13	–	–	69
Total	**–738**	**–1,500**	**–**	**–**	**–2,238**

Recognised in the balance sheet

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to:

	Deferred tax 2022			Deferred tax 2021		
	Asset	**Liability**	**Net**	**Asset**	**Liability**	**Net**
Property, plant and equipment	–	–950	–950	30	–1,074	–1,044
Intangible assets	2,607	–2,851	–244	2,713	–1,761	952
Pension provisions	334	–	334	704	–	704
Untaxed reserves	–	–3,322	–3,322	–	–3,664	–3,664
Loss carry-forwards	836	–	837	745	–	745
Other	1,447	–683	763	780	–711	69
Tax assets/liabilities	**5,224**	**–7,806**	**2,582**	**4,972**	**–7,210**	**–2,238**
Tax assets/liabilities, net	**5,124**	**–7,706**	**2,582**	**4,972**	**–7,210**	**–2,238**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is likely that they can be utilised against future taxable profits. The Group reported deferred tax assets of EUR 836,000 (745,000), which can be offset against future taxable profits.

NOTE 12 Intangible assets

Group	Licences	Trademarks	Customer relationships	Goodwill	Total
Accumulated cost					
Opening balance 1 Jan 2021	1,426	4,249	3,613	88,016	97,304
Business acquisitions	–	–	1,200	–	1,200
Other investments	–	–	–	204	204
Exchange differences for the year	–	–132	333	–97	104
Closing balance 31 Dec 2021	**1,426**	**4,117**	**5,146**	**88,123**	**98,812**
Accumulated depreciation and impairment					
Opening balance 1 Jan 2021	–745	–884	–571	–	–2,200
Depreciation for the year	–226	–	–687	–	–913
Exchange differences for the year	12	–3	–57	–	–48
Closing balance 31 Dec 2021	**–959**	**–887**	**–1,315**	**–**	**–3,161**
Carrying amounts					
As of 1 Jan 2021	681	3,365	3,042	88,016	95,104
As of 31 Dec 2021	**467**	**3,230**	**3,831**	**88,123**	**95,651**
Accumulated cost					
Opening balance 1 Jan 2022	1,426	4,117	5,146	88,123	98,812
Business acquisitions	196	–	5,852	2,508	8,556
Other investments	–	–	–	–	–
Exchange differences for the year	–	–209	19	–3,879	–4,069
Closing balance 31 Dec 2022	**1,622**	**3,908**	**11,017**	**86,752**	**103,299**
Accumulated depreciation and impairment					
Opening balance 1 Jan 2022	–959	–887	–1,315	–	–3,161
Depreciation for the year	–443	–	–1,059	–	–1,502
Exchange differences for the year	–12	–2	–64	–	–78
Closing balance 31 Dec 2022	–1,414	–889	–2,438	–	–4,741
Carrying amounts					
As of 1 Jan 2022	467	3,230	3,831	88,123	95,651
As of 31 Dec 2022	**208**	**3,019**	**8,579**	**86,752**	**98,558**

The Group had no internally generated intangible assets.

Depreciation is included in the following lines in the income statement

Group	1 Jan 2022 – 31 Dec 2022	1 Jan 2021 – 31 Dec 2021
Selling expenses	–	–
Administrative expenses	–	–213
Cost of goods sold	–1,502	–700
Total	**–1,502**	**–913**

The Group's goodwill comprises strategic business values that have arisen through business acquisitions.

Testing cash-generating units containing goodwill and trademarks for impairment
The following cash-generating units include goodwill and trademarks:

	Carrying amount	
Goodwill	**2022**	**2021**
Troax	49,862	54,285
Satech	18,932	18,932
Folding Guard	11,120	10,484
Natom Logistic	4,330	4,422
Claitec	2,508	–
Total	**86,752**	**88,123**
Trademarks		
Troax	2,385	2,596
Satech	634	634
Total	**3,019**	**3,230**

Of the Group's trademarks, EUR 3,019 thousand are not subject to amortisation.

The value of recognised goodwill and trademarks with indefinite lives is tested at least annually for impairment. The recoverable amount for the cash generating unit is based on its value in use. The value in use is based on management's business forecast for a period of five years. The cash flow for the following years has been based on an assumed annual growth rate of 2 percent (2). Important assumptions in the business forecast that affect cash flow estimates are market growth and anticipated price development. These are in line with historical data and external sources of information. The company management has carried out alternative calculations based on reasonably possible changes in key assumptions, such as:

» if the discount rate before tax were to be 2 percentage points higher
» if the estimated growth rate over the forecast period had been halved.

A 2 percent change in the discount rate would not result in any impairment of recognised goodwill in the Group. The group's budget and business plans for the forecast period include increases in sales, gross margin, profit and cash flow. Even with a halved growth rate, there would be no need to write down the goodwill item.

The following discount rates (after tax) have been used to calculate the value in use:

Discount rate after tax	2022	2021
Troax	8.5%	8.5%
Satech	8.5%	8.5%
Natom Logistic	10.0%	10.0%
Folding Guard	10.5%	10.5%
Claitec	10.0%	–

NOTE 13 Property, plant and equipment

Group	Buildings and land	Machinery	Equipment	In progress	Total
Accumulated cost					
Opening balance 1 Jan 2021	15,222	26,017	3,872	3,938	49,049
Capital expenditure during the year	96	1,429	879	11,049	13,453
Business acquisitions	–	–	25	–	25
Disposal and retirement	–	–100	–99	–	–199
Reclassifications	732	3,306	1,067	–5,707	–602
Exchange differences for the year	–339	39	72	–63	–291
Closing balance 31 Dec 2021	**15,711**	**30,691**	**5,816**	**9,217**	**61,435**
Accumulated depreciation and impairment					
Opening balance 1 Jan 2021	–3,934	–8,251	–1,654	–	–13,839
Depreciation for the year	–709	–3,122	–752	–	–4,583
Business acquisitions	–10	–	–14	–	–24
Disposal and retirement	–	–	99	–	99
Reclassifications	–	780	–179	–	601
Exchange differences for the year	136	–20	–72	–	44
Closing balance 31 Dec 2021	**–4,517**	**–10,613**	**–2,572**	**–**	**–17,702**
Carrying amounts					
As of 1 Jan 2021	11,288	17,766	2,218	3,938	35,210
As of 31 Dec 2021	**11,194**	**20,078**	**3,244**	**9,217**	**43,733**
Accumulated cost					
Opening balance 1 Jan 2022	15,711	30,691	5,816	9,217	61,435
Capital expenditure during the year	197	1,067	1,014	6,072	8,350
Business acquisitions	–	6	62	220	288
Disposal and retirement	–11	–1,572	–456	–	–2,039
Reclassifications	4,443	4,080	140	–8,663	0
Exchange differences for the year	–1,687	–2,035	–435	–416	–4,573
Closing balance 31 Dec 2022	**18,653**	**32,237**	**6,141**	**6,430**	**63,461**
Accumulated depreciation and impairment					
Opening balance 1 Jan 2022	–4,517	–10,613	–2,572	–	–17,702
Depreciation for the year	–834	–3,734	–1,098	–	–5,666
Business acquisitions	–	–4	8	–	4
Disposal and retirement	11	1,498	436	–	1,944
Reclassifications	–	–	–	–	–
Exchange differences for the year	848	1,310	150	–	2,309
Closing balance 31 Dec 2022	**–4,492**	**–11,543**	**–3,076**	**–**	**–19,111**
Carrying amounts					
As of 1 Jan 2022	11,194	20,078	2,218	3,938	35,210
As of 31 Dec 2022	**14,161**	**20,693**	**3,065**	**6,430**	**44,349**

Depreciation and amortisation

Depreciation is included in the following lines in the income statement.

Group	2022	2021
Cost of goods sold	–7,902	–7,224
Selling expenses	–1,243	–829
Administrative expenses	–990	–921
Total	**–10,135**	**–8,974**

Of which EUR 4,469,000 (4,389,000) relates to depreciation of right-of-use assets.

NOTE 14 Financial non-current assets

	Group		Parent Company	
Long-term receivables that are fixed assets	**2022**	**2021**	**2022**	**2021**
Pension investment	1,980	1,935	551	647
Other	149	137	–	–
Total	**2,129**	**2,072**	**551**	**647**

NOTE 15 Right-of-use assets

Group

Amounts recognised in the balance sheet

Assets with right-of-use

Buildings	**2022**	**2021**
Opening balance	14,789	14,609
Contracts concluded during the year	3,098	3,628
Contracts cancelled during the year	–688	–168
Depreciation for the year	–3,479	–3,280
Carrying amount	**13,720**	**14,789**

Machinery and equipment		
Opening balance	1,758	1,647
Contracts concluded during the year	1,267	1,366
Contracts cancelled during the year	–136	–146
Depreciation for the year	–990	–1,109
Carrying amount	**1,899**	**1,758**

Leasing liabilities		
Current	4,043	4,231
Non-current	11,568	12,321
Total	**15,611**	**16,552**

Amounts recognised in the balance sheet		
Depreciation on rights of use		
Real Estate	3,479	3,280
Machinery and equipment	990	1,109
Interest expenses	260	152
Expenses related to short-term leases (included in cost of goods sold and administrative expenses)	70	65
Expenditure related to leases for which the underlying asset is of low value that are not short-term leases (included in cost of goods sold and administrative expenses)	30	24

Maturity analysis of liabilities related to right-of-use assets can be found in Note 27.

NOTE 16 Inventories

Group	**2022**	**2021**
Raw materials and consumables	10,944	10,439
Work in progress	6,923	10,083
Finished goods and goods for resale	14,475	14,994
Total	**32,342**	**35,516**

The cost of goods sold for the Group includes a change in the obsolescence reserve of EUR –1,541 (103) thousand. The outgoing obsolescence reserve in the balance sheet amounts to EUR 2,907 (1,366) thousand.

NOTE 17 Trade receivables

Accounts receivable are reported after taking into account bad debt losses incurred during the year, which amounted to EUR 245 (240) thousand in the Group. The credit losses arose as a result of managing the losses in accordance with the group's credit policy and were recognised as an expense in the income statement for the reporting period.

Credit risks in trade receivables
The risk that the group's customers will not fulfil their obligations, that is, default, represents a customer credit risk. The group's customers are credit checked, whereby information about customers' financial position is obtained from a credit reference agency. The group has drawn up a credit policy on how to manage customer credit. It specifies, among other things, where decisions are taken on customer credit limits of different sizes, and how the valuation of credits and the loss allowance should be handled.

Age analysis, past due and not impaired trade receivables

Group	**31 Dec 2022**	**31 Dec 2021**
Trade receivables not past due	37,390	36,950
Trade receivables past due 1–30 days	6,955	7,357
Trade receivables past due 31–90 days	2,111	3,386
Trade receivables past due >90 days	1,531	1,864
Credit loss provisions	–784	–747
Total	**47,203**	**48,810**

Change in provisions for loan allowance

Group	**31 Dec 2022**	**31 Dec 2021**
Opening loss allowance	–747	–653
Realised losses	245	240
Reversal of unutilised loss allowance	302	75
Loss allowance for the year	–654	–409
Translation differences	70	0
Closing allowance	**–784**	**–747**

Concentration of credit risk in trade receivables
The Group has a limited credit risk per customer. The average purchase per customer and occasion amounts to EUR 6,000, and a total of about EUR 18,000 per year.

NOTE 18 Prepaid expenses and accrued income

Group	**31 Dec 2022**	**31 Dec 2021**
Prepaid rent/leases	153	34
Insurance	135	93
Contract assets	2,360	3,614
Other items	1,423	1,431
Total	**4,071**	**5,172**

NOTE 19 Appropriations

Parent Company	31 Dec 2022	31 Dec 2021
Group contributions	15,283	6,846
Change in tax allocation reserve	1,254	–
Total	**16,537**	**6,846**

NOTE 20 Earnings per share

Calculation of earnings per share is based on the weighted average number of outstanding ordinary shares (Class A shares).

	Group	
	31 Dec 2022	31 Dec 2021
Profit for the year attributable to the Parent Company's shareholders	36,794	39,778
Earnings per share	0.61	0.66

Weighted average number of outstanding shares		
Total number of ordinary shares 1 January.	**60,000,000**	**60,000,000**
Weighted average number of ordinary shares outstanding during the year, before dilution	**59,891,829**	**59,867,000**
Effect of stock options	37,413	93,424
Weighted average number of ordinary shares outstanding during the year, after dilution	**59,929,242**	**59,960,424**

NOTE 21 Equity

Specification of the equity item reserves	Group	
Translation reserve	31 Dec 2022	31 Dec 2021
Opening translation reserve	−13,600	−13,913
Translation reserve for the year	1,081	313
Closing translation reserve	**−12,519**	**−13,600**

Share capital and number of shares		
Reported in number of shares		
Issued as of 1 January	60,000,000	60,000,000
Issued as of 31 December – paid	**60,000,000**	**60,000,000**

The registered share capital is distributed as follows:			
Reported in number of shares	**Voting rights at general meetings**	**2022**	**2021**
Class A shares (ordinary shares)	1 vote per share	60,000,000	60,000,000
		60,000,000	**60,000,000**

As at 31 December 2022, the registered share capital comprised 60,000,000 (60,000,000) ordinary shares and no preference shares.

Holders of ordinary shares (Class A) are entitled to receive dividends, which are determined over time.

Other paid-in capital
Refers to equity contributed by owners. This includes premiums paid in connection with share issues, option premiums and repurchased own shares. The company owns 83,343 own shares as of 31 Dec 2022.

Reserves
Translation reserve
The translation reserve comprises all exchange differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. The consolidated financial statements are presented in Euros.

Retained earnings including profit for the year
Retained earnings, including profit for the year, includes accrued earnings in the Parent Company and its subsidiaries.

Capital management
The group strives to maintain a good financial position that contributes to retaining the confidence of lenders and the market and that provides a foundation for continued development of business activities. The group defines managed capital as total recognised equity.

Parent Company
Non-restricted equity
The following funds together with profit for the year constitute non-restricted equity, which is the amount that is available for dividends to shareholders.

Share premium reserve
When shares and other equity instruments are issued at a premium, received premiums and amounts exceeding the shares' quota value are transferred to the share premium reserve. Amounts added to the share premium account as of 20 December 2012 are included in unrestricted capital.

Retained earnings
Retained earnings comprise the previous year's retained earnings and profit for the year after deduction of dividends for the year.

NOTE 22 Interest-bearing liabilities

This Note contains information on the company's contractual terms and conditions concerning interest-bearing liabilities. For more information on the company's exposure to interest rate risk and foreign exchange risk, see Note 27.

	Group		Parent Company	
Non-current liabilities	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Bank loans	60,000	70,000	60,000	70,000
Leasing liabilities	11,568	12,322	–	–
	71,568	**82,322**	–	**70,000**

	Currency	Nom. interest	Maturity	Nominal value	Carrying amount
Bank loans	EUR	Euribor +0.75%	30 Dec 2026	60,000	60,000
Total interest-bearing liabilities					**60,000**

The Group is financed through a bank loan. The loan is currently not subject to repayment but the Group has the facility to make repayments if it would prefer to do so. Interest is paid quarterly to the bank at a rate of EURIBOR plus 0.75 percent on the balance sheet date. The Group has specific loan covenants to meet with external lenders that include the ratio of operating profit before depreciation and amortisation to net financial income and the ratio of operating profit before depreciation and amortisation to net debt. These loan conditions have been met throughout the financial year.

NOTE 23 Provisions for pensions

Overview of defined benefit plans
The Group has defined benefit plans in Sweden, Italy and France. The majority of the Swedish pension plans are defined benefit plans, which correspond to an unfunded liability to PRI Pensionsgaranti. The pension liability in Italy and France relates to the statutory severance payment received by all employees upon retirement.

The defined benefit plans are exposed to actuarial risks such as longevity, currency, interest rate and investment risks.

The information below refers to all the above plans together.

Changes in present value of obligation relating to defined benefit plans

Group	2022	2021
Obligation for defined benefit plans as of 1 January	5,599	5,724
Cost relating to service in the current period	411	484
Interest expense	90	56
Revaluations	–147	–74
Actuarial gains and losses on changes in financial assumptions	–1,081	–313
Pensions paid	–196	–200
Exchange differences	–300	–79
	4,376	**5,599**

Distribution of pension obligations

	2022	2021
Sweden	3,229	4,324
Italy	1,147	1,275
France	–	–
	4,376	**5,599**

Expense recognised through profit or loss

Group	2022	2021
Costs relating to service in the current period	–411	–484
Interest expense on the obligation	–90	–56
Total net expense in the income statement	**–501**	**–540**
Expense recognised in other comprehensive income		
Revaluations:		
Actuarial gains (–) and losses (+)	–1,081	313
Net amount recognised in other comprehensive income	**–1,081**	**313**

Assumptions relating to defined benefit obligations The most significant actuarial assumptions as at the balance sheet date (expressed as weighted averages)	2022	2021
Discount rate as at 31 December	3.7%	1.9%
Future salary increases	2.7%	2.9%
Future pension increases	2.0%	2.2%
Inflation	2.0%	2.2%

Impact on future cash flows
As of 31 December 2022, the cash flow based duration used to calculate the obligation is 19 years.

The Group estimates that EUR 110,000 will be contributed in 2022 to funded and unfunded defined benefit plans that are accounted for as defined benefit plans. EUR 962,000 is expected to be paid in 2022 to defined benefit and defined contribution plans in Sweden, which are recognised as defined contribution.

Obligations relating to retirement pensions and family pensions for white-collar staff in Sweden are secured through insurance with Alecta. According to the Swedish Financial Reporting Board's statement UFR 10, this is a defined benefit plan that comprises several employers. For the financial year 2022, the company has not had access to information that makes it possible to account for this plan as a defined benefit plan. The pension plan in accordance with ITP that is secured through an insurance in Alecta is therefore recognised as a defined contribution plan. The annual contributions for pension insurance policies with Alecta in the reporting period amounted to EUR 624,000 (582,000). Alecta's surplus can be distributed to the policy holders and/or the insured. At the end of 2022, Alecta's surplus in the form of the collective consolidation level amounted to 172 percent (169). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

Defined contribution plans
In Sweden, the group has defined contribution pension plans for workers that are fully paid by the company. Abroad, there are defined contribution plans which are partly paid for by the subsidiaries and partly covered through contributions paid by the employees. Payments to these plans are made on an ongoing basis in accordance with the rules of the respective plans. Next year's expected contributions to multi-employer defined benefit plans that are accounted for as defined contribution plans amount to EUR 44 (44) thousand.

NOTE 24 Accrued charges and deferred income

	Group	
	31 Dec 2022	31 Dec 2021
Accrued wages, salaries and remuneration	2,853	2,828
Accrued holiday pay	1,799	1,829
Accrued social security contributions	2,020	1,847
Audit fees	107	124
Consultancy fees	76	59
Rent	116	82
Other items	2,555	2,649
Total	**9,526**	**9,417**

NOTE 25 Other liabilities

	Group	
Other current liabilities	**2022**	**2021**
Employee-related liabilities	3,022	2,654
VAT liabilities	633	482
Fair value, currency derivatives	819	–
Other liabilities	7,807	7,344
Total	**12,281**	**10,481**

NOTE 26 Non-current liabilities

Long-term non-interest-bearing liabilities break down as follows.

	31 Dec 2022	31 Dec 2021
Additional purchase price	2,492	313
Total	**2,492**	**313**

The additional purchase prices are conditional on the acquired companies achieving a certain result for the years 2022–2025. The liability for contingent consideration recognised in the balance sheet reflects management's best estimate of the outcome. In the event that the companies perform better or worse than management's assessment, the difference will be recognised in the income statement.

NOTE 27 Financial risk management and financial instruments

Financial policy and financial risk management
The group's management of financial risks is based on a financial policy established by the Board that seeks to achieve a low level of risk through efficient management and control of the Group's financial risks. Through its business, the Group is exposed to currency risk, interest risk, liquidity and financing risk.

Currency risk
Exposure to currency risk can be divided into transaction exposure and translation exposure.

Transaction exposure
Transaction exposure is the risk of a negative effect on the group's performance due to changes in currency exchange rates that affect the value of commercial transactions in a foreign currency in relation to the functional currency of the Group company that carries out the transaction. The Group's transaction exposure is managed as far as possible by matching inflows and outflows in the same currency. The remaining exposure is managed through the use of currency derivatives.

According to the financial policy, 60–80 percent of the forecast net inflows or outflows in the currencies with a significant impact on the group should be hedged. Hedging should be done on a rolling basis over a 12 to 24 month horizon. The currency in which the Group has significant transaction exposure is SEK against EUR. The Group has a positive net inflow in SEK and the transaction exposure in SEK and other currencies is considered to have only a minor impact on the Group's results and financial position.

According to the financial policy, currency futures and currency options may be used as hedging instruments. As at the balance sheet date the company only had outstanding currency futures.

The Group does not apply hedge accounting. All changes in the fair value of currency futures are thus recognised immediately through profit or loss for the period in which they occur.

The fair value of net outstanding currency derivatives as at the balance sheet date was EUR –819,000 (–111,000). The net gain (+) / net loss (–) on futures during the financial year amounted to EUR –930 (–675) thousand before tax.

Translation exposure
Translation exposure arises from the translation of the balance sheet and income statement of subsidiaries that do not have EUR as their functional currency because the Group has EUR as its presentation currency. The Group has mainly a translation exposure in SEK against EUR as significant parts of the Group's net assets are in SEK. The translation exposure is not hedged.

Currency risk sensitivity analysis
A five percent strengthening of the Swedish crown against the euro would have a negative effect on the Group's reported result of approximately EUR –1,880 (–1,700) thousand.

Interest risk
Interest risk is the risk that a change in market rates will have a negative impact on performance. Troax has since December 2021 borrowed EUR 70 million in bank, as of 31 Dec 2022 the loan amount is EUR million 60. The loan carries a floating rate of EURIBOR 3 months plus a margin of 0.75 percent. If EURIBOR is negative, interest is calculated only on the margin. Changes in the EURIBOR therefore have an impact on the Group's net financial income/expense.

An increase in EURIBOR of 100 basis points would result in an increase in interest expense of EUR 600,000 (700,000) before tax, based on the company's debts on the balance sheet date.

The Group does not apply hedge accounting.

Liquidity and financing risk
Liquidity and funding risk is the risk that the Group does not have access to funding to meet its contractual obligations, or that this can only be done at a significantly increased cost. According to the financial policy, the group's cash and cash equivalents plus overdraft facilities should total at least EUR 5 million. On the balance sheet date, cash and cash equivalents amounted to EUR 37.5 (35.2) million. The Group and Parent Company have access to a central overdraft facility, which at the balance sheet date amounted to EUR 10 (10) million.

The table below shows the maturity structure of the Group's financial liabilities including derivative liabilities. For each period, the maturity of the principal and payment of interest is shown. For liabilities that have variable interest rates, future interest payments have been estimated on the basis of the variable spot rate prevailing on the balance sheet date.

Specification of non-current interest-bearing liabilities	2022	2021
Opening balance	82,320	80,928
Leases entered into during the year	4,365	4,994
Leases terminated during the year	–824	–314
Amortisation of leases during the year	–4,469	–4,389
Loans raised/repaid during the year	–10,000	1,000
Exchange differences	176	101
Closing balance	**71,568**	**82,320**

2022	2023	2024	2025	2026 and later
Interest-bearing liabilities				
Non-current, interest-bearing liabilities				60,000
Lease liabilities in accordance with IFRS 16	4,043	3,784	3,534	4,250
Interest	3,015	2,564	2,470	2,381
Non interest-bearing liabilities				
Trade payables	21,627			
Other current liabilities				
Currency derivatives	819			
Liabilities that are not derivatives	11,392	1,277	1,215	
Accrued expenses	9,526			
Total	**50,422**	**7,625**	**7,219**	**66,631**

The above interest-bearing liabilities relate to the Group. The parent company's interest-bearing liabilities amount to EUR 60,000 thousand.

2021	2022	2023	2024	2025 and later
Interest-bearing liabilities				
Non-current, interest-bearing liabilities	–	–	–	70,000
Lease liabilities in accordance with IFRS 16	4,231	3,747	3,078	5,495
Interest	666	630	598	572
Non interest-bearing liabilities				
Trade payables	28,552	–	–	–
Other current liabilities				
Currency derivatives	–	–	–	–
Liabilities that are not derivatives	10,480	–	–	–
Accrued expenses	9,418	–	–	–
Total	**53,347**	**4,377**	**3,676**	**76,067**

The above interest-bearing liabilities relate to the Group. The parent company's interest-bearing liabilities amount to EUR 70,000 thousand.

In the annual report we have used Euribor projections for the years 2023–2024.

Year	2023	2024
Euribor	3.33%	2.63%

NOTE 28 Investment commitments

Troax continually invests in the maintenance of production facilities and production equipment. In addition to maintenance investments, investments are made to expand or upgrade production units aimed at increasing productivity and/or capacity.

In the financial year 2022, the investments mainly relate to the factories in Sweden and Poland and machinery in Sweden, Poland and Italy. The total amount of investment commitments entered into amounts to EUR 7.0 (6.8) million.

NOTE 29 Collateral, contingent liabilities and contingent assets

At the end of the reporting period, the Group had no contingent liabilities or contingent assets. The parent company has a contingent liability in favour of subsidiaries.

Troax's former activities resulted in an elevated level of trichloroethylene in the groundwater at Hillerstorp. In spring 2015, Troax completed an investigation involving bore samples to determine the scale of environmental impacts of the former activities. In June 2015, Gnosjö Municipality's Public Works Committee decided on a control program regarding chlorinated solvents in groundwater at selected sample points. The results of the sampling have been presented in a written report to Samhällsbyggnadsnämnden in Gnosjö Kommun no later than 2018. The test results from the checks, which are currently carried out every six months, currently show levels that normally do not require further action. The test results from the previous drillings are not sufficient to predict or determine with certainty what the final result will be. As of the date of this annual report, the Company has not made any provision for the environmental issue in question.

Collateral and contingent liabilities	**Group**		**Parent Company**	
In the form of pledged assets for liabilities and provisions	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Floating charges	1,798	1,956	–	–
Security for pension	551	647	551	647
Borrowing for the benefit of subsidiaries	–	–	2,172	2,268
Total collateral and contingent liabilities	**2,349**	**2,603**	**2,723**	**2,915**

NOTE 30 Related parties

Related parties
The Parent Company has related party transactions with its subsidiaries, see Note 31. The parent company's sales in both 2022 and 2021 were exclusively to group companies. No purchases were made from Group companies.

Transactions with key management personnel
Wages, salaries and other remuneration to key management personnel are shown in Note 7.

NOTE 31 Participations in Group companies

Holdings in Group companies	**Group company's registered office, country**	**31 Dec 2022 Participating interest**	**31 Dec 2021 Participating interest**
Troax AB	Gnosjö, Sweden	100.0%	100.0%
Troax Nordic AB	Gnosjö, Sweden	100.0%	100.0%
Troax UK Ltd	Swindon, UK	100.0%	100.0%
Troax Lee Manuf. Ltd	Swindon, UK	100.0%	100.0%
Troax Italy SRL	Genoa, Italy	100.0%	100.0%
Troax Schweiz AG	Altendorf, Switzerland	100.0%	100.0%
Troax Inc.	Nashville, USA	100.0%	100.0%
Folding Guard	Chicago, USA	100.0%	100.0%
Troax Nordic AS	Oslo, Norway	100.0%	100.0%
Troax SA	Chambèry, France	100.0%	100.0%
Troax BV	Lisse, Netherlands	100.0%	100.0%
Troax GmbH	Niedernhausen, Germany	100.0%	100.0%
Troax Güvenik Sistem	Istanbul, Turkey	100.0%	100.0%
Troax Shanghai System	Shanghai, China	100.0%	100.0%
Troax Denmark A/S	Ishøj, Denmark	100.0%	100.0%
Troax Systems SL	Barcelona, Spain	100.0%	100.0%
Troax Safety Systems Poland Sp. z o.o.	Klodawa, Poland	100.0%	100.0%
Satech Safety Technology SPA	Milan, Italy	100.0%	100.0%
Satech Safety Technology Sarl	Lyon, France	100.0%	100.0%
Satech Safety Technology GmbH	Stuttgart, Germany	100.0%	100.0%
Satech K.K	Tokyo, Japan	100.0%	100.0%
Lagermix Rullportar AB	Gnosjö, Sweden	100.0%	100.0%
Troax Safety Systems Co., Ltd.	Tokyo, Japan	100.0%	100.0%
Troax Safety Systems India	Bangalore, India	100.0%	100.0%
Natom Logistic	Chocicza, Poland	100.0%	100.0%
Terracotta Invein S.L.U	Barcelona, Spain	100.0%	100.0%
Troax Safety Systems PTY LTD	Rosehill, Australia	100.0%	100.0%
Claitec Solutions S.L.U	Girona, Spanien	100.0%	0.0%
Svenska Cykelrum AB	Stockholm, Sweden	100.0%	0.0%

Troax Group AB (publ) owns all the shares in Troax AB. Other Group companies are directly or indirectly owned by Troax AB.

	31 Dec 2022	**31 Dec 2021**
Opening acquisition values	87,694	87,694
Carrying amount as of 31 December	**87,694**	**87,694**

Analysis of the Parent Company's direct holding of shares in subsidiaries

Subsidiary / Corporate ID no. / Registered office	**Number of shares**	**Participation**	**31 Dec 2022 Carrying amount**	**31 Dec 2021 Carrying amount**
Troax AB / 556093-5719 / Gnosjö	1,046,800	100%	87,694	87,694
			87,694	**87,694**

NOTE 32 Untaxed reserves

Parent Company	31 Dec 2022	31 Dec 2021
Tax allocation reserve	5,713	6,967
Total	**5,713**	**6,967**

NOTE 33 Specifications to the cash flow statement

Cash and cash equivalents	Group		Parent Company	
The following sub-components are included in cash and cash equivalents:	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Cash in hand and at bank	37,531	35,193	9,765	12,847
Total according to the cash flow statement	**37,531**	**35,193**	**–**	**–**

Adjustments for non-cash items				
Depreciation	11,637	9,887	–	–
Provisions for pensions	−142	371	–	–
Other provisions	−155	559	–	–
Other effects	−555	100	–	–
Total	**10,785**	**10,917**	**–**	**–**

NOTE 34 Information about the Parent Company

Troax Group AB (publ), corp. ID number 556916-4030, is a Swedish-registered limited liability company based in Gnosjö. The address of the head office is Box 89, SE-335 04 Hillerstorp. The consolidated financial statements for 2022 consist of the parent company and its subsidiaries, together referred to as the Group.

NOTE 35 Proposed appropriation of profits

Non-restricted equity in the Parent Company in EUR thousand:	
Share premium reserve	18,665
Retained earnings	0
Profit for the year	24,293
Total	**42,958**

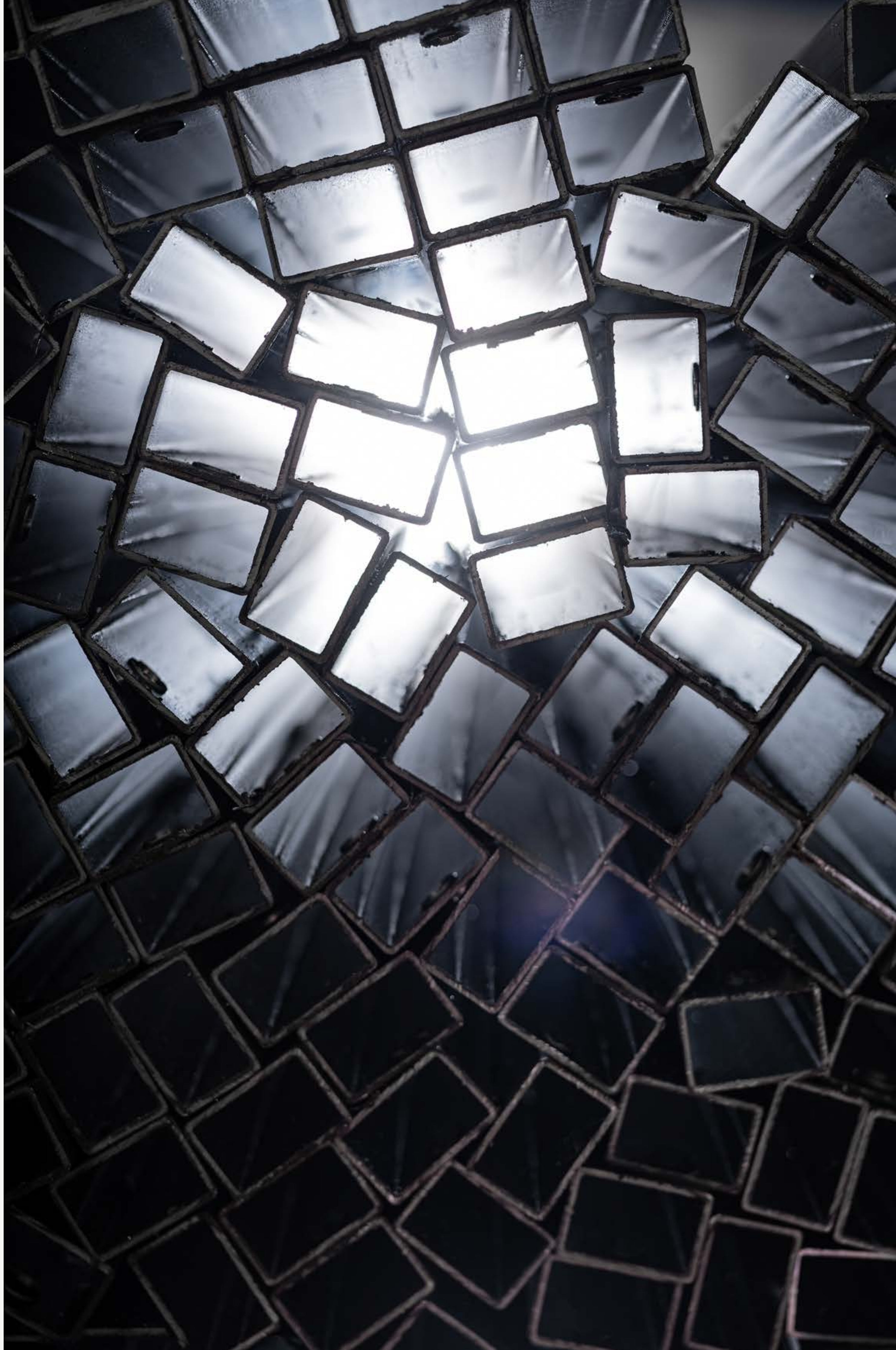
The Board's opinion on the proposed distribution of profits

The Board of Directors proposes to distribute to the shareholders EUR 0.32 (0.3) per share, totalling EUR 19.2 (18) million. The proposed dividend to shareholders reduces the company's equity ratio to 28.0 percent and the group's equity ratio to 49.9 percent. The equity/assets ratio is satisfactory in view of the fact that the company's and Group's business remains profitable. It is estimated that liquidity in the company and Group can be maintained at an equally satisfactory level. It is the Board's view that the proposed distribution does not prevent the company, or other companies in the Group, from fulfilling their short-term or long-term obligations, nor from completing required investments. The proposed dividend can thus be justified with regard to what is recommended in the Swedish Companies Act, Chapter 17, Section 3, paragraph 2–3 (Prudence Rule).

The record date for payment is 28 April 2023.

NOTE 36 Result from investments in group companies

Parent Company	2022	2021
Dividends	11,604	7,880
Total	**11,604**	**7,880**



ASSURANCE

We hereby declare that, to the best of our knowledge, the annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the company's position and results, and that the administration report gives a true and fair view of the development of the company's operations, position and results and describes the significant risks and uncertainties facing the company.

We hereby also confirm that to the best of our knowledge, the consolidated financial statements have been prepared in accordance with international financial reporting standards, adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and provide a true and fair view of the Group's financial position and performance, and that the Directors' Report for the Group provides a fair review of the development and performance of the business and the financial position and performance of the Group, as well as a description of the principal risks and uncertainties facing the Group.

HILLERSTORP 24 MARCH 2023

FREDRIK HANSSON
Board Member

STEFAN LUNDGREN
Employee Representative

THOMAS WIDSTRAND
CEO

ANNA STÅLENBRING
Board Member

ANDERS MÖRCK
Chair

BERTIL PERSSON
Board Member

EVA NYGREN
Board Member

As stated above, the financial statements and consolidated financial statements were authorised by the Board of Directors on 24 March 2023. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be subject to adoption by the Annual General Meeting on 26 April 2023.

We submitted our audit report on 24 March 2023.
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Troax Group AB (publ), **CORPORATE IDENTITY NUMBER 556916-4030**

REPORT ON THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Troax Group AB (publ) for the year 2022 The annual accounts and consolidated accounts are included on pages 8–52 and 72 of this document.

In our opinion, the financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other parts of the financial statements and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet of the Parent Company and the consolidated income statement and balance sheet.

Our opinions in this report on the financial statements and consolidated financial statements are consistent with the contents of the additional report that has been submitted to the audit committee of the Parent Company and the Group in accordance with Article 11 of the Audit Regulation 537/2014.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility in accordance with these standard is described further in the section Auditor's responsibilities. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014), Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Focus and scope of the audit

We designed our audit by determining materiality and assessing the risk of material misstatements in the financial statements. In particular, we considered matters where the CEO and Board of Directors made subjective judgements, for instance, in respect of significant accounting estimates that involved making assumptions and forecasts about future events that are inherently uncertain. As in all audits, we also considered the risk of override of internal controls by the Board of Directors and CEO, including, among other things, consideration of whether there was evidence of systematic deviations that represented a risk of material misstatements due to fraud.

We tailored our audit to perform an appropriate audit in order to express an opinion on the financial statements as a whole, taking into account the company's and the group's structure, accounting processes and controls, and the industry in which the group operates.

We designed our audit strategy for the Group on the basis of the nature and risks of the business. Since Troax's business model consists of centralised manufacturing and distribution, this means that the units that represent the largest part of the group are the manufacturing units and the largest sales companies. When determining the extent of the audit to be conducted at each component, we took into account the size of each component and also the specific risk represented by the respective components.

Materiality

The scope of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatement can arise due to fraud or error. They are considered material if, individually or in combination, they could reasonably be expected to influence the economic decisions that users make on the basis of the financial statements.

Based on professional judgment, we determined certain quantitative materiality measures, including for financial reporting as a whole. On the basis of these disclosures and qualitative assessments, we established the scope of the audit and the nature, timing and extent of our audit procedures, and evaluated the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and consolidated financial statements for the reporting period. These matters were addressed in the context of our audit of the financial statements and consolidated financial statements as a whole, and we do not provide separate opinions on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Measurement of intangible assets with indeterminate useful lives and goodwill Under heading (n) in Note 1 "Accounting policies" and Note 12 of the Annual Report Troax describes its valuation of intangible assets with indefinite useful lives and goodwill. Intangible assets with indeterminate useful lives and goodwill account for a significant proportion of the Group's total assets. Because these assets are not amortised on a continuous basis, Troax must instead test these assets for impairment on an annual basis. Troax performed impairment testing in the fourth quarter of 2022. The impairment test must include assumptions about, among other things, future sales, margins, capital tied up and discount factors. The company management and Board therefore have to make complex judgements and estimates. To make judgments on measurement, Troax has also carried out simulations and sensitivity analyses in order to understand how a change in different assumptions affects impairment testing. Because the amount of assets is significant, and because the required assumptions include judgements and estimates, each of which individually could have a significant impact on measurement, this is a key audit matter.	We found that the impairment tests prepared for each cash-generating unit were carried out in accordance with generally accepted principles and methods. We used specialists to assist us in assessing assumptions in the company's policies and methods. Key assumptions used for impairment testing by the company management and the Board concerned sales, profitability and discount rates. We assessed these assumptions by comparing them against budget and strategic plan, and also against historical performance. We also carried out an independent assessment based on the economic conditions for the cash generating units. We have checked discount rates against observable market data. We have also reviewed the consistency of key assumptions with previous years. We have checked the sensitivity analyses performed and verified that these analyses formed the basis for the information provided in the annual report in Note 12. Finally, as an overall control measure, we compared the market capitalisation of the company with the calculated recoverable value.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and the CEO are responsible for this other information. The other information consists of the remuneration report and pages 1–7, 64–71 and 73–78 of this document, but does not include the annual accounts, the consolidated accounts and our audit report on them.

Our opinion on the financial statements and consolidated financial statements does not include this information and we do not and will not express an opinion verifying this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In performing our review, we also consider the other knowledge we have obtained during the audit and whether the information otherwise appears to be materially misstated.

If, based on the work performed on this information, we conclude that the other information contains a material misstatement, we are required to report it. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and CEO are responsible for the preparation and fair presentation of the financial statements and consolidated financial statements in accordance with the Swedish Annual Accounts Act and, in respect of the consolidated financial statements, in accordance with IFRS, as adopted by the EU. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements and consolidated financial statements, the Board of Directors and CEO are responsible for assessment of the company's and Group's ability to continue as a going concern. They disclose, where appropriate, information on conditions that may affect the ability to continue as a going concern and to use the going concern basis of accounting. However, the going concern basis of accounting is not used if the Board of Directors and CEO intend to liquidate the company, discontinue operations or do not have a realistic alternative to either of these actions.

Without prejudice to the Board's other responsibilities and tasks, the Board's Audit Committee shall, inter alia, monitor the company's financial reporting.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the financial statements and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement if one exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

Further description of our responsibilities with regard to the audit of the financial statements and consolidated financial statements can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the Auditor's report.

REPORT ON OTHER STATUTORY AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Troax Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend that the general meeting allocate the profit as proposed in the management report and discharge the members of the Board of Directors and the CEO from liability for the financial year.

BASIS FOR OPINIONS

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with these is described further in the section Auditor's responsibilities. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for proposing the appropriation of the company's profit or loss. Dividend proposals include an assessment of whether the dividend is justifiable considering the demands that the nature, scope and risks of the Group's operations place on the amount of equity in the Parent Company and the Group, and on the consolidation requirements, liquidity and financial position in general of the Parent Company and the Group.

The Board of Directors is responsible for the organisation of the company and the management of its affairs. This includes, among other things, continuously assessing the financial situation of the company and the group, and ensuring that the company's organisation is such that the accounting, treasury management and other financial affairs of the company are adequately controlled. The CEO shall carry out the day-to-day management in accordance with the guidelines and instructions of the Board of Directors and shall, inter alia, take the measures necessary to ensure that the company's accounts are kept in accordance with the law and that the funds are managed in a satisfactory manner.

AUDITOR'S RESPONSIBILITIES

Our objective for the audit of the administration, and thereby our opinion on discharge from liability, is to obtain audit evidence to enable us to determine with reasonable assurance whether any member of the Board or the CEO has, in any material respect:

» taken any action or been guilty of any negligence that may result in a claim for compensation being brought against the company
» in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective in auditing the proposed appropriation of the company's profit or loss, and hence our opinion thereon, is to obtain reasonable assurance about whether the proposed appropriation of the company's profit or loss is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may give rise to a liability for damages against the company, or that a proposed disposition of the company's profit or loss is not in accordance with the Swedish Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the Auditor's report.

THE AUDITOR'S REVIEW OF THE ESEF REPORT

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also examined whether the Board of Directors and the CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) in accordance with Chapter 16. Section 4 a of the Securities Market Act (SFS 2007:528) for Troax Group AB (publ) for the year 2022.

Our review and opinion relates only to the statutory requirement.

In our view, the ESEF report has been prepared in a format that essentially enables uniform electronic reporting.

BASIS FOR OPINIONS

We have performed the review in accordance with FAR's recommendation RevR 18 The auditor's review of the ESEF report. Our responsibilities under this recommendation are further described in the Auditor's responsibilities section. We are independent of Troax Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD AND CEO

The Board of Directors and the CEO are responsible for the preparation of the ESAF report in accordance with Chapter 16. Section 4 a of the Securities Market Act (SFS 2007:528), and that there are such internal controls as the Board of Directors and the CEO determine are necessary to enable the preparation of the ESEF report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our task is to express an opinion, with reasonable assurance, as to whether the ESEF report has been prepared, in all material respects, in a format that complies with the requirements of Chapter 16, Section 4 a of the Securities Market Act (SFS 2007:528), on the basis of our review.

RevR 18 requires us to plan and perform our audit procedures to obtain reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an examination performed in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement if one exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Audit Firms Performing Audits and Reviews of Financial Statements and Other Assurance and Related Services and thus has a comprehensive system of quality control which includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The audit includes obtaining evidence, through a variety of procedures, that the ESEF report has been prepared in a form that permits consistent electronic reporting of the annual accounts and consolidated accounts. The auditor selects the actions to be taken, including assessing the risks of material misstatement of the report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's and the CEO's preparation of the evidence in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness and reasonableness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO.

The audit procedures consist mainly of validating that the ESEF report is prepared in a valid XHTML format and reconciling the ESEF report with the audited annual accounts and consolidated accounts.

An audit also includes assessing whether the consolidated income statement, balance sheet, statement of changes in equity, cash flow statement and notes in the ESEF report have been tagged with iXBRL as required by the ESEF Regulation.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, Sweden, was appointed as auditor of Troax Group AB (publ) by the Annual General Meeting on 27 April 2022 and has been the company's auditor since 12 December 2012. In spring 2015 the company became a public interest entity.

Gothenburg, Sweden, 24 March 2023
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant
Auditor in Charge

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE
Troax Group AB (publ) ("Troax" or "The Company") is a Swedish public limited company. The company's shares were listed on Nasdaq Stockholm on 27 March 2015 and since then the Company applies the Swedish code for corporate governance ("the Code"). The guidelines for the Code are available on the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se). The Code is based on the "comply or explain" principle, which means that companies applying the Code can deviate from individual rules but provide an explanation for the deviation. In 2022, Troax has made a deviation from section 2.3 of the Code as the CEO, in view of his shareholding in the company, is a member of the Nomination Committee.

SHARE CAPITAL AND SHAREHOLDERS
The share capital at the end of the year amounted to EUR 2,574,618 divided into a total of 60,000,000 shares. All shares have equal voting rights. At the end of 2022, Investmentaktiebolaget Latour owned 18,060,000 shares (18,060,000) corresponding to 30.1 percent (30.1) of the capital and votes. The ten largest shareholders together owned 68.1 percent (68.8) of the shares in the company. For further information on the share and shareholders, see www.troax.com.

ANNUAL GENERAL MEETING
According to the Swedish Companies Act (SFS 2005: 551), the General Meeting is the highest decision-making body of the Company. At the Annual General Meeting, shareholders exercise their voting rights on key issues such as the adoption of the profit and loss account and balance sheet, the appropriation of the Company's profits, the discharge of the members of the Board of Directors and the Chief Executive Officer, the election of the members of the Board of Directors and the auditors, and the remuneration of the Board of Directors and the auditors. The Articles of Association do not contain any separate restrictions on the appointment or removal of a Board member or amendment of the Articles of Association. Nominations of Board members comply with the instructions issued by the Annual General Meeting in 2022.

The Annual General Meeting must be held within six months of the end of the financial year. In addition to the Annual General Meeting, extraordinary general meetings may be called. In accordance with the Articles of Association, a general meeting of shareholders must be called through an advertisement in the official gazette Post- och Inrikes Tidningar and through a summons being made available on the company's website. At the time of the summons, information that a summons has been issued must be published in the Swedish newspaper Svenska Dagbladet.

RIGHT TO PARTICIPATE IN GENERAL MEETINGS OF SHAREHOLDERS
Shareholders who want to participate in a general meeting must be entered in the share register maintained by Euroclear Sweden on the day six working days before the meeting, and must notify the Company of attendance not later than on the day stated in the summons to the general meeting. Shareholders can attend general meetings in person or through a proxy and can also be assisted by up to two people. Normally, shareholders have an opportunity to notify the company of their intention to attend the general meeting in several different ways, which are stated in the summons. Shareholders are entitled to vote for all shares held by the shareholder in the Company.

INITIATIVE OF A SHAREHOLDER
Shareholders who want to have a matter dealt with at a general shareholders' meeting must submit a written request to the Board. Such a request must normally be received by the Board not later than seven weeks before the general shareholders' meeting.

ANNUAL GENERAL MEETING 2022
The 2022 Annual General Meeting was held on 27 April. The Annual General Meeting elected six Board members, including Chairman of the Board, Anders Mörck, and appointed a nomination committee, see below under "Nomination Committee". At the meeting, 70.56 percent (69.62) of all shares and votes were represented. The Annual Report and the accompanying auditors' report were also presented at the meeting and approved, together with the discharge of the Board of Directors and the CEO. It was also decided that the Board's fees would total SEK 1,815,000 (SEK 1,755,000) + SEK 269,000 (SEK 260,000) for committee work and that the elected auditors would be remunerated according to approved invoices. A decision was taken on a stock option programme for Group Management.

NOMINATION COMMITTEE
Companies that adhere to the Code must have a Nomination Committee. As of 2019, the Nomination Committee is appointed based on ownership of the company on the last business day of August. According to the Code, the Nomination Committee must comprise at least three members, of which a majority shall be independent in relation to the company and the Group's management. At least one of the Nomination Committee's members must be independent in relation to the company's largest shareholder in terms of voting power or in relation to a group of shareholders that cooperate on the company's management. The Nomination Committee shall prepare its recommendations taking into account that the composition of the Board must be appropriate in view of the company's business, stage of development and other relevant circumstances. The Board members must together offer diversity and breadth in terms of qualifications, experience and background.

The Nomination Committee for the 2023 AGM consists of Anders Mörck (Chairman of the Board), Johan Menckel (representative of the shareholder Latour and Chairman of the Nomination Committee), Patrik Jönsson (representative of the shareholder SEB Investment Management) and Thomas Widstrand (own holding). The composition of the Nomination Committee is a departure from Section 2.3 of the Corporate Governance Code, which states that the Chief Executive Officer or any other member of senior management shall not be a member of the Nomination Committee. The Nomination Committee's mandate remains in force until a new Nomination Committee has been appointed.

BOARD OF DIRECTORS
The Board of Directors is the company's next highest decision-making body after the Annual General Meeting. In accordance with the Swedish Companies Act, the Board is responsible for the company's administration and organisation, which means that the Board is responsible for, among other things, establishing goals and strategies, safeguarding procedures and systems for evaluation of established goals, continuously evaluating the company's performance and financial position, as well as evaluating the operational management. The Board is also responsible for ensuring that the annual and interim reports are prepared in a timely manner. In addition, the Board appoints the CEO.

The members of the Board of Directors are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's Articles of Association, the Board of Directors, insofar as it is elected by the General Meeting, shall consist of at least four members and at most eight members with at most four alternates. According to the Code, the Chairman of the Board shall be elected by the Annual General Meeting and shall have specific responsibility for the management of the work of the Board and for ensuring that the work of the Board is well organised and carried out in an efficient manner. The persons elected as directors at the 2022 AGM are listed on pages 64–65. It is the Nomination Committee's opinion that the composition of the Board of Directors is appropriate in view of the company's business, financial position, stage of development and other circumstances. An important basis for nomination of board members is that the composition of the board must reflect and accommodate the various skills and experiences that may be required for the company's strategic development and governance. In particular, the Nomination Committee has taken into account the requirement for diversity and breadth on the board, as well as the need to strive for equal gender distribution. According to the Nomination Committee, the composition is appropriate for the purpose of meeting such requirements in the company's business. The Nomination Committee has chosen to apply rule 4.1 of the Corporate Governance Code as its diversity policy.

The Board of Directors adheres to written rules of procedure that are revised annually and established at the first scheduled board meeting following election. The rules of procedure govern, among other things, board practices, functions and the distribution of work between the board members and the CEO. In connection with the inaugural Board meeting, the Board also establishes the instructions for the CEO, including financial reporting.

The Board meets in accordance with an annually established schedule. In addition to these board meetings, additional board meetings can be convened in order to deal with matters that cannot be referred to an ordinary board meeting. In addition to board meetings, the Chairman of the Board and the CEO maintain a continuous dialogue concerning management of the company. The Board met six times during the year. For attendance in 2022, see separate table. Agendas for Board meetings, together with the documentation required by the Rules of Procedure, are sent to members approximately one week before the meeting.

In addition to this documentation, Members receive monthly updates on financial developments and other relevant information.

The Chairman of the Board and CEO discuss and decide issues for the respective meetings before these take place. The Company's CFO regularly participates in the company's board meetings. In addition to this member of the Group management, others can participate in the meetings if so desired or required.

The company's Board currently comprises six ordinary members and one employee representative, who are presented in the section "Board, Group Management and auditors".

AUDIT COMMITTEE

The Board has decided to work through an Audit Committee chaired by Anna Stålenbring and with Bertil Persson as a member. The Audit Committee met 3 times in 2022. The main tasks of the Committee are:

» overseeing the Company's financial reporting,
» monitoring the effectiveness of the Company's internal control, internal audit and risk management,
» staying informed about the audit of the annual accounts and consolidated accounts,
» reviewing and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides non-audit services to the Company,
» assisting with preparing proposals to the Annual General Meeting for the election of auditors.

REMUNERATION COMMITTEE

The Board has decided to appoint a remuneration committee for 2022 with Anders Mörck as chair and Eva Nygren as member. The Remuneration Committee met twice in 2022. In terms of remuneration issues for 2022, this meant that the committee:

» prepared suggestions concerning remuneration principles, remuneration and other employment terms and conditions for the CEO and the Group management,
» reviewed and evaluated existing and completed programmes concerning variable remuneration for the company's management, and
» reviewed and evaluated the application of guidelines for remuneration for the Group management, as decided by the Annual General Meeting, and other remuneration structures and remuneration levels within the company.

EVALUATION OF THE BOARD'S WORK

The Chairman of the Board is responsible for the evaluation of the Board's work, including assessments of the performance of individual Board members. This is carried out on an annual basis according to an established procedure. The assessment focuses on factors such as availability of, and requirements for, specific competence within the Board, commitment, the quality of the Board material and time for reading the same. The results of the evaluation are reported to the Nomination Committee and form the basis for the Nomination Committee's proposals for board members and remuneration for the board.

CEO AND OTHER MEMBERS OF THE GROUP MANAGEMENT

The CEO reports to the Board of Directors and is responsible for the day-to-day management and operations of the Company. The division of responsibilities between the Board and the CEO is set out in the Rules of Procedure of the Board and the Instructions to the CEO. The Chief Executive Officer is also responsible for preparing reports and compiling information from management for Board meetings and presents the material at Board meetings.

According to the financial reporting guidelines, the Chief Executive Officer is responsible for the Company's financial reporting and must therefore ensure that the Board receives accurate information to enable it to evaluate the Company's financial position.

The Chief Executive Officer shall keep the Board of Directors continuously informed of the development of the Company's operations and sales, results and financial position, cash flow, credit status, important business events and any other events, circumstances or conditions that can be assumed to be important for the Company's shareholders. The CEO and the Group management are presented in the section "Board, Group Management and auditors".

REMUNERATION FOR BOARD MEMBERS, THE CEO AND GROUP MANAGEMENT

REMUNERATION FOR BOARD MEMBERS

Decisions on fees and other remuneration for Board members, including the chairman, are taken by the Annual General Meeting. Remuneration to the Chairman of the Board was set at SEK 695,000 and SEK 280,000 each for Board members Bertil Persson, Anna Stålenbring, Eva Nygren and Fredrik Hansson. Thomas Widstrand receives no remuneration as an employee of the company. After completion of the assignment, the Board member is not entitled to any benefits.

GUIDELINES FOR REMUNERATION OF THE CEO AND OTHER SENIOR EXECUTIVES

The Annual General Meeting held in April 2022 decided on guidelines for remuneration of the CEO and other senior executives.

REMUNERATION IN FINANCIAL YEAR 2022

The remuneration of the Company's management consists of base salary, variable remuneration, pension benefits and other benefits. The table below provides an overview of the remuneration of directors and Group Management for the financial year 2022. The amounts are shown in thousands of EUR.

	Attendance			Remunerations			
GROUP	Board meetings	Audit Committee	Remuneration Committee	Fee/ Basic salary	Variable remuneration	Other benefits	Pension
Anders Mörck (Chairman)	6/6		2/2	70.3	–	–	–
Anna Stålenbring	6/6	3/3		36.5	–	–	–
Eva Nygren	6/6		2/2	28.8	–	–	–
Bertil Persson	6/6	3/3		34.2	–	–	–
Fredrik Hansson	6/6			26.3	–	–	–
Stefan Lundgren (work rep)	6/6			–	–	–	–
Thomas Widstrand (CEO)	6/6			367.1	183.8[1]	14.0	89.0
Other senior executives (6 persons)				1,054.7	138.3	97.2	269.6
Total				**1,617.9**	**322.1**	**111.2**	**358.6**

[1] The amount of variable remuneration to the CEO includes EUR 108 (113) thousand relating to a provision for estimated variable cash remuneration where the actual remuneration is based on the achievement of targets for the financial year 2023.

CURRENT EMPLOYMENT CONTRACTS FOR THE CEO AND OTHER MEMBERS OF THE GROUP MANAGEMENT

Decisions on current remuneration levels and other employment terms and conditions for the CEO and other members of the Group management are taken by the Board of Directors. Agreements on pensions must, where possible, be based on fixed premiums and must adhere to levels, practices and collective agreements that apply in the country where the senior executive in question is employed.

The CEO is entitled to a fixed annual salary of EUR 350.0 thousand, a short-term variable remuneration linked to certain KPIs for the financial year 2022, one of which is related to sustainability, corresponding to a maximum of EUR 175 thousand. In addition, there is a possible long-term variable remuneration linked to certain key performance indicators for the financial year 2023, which corresponds to a maximum of EUR 350 thousand, spread over three years. In 2022, the total remuneration including pension provision to the CEO amounted to EUR 653.9 thousand. The CEO falls within the scope of both the Swedish National Insurance Act and the so-called basic level in accordance with the ITP plan on salary components up to 7.5 income base amounts. In addition to this, a premium increment applies that replaces the opt-out premium for alternative ITP pension.

At the end of the financial year, the group of senior executives, the group management, consists of six persons in addition to the CEO. In addition to a fixed annual salary, these six individuals have a short-term variable remuneration linked to certain key figures for the financial year 2022 and a possible long-term remuneration linked to certain key figures for the financial year 2024. In 2022, the total remuneration to senior executives amounted to EUR 1,550.9 thousand of which EUR 138.3 thousand relates to short-term variable remuneration and TEUR 0 relates to long-term variable remuneration. Members of the Group management resident in Sweden are subject to a period of notice of 3–6 months in case of resignation by the employee, and 6–12 months in the case of termination by the employer. Members of the Group management fall within the scope of both the Swedish National Insurance Act and the ITP plan, including the right to a pension scheme for high earners.

AUDIT

The auditor must audit the Company's financial statements and accounts and the Board's and CEO's administration. After each financial year the auditor must submit an auditor's report and a consolidated auditor's report to the Annual General Meeting. In 2022, the auditor participated in one board meeting in order to provide comments on continuous auditing and the general approach to the accounting year. The auditors are elected until the Annual General Meeting in 2023.

In accordance with the company's Articles of Association, the company must have a minimum of one and not more than two auditors and up to two deputy auditors. The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with Johan Palmgren as auditor in charge. The company's auditor is presented in more detail in the section "Board of Directors, Group Management and auditors". In 2022, the total remuneration of the Company's auditors amounted to EUR 416 (297) thousand.

INFORMATION POLICY, INSIDER POLICY AND LOGBOOK INSTRUCTIONS

The company has adopted an information policy in order to comply with the information requirements for a company whose shares are listed on a regulated market.

The company has prepared a policy document in order to inform employees and other stakeholders within Troax about the applicable rules and regulations relating to the company's disclosure of information and the special requirements that apply for persons active in a listed company, for example with regard to information that affects the share price.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The objective of the internal financial controls within Troax is to create an effective decision-making process in which requirements, targets and frameworks are clearly defined. The company and the management use the internal control systems to monitor operations and the group's financial position.

CONTROL ENVIRONMENT

The basis for internal controls relating to financial reporting comprises the overall control environment. Troax's control environment includes sound values, competence, management philosophy, organisational structure, responsibility and authorities. Troax's internal instructions, policies, guidelines and manuals provide guidance for employees. The control environment also includes laws and external regulations.

Troax maintains a clear division of roles and responsibilities in order to ensure effective management of the company's risks, for example, through rules of procedure for the Board and committees and through the instruction for the CEO. In the continuing operations, the CEO is responsible for the system of internal controls that is required to create a control environment for material risks. Troax also has guidelines and policies on financial governance and follow-up, issues concerning communication and business ethics.

The Board has appointed an Audit Committee, the duties of which include ensuring that established principles for financial reporting and internal controls are upheld.

RISK ASSESSMENT AND CONTROL ACTIVITIES

There is a risk that material misstatement could occur in the financial statements in connection with accounting and measurement of assets, liabilities, income and expenses or deviations from information requirements. Each year, Troax's finance function carries out a risk analysis with regard to the group's balance sheet and income statement based on qualitative and quantitative risks.

Standard control activities include account reconciliation and supporting controls. The purpose of all control activities is to prevent, detect and correct any errors or discrepancies in the financial reporting. The most significant risks concerning financial reporting identified as a result of the Group's internal control activities are managed through control structures that in all material respects are based on deviation reporting from established goals or standards.

FOLLOW-UP

The Group applies IFRS. Financial data are reported on a monthly basis from 31 reporting entities in accordance with standardised reporting procedures. The reporting constitutes the basis for the Group's consolidated financial reporting. Consolidation is done from a legal and operational perspective, resulting in quarterly legal reports and monthly operational reports.

INTERNAL AUDIT

According to the Code, the Board must make a decision annually on whether the Company should have an internal audit function that evaluates whether internal governance and controls are functioning as planned, or whether the Board should establish that this is the case in some other way.

At group level, the CEO of each legal entity, together with the legal and/or operating entity's finance function and the Group's finance director, are responsible for ensuring that requisite controls are carried out and followed up. Internal control includes control over the company's and Group's organisation, procedures and follow-up measures. The purpose is to ensure that reliable and accurate financial reporting takes place, that the company's and group's financial reporting is prepared in accordance with the law and applicable accounting standards, and that other requirements are fulfilled. The system for internal control also aims to monitor adherence to the company's and Group's policies, principles and instructions. In addition, the protection of the company's assets is monitored in an appropriate manner. Furthermore, internal control is performed through follow-up of implemented information and business systems and through risk analysis.

The size of the company, combined with the work on internal governance and control described above, means that the Board has not found it necessary to set up a separate internal audit function, which is performed by the Board as a whole. Effective Board work is thus the basis for good internal control, and Troax's Board has established rules of procedure and clear instructions for its work. However, the issue of a dedicated internal audit function will be reviewed annually.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the corporate governance report for 2022 on pages 58–62 and that it has been prepared in accordance with the Annual Accounts Act.

FOCUS AND SCOPE OF THE AUDIT

Our review was conducted in accorda nce with FAR's recommendation RevR 16 The auditor's review of the corporate governance report. This means that our review of the Corporate Governance Report has a different focus and is significantly less in scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient basis for our opinions.

OPINION

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6. Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 1. Section 31, paragraph 2 of the same Act are consistent with the financial statements and consolidated financial statements and are in accordance with the Swedish Annual Accounts Act.

Gothenburg, Sweden, 24 March 2023
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant

BOARD OF DIRECTORS

SHAREHOLDINGS AS AT THE DATE OF ADOPTION OF THIS ANNUAL REPORT

ANDERS MÖRCK
Chairman of the Board since 2020.

BORN: 1963

EDUCATION: MSc from Växjö University.

PROFESSIONAL EXPERIENCE: CFO of Investment AB Latour.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of HMS Networks AB, Swegon Group AB, Nord-Lock International AB, Hultafors Group AB and Latour Industries AB.

SHAREHOLDING: 4,000

ANNA STÅLENBRING
Board member since 2015.

BORN: 1961

EDUCATION: MSc from Växjö University.

PROFESSIONAL EXPERIENCE: Experience of 30 years in the management of industrial companies, most of which within the Nefab group.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of FM Mattsson Mora Group AB, Lammhults Design Group AB, Infobric Group AB, VBG Group AB, engcon AB and Investment AB Chiffonjén.

SHAREHOLDING: 9,000

THOMAS WIDSTRAND
Managing Director since 2008 and Board member since 2014.

BORN: 1957

EDUCATION: MBA from the University of Gothenburg; School of Business, Economics and Law.

PROFESSIONAL EXPERIENCE: CEO of Borås Wäfveri AB and Cardo Pump AB.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Balco AB

SHAREHOLDING: 3,468,124 shares and 24,780 call options giving the right to subscribe for 24,780 shares.

EVA NYGREN
Board member since 2016.

BORN: 1955

EDUCATION: Architecture at Chalmers University of Technology.

PROFESSIONAL EXPERIENCE: Director of Investment at the Swedish Transport Administration, President and CEO of Rejlerkoncernen AB, CEO of Sweco Sverige AB, Sweco Russia AB and Sweco FFNS Architects AB.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Chairman of Kaj Johansson Gruppen AB, board member of Swedavia AB, Ballingslöv International AB and NRC Group ASA.

SHAREHOLDING: 1,500

FREDRIK HANSSON
Board member since 2018.

BORN: 1971

EDUCATION: MSc in Business and Economics from University of North Alabama.

PROFESSIONAL EXPERIENCE: CEO of Roxtec AB, owner-manager.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Chairman of the Board of Scanbox Thermoproducts AB. Board member of HMS Networks AB and Anocca AB.

SHAREHOLDING: 10,000

BERTIL PERSSON
Board member since 2018.

BORN: 1961

EDUCATION: MSc in Business and Economics from Stockholm School of Economics.

PROFESSIONAL EXPERIENCE: President of the Beijer Alma Group, senior positions in LGP Telecom, Scania AB and Investor AB.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Christian Berner Tech Trade AB and Bufab AB.

SHAREHOLDING: 4,500

STEFAN LUNDGREN
Board member (employee representative) since 2021.

BORN: 1971

EDUCATION: Master of Business Administration, Jönköping School of Economics.

PROFESSIONAL EXPERIENCE: Product manager for warehouse and industrial walls and storage at Troax AB.

SHAREHOLDING: 2,573 shares and 15,400 call options giving the right to subscribe for 15,400 shares.

MANAGEMENT

SHAREHOLDINGS AS AT THE DATE OF ADOPTION OF THIS ANNUAL REPORT

THOMAS WIDSTRAND
Managing Director since 2008 and Board member since 2014.

BORN: 1957

EDUCATION: MBA from the University of Gothenburg; School of Business, Economics and Law.

PROFESSIONAL EXPERIENCE: CEO of Borås Wäfveri AB and Cardo Pump AB.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Balco AB

SHAREHOLDING: 3,468,124 shares and 24,780 call options giving the right to subscribe for 24,780 shares.

ANDERS EKLÖF
CFO since 2017.

BORN: 1970

EDUCATION: MSc in Business and Economics from Växjö University.

PROFESSIONAL EXPERIENCE: CFO of Strömsholmen AB, authorised auditor and director of PwC.

SHAREHOLDING: 2,000 shares and 10,900 call options giving the right to subscribe for 10,900 shares.

EDWARD FINCH
Managing Director and Regional Director for UK/Ireland since 2021.

BORN: 1980

EDUCATION: MBA Business administration from Warwick University.

PROFESSIONAL EXPERIENCE: Sales and marketing in the construction industry.

SHAREHOLDING: 0.

WOLFGANG FALKENBERG
Managing Director and Regional Manager for Central Europe since 2008.

BORN: 1962

EDUCATION: Degree in Business Administration, Commercial College DAG.

PROFESSIONAL EXPERIENCE: Sales Director at Chubb Locks & Safes.

SHAREHOLDING: 26,115 shares and 5,500 call options giving the right to subscribe for 5,500 shares.

ANNUAL REPORT 2022 **TROAX GROUP**

JAVIER GARCIA
Managing Director and Regional Manager for Southern Europe since 2008.

BORN: 1972

EDUCATION: MBA Business Administration, IESE Business School and a Bachelor's degree in Computer Engineering Politécnica Catalunya University in Spain.

PROFESSIONAL EXPERIENCE: Various positions in marketing and sales at ABB, Fichet Bauche and Gunnebo.

SHAREHOLDING: 40,000 shares and 5,500 call options giving the right to subscribe for 5,500 shares.

JONAS RYDQVIST
Managing Director and Regional Manager for the Nordic region since 2014.

BORN: 1972

EDUCATION: Certified Market Economist.

PROFESSIONAL EXPERIENCE: Sales Director at Stora Enso, Sales Manager at Bong and Trioplast/Ekmans.

SHAREHOLDING: 5,530 shares and 9,664 call options giving the right to subscribe for 9,664 shares.

CHRISTIAN HELLMAN
Supply Chain Manager since 2017.

BORN: 1976

EDUCATION: In technology, management, logistics and finance.

PROFESSIONAL EXPERIENCE: Site Manager/Factory Manager at Experts Nordic warehouse and AQ Enclosures Systems AB.

SHAREHOLDING: 2,800 call options to subscribe to 2,800 shares.

AUDITORS
Öhrlings PricewaterhouseCoopers AB (PwC)

Johan Palmgren (born 1974)

Öhrlings PricewaterhouseCoopers AB

Torsgatan 21, SE-113 21 Stockholm

GROUP HIGHLIGHTS

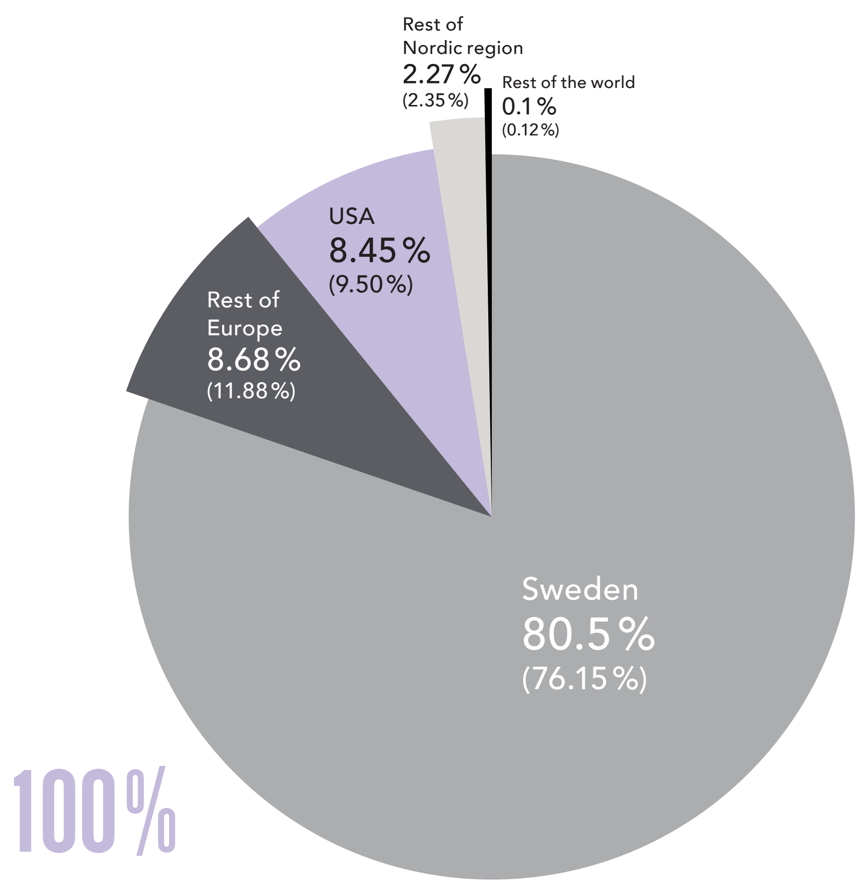
Income statement, EUR million	2022	2021	2020	2019	2018	2017	2016[1]	2015	2014[2]
Net sales	284.1	282.3	163.6	168.0	161.0	152.1	115.8	103.7	91.2
Operating expenses	–238,8	–199.9	–132.8	–135.0	–128.1	–121.5	–90.5	–81.3	–76.3
Operating profit	49.6	52.4	30.8	33.0	32.9	30.6	25.3	22.4	14.9
Net financial income/expense	–1,4	–1.0	–0.7	–0.9	–0.8	–5.2	–3.9	–4.1	–4.4
Profit before tax	48.2	51.4	30.1	32.0	32.1	25.4	21.4	18.3	10.5
Taxes	–11.4	–11.6	–6.8	–7.7	–7.7	–8.4	–5.1	–4.6	–1.8
Profit for the year	36.8	39.8	23.2	24.4	24.4	17.0	16.3	13.7	8.7

[1] Column 2016 does not include the acquisition of Folding Guard.
[2] In the column 2014, Satech has been included as the acquisition took place as of 1 January 2014.

Balance sheet, EUR million	2022	2021	2020	2019	2018	2017	2016	2015	2014
Non-current assets	165.8	162.9	152.8	135.3	119.6	114.8	121.5	102.5	96.7
Other current receivables	87.8	93.2	60.0	54.6	49.2	43.4	38.8	30.8	26.5
Cash and cash equivalents	37.5	35.2	32.5	30.3	22.7	14.1	12.2	10.8	13.2
Total assets	**291.1**	**291.3**	**245.3**	**220.2**	**191.5**	**172.3**	**172.5**	**144.1**	**136.4**
Equity	154.9	142.6	114.0	95.7	82.6	69.2	65.9	60.0	43.2
Non-current liabilities and provisions	88.8	98.2	100.5	91.3	78.1	77.1	83.4	64.5	73.2
Other current liabilities	47.4	50.5	30.8	33.2	30.8	26.0	23.2	19.6	20.0
Total equity and liabilities	**291.1**	**291.3**	**245.3**	**220.2**	**191.5**	**172.3**	**172.5**	**144.1**	**136.4**

Cash flow, millions of EUR	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash flow from operating activities	48.8	32.2	26.3	29.4	26.1	19.2	16.1	13.2	11.2
Cash flow from investing activities	–13.2	–14.6	–14.8	–8.7	–9.0	–3.3	–27.3	–5.6	–18.2
Cash flow from financing activities	–32.4	–15.3	–9.5	–12.7	–8.0	–14.9	12.9	–10.0	5.7
Cash flow for the period	**3.2**	**2.3**	**2.0**	**8.0**	**9.1**	**1.0**	**1.7**	**–2.4**	**–1.3**

TROAX ON THE STOCK EXCHANGE



DISTRIBUTION OF SHAREHOLDERS
By geography 2022 (2021)

Listing: **NASDAQ STOCKHOLM**
Number of shares: **60,000,000**
Ticker code: **TROAX**
ISIN code: **SE0012729366**

DIVIDENDS AND DIVIDEND POLICY

The Board of Directors proposes a dividend of EUR 0.32 per share (previous year EUR 0.3). Total EUR 18 million. The dividend represents 52 percent of profit after tax. The record date for payment is 28 April 2023.

Troax's goal is to pay about 50 percent of its net profit in dividends. The dividend proposal shall take into account Troax's long-term development potential, financial position and investment needs.

Shareholders	Participation
Investment AB Latour	30.10 %
SEB Investment Management	6.63 %
Widstrand, Thomas	5.78 %
State Street Bank and Trust Co, W9	5.58 %
Spiltan Fonder	4.02 %
Svolder Aktiebolag	3.7 %
Nordea Investment Funds	3.62 %
Lannebo Fonder	3.42 %
Enter funds	2.74 %
Handelsbanken fonder	2.55 %
Total top ten shareholders	**68.14 %**
Other shareholders	31.86 %

Shareholding	Number of shareholders	Participation
1–500	6,543	0.93 %
501–1,000	369	0.46 %
1,001–5,000	389	1.44 %
5,001–10,000	62	0.75 %
10,001–15,000	25	0.52 %
15,001–20,000	18	0.53 %
20,001–	72	95.37 %
	7,478	**100 %**

Share data	2022	2021
Earnings per share, EUR	0.61	0.66
Exchange rate on balance sheet date, SEK/EUR	11.13	10.22
Proposed dividend, EUR	0.32	0.3
Dividend share	52 %	45 %
Share price at end of year, SEK	182.6	463.5
Direct return on closing price	1.95 %	0.7 %
Highest rate in 2021 (30 December)	–	463.5
Highest rate in 2022 (5 January)	467.5	–
Lowest rate in 2021 (27 January)	–	193.6
Lowest rate in 2022 (26 September)	149.8	–
Number of shareholders	7,478	6,117
Market capitalisation at end of year, SEK million	10,956	27,810

DEFINITIONS OF KEY PERFORMANCE INDICATORS

NUMBER OF EMPLOYEES
Average number of full-time employees in the financial year

GROSS MARGIN, %
Gross profit as a percentage of net sales in the reporting period.

EBITDA
Operating profit before amortisation/depreciation and impairment.

EBITDA MARGIN, %
Operating profit before amortisation/depreciation and impairment as a percentage of net sales in the reporting period.

OPERATING MARGIN, %
Operating profit as a percentage of net sales in the reporting period.

ADJUSTED NET MARGIN, %
Adjusted profit after tax as a percentage of net sales in the reporting period.

NET BORROWINGS
Interest bearing liabilities less cash and cash equivalents and interest-bearing assets as at the end of the period.

DEBT/EQUITY RATIO, %
Net debt divided by equity, all calculated at the end of the period.

WORKING CAPITAL
Total current assets minus cash and cash equivalents minus current non-interest-bearing liabilities excluding liabilities relating to additional purchase price, all calculated at the end of the period.

EQUITY/ASSETS RATIO, %
Equity as a percentage of total assets, as at the end of the period.

EARNINGS PER SHARE
Profit for the period divided by the average number of ordinary shares.

KEY PERFORMANCE INDICATORS

NOT DEFINED ACCORDING TO IFRS

Troax uses some performance measures that are not defined in the financial reporting framework applied by Troax. The purpose of these performance measures is to create a better understanding of the performance of the business. It must be additionally stressed that these alternative performance measures, as they are known, are not fully comparable with measures of similar description used by other companies.

NET BORROWINGS/EBITDA
Net borrowings in relation to EBITDA.

EUR million	Dec 2022	Dec 2021
Current, interest-bearing liabilities	0	0
Non-current, interest-bearing liabilities	60	70
Lease liabilities (IFRS 16)	15.8	17
Total interest-bearing liabilities	75.8	87
Cash and cash equivalents	37.5	35
Net borrowings	**38.3**	**52**
12 months rolling EBITDA	62.3	62
Net borrowings/EBITDA	**0.6**	**0.8**

ORGANIC GROWTH
Because Troax has activities is several countries with different currencies, it is essential to create understanding of how the company is performing excluding the currency impact when translating foreign subsidiaries' financial statements. As result, under the Organic growth concept, growth is reported excluding the currency impact when translating foreign subsidiaries' financial statements and excluding acquired businesses. This key performance measure is reported as a percentage of the previous year's net sales.

Net sales EUR million	12 months Jan–Dec 2022	12 months Jan–Dec 2021
Organic sales /growth	278.5	228
Currency effect	2.9	–1
Net sales from acquisitions	2.7	25
Net sales	284.1	252
Operating profit (EBIT)	**49.6**	**52.4**

NET BORROWINGS
Interest-bearing loans excluding provisions for pensions minus cash and cash equivalents.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting in Troax Group AB (publ) will be held on Wednesday, 26 April at 15.00. Notice of the Annual General Meeting is given, in accordance with the Articles of Association, via an announcement in the Swedish Gazette and on the company's website not more than six weeks and not less than four weeks before the Annual General Meeting. The convening of the meeting is announced in Svenska Dagbladet. The information below regarding the meeting does not constitute a legal summons.

NOTICE OF ATTENDANCE
Shareholders who wish to attend the Annual General Meeting must:

» be recorded in the share register maintained by Euroclear Sweden AB on 18 April 2023,
» give notice to the company no later than April 20, 2023 at the address Troax Group AB (publ), Box 89, SE-335 04 Hillerstorp, or by telephone +46 370-828 00, or by e-mail arsstamma@troax.com whereby the number of assistants shall be stated.

Upon notification, shareholders must state their names, personal or corporate identity numbers, addresses and telephone numbers. The personal data provided will be processed and used only for the Annual General Meeting 2023.

For those who wish to be represented by a proxy, the company will issue a form of proxy that is available at troax.com. If participation takes place using a form of proxy, this should be sent to the above address so that it reaches the company prior to the Annual General Meeting.

In order to participate in the Annual General Meeting, shareholders whose shares are registered in the name of a bank or other nominee must re-register the shares in their own name so that the shareholder is entered in the share register on the record date of 18 April 2023. Such registration shall be requested from the nominee in accordance with the nominee's procedures and at such time in advance as the nominee may determine. Voting rights registration requested by shareholders in such time that the registration is made by the nominee no later than 20 April 2023 will be taken into account in the preparation of the share register.

SALES OFFICES/ DISTRIBUTORS

SALES OFFICES

Troax Safety Systems Pty Ltd.
Australia
+61 426 508 725 725

Troax GmbH
Austria
+43 2254 76 371

Troax Belgium
Belgium
+32 15 28 17 30

Troax Shanghai Safety Systems Co. Ltd.
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Troax Denmark A/S
Denmark
+45 43 71 02 33

Troax Nordic AB
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Troax SA
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Satech Safety Tech. Sarl
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Troax GmbH
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Satech Safety Tech. GmbH
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Terracotta Invein S.L.U
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Decorio SRL
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