



Making your world **safe.**

Annual report
2015



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Financial calendar 2016

Interim report Q1, 10 May

Interim report Q2, 11 August

Interim report Q3, 7 November

Year-end report 2016, February 2017

The year in brief

THE TROAX GROUP IN NUMBERS

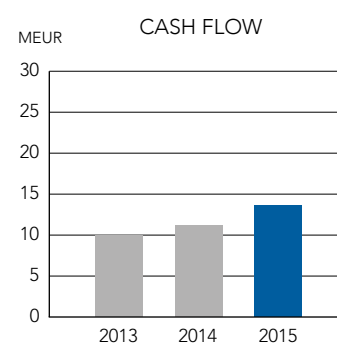
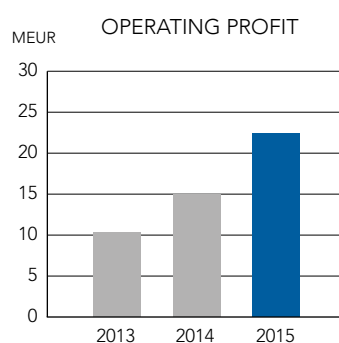
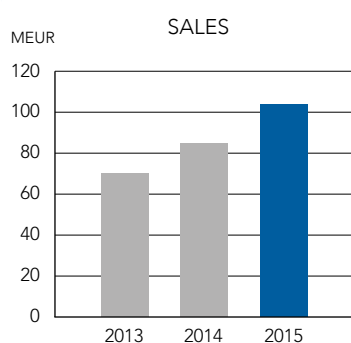
MEUR	2015	2014	2014 ¹	2013 ²
Inflow of orders	104.4	85.8	96.5	71.2
Net sales	103.7	84.5	91.2	70.1
Gross profit or loss	44.6	34.6	38.3	28.0
Gross margin, %	43.0	40.9	42.0	39.9
Operating profit/loss	22.4	13.8	14.9	7.5
Operating margin, %	21.6	16.3	16.3	10.7
Operating profit, adjusted	22.4	15.0	16.3	10.3
Operating profit margin, adjusted	21.6	17.8	17.9	14.7
Profit/loss after tax	13.7	8.7	8.7	2.2
Adjusted EBITDA	24.6	17.3	18.6	13.4
Adjusted EBITDA, margin	23.7	20.5	20.4	19.1
Profit/loss per share after dilution in EUR	0.69	0.44	0.44	0.11
Closing day rate, SEK/Euro	9.14	9.52	9.52	8.94

1) In the column 2014 Satech has been included as if the acquisition took place per January 1, 2014

2) In the column 2013 the operating activities in the group have been included as if the acquisition took place per January 1, 2013

JANUARY – DECEMBER 2015

- The inflow of orders increased by 22 percent or 9 percent adjusted for acquisition and exchange.
- The net sales increased by 23 percent to 103.7 (84.5) MEUR. Adjusted for acquisition and for exchange the increase was 10 percentage units.
- The operating profit increased to 22.4 (13.8) MEUR.
- The operating profit margin increased to 21.6 (16.3) MEUR.
- The adjusted operating profit rose to 22.4 (15.0) MEUR.
- The adjusted operating profit margin increased to 21.6 (17.8) percent as a result of increased volumes.
- The earnings per share amounted to 0.69 (0.44) EUR.
- The board proposes a dividend of 3.00 SEK per share.
- Listed on Nasdaq Stockholm March 27.
- The group celebrated its 60th anniversary during 2015.
- Acquisition of Lagermix Rullportar AB was completed in October.
- Investment in a new powder coating plant at the group's main factory in Hillerstorp, Sweden.



This is Troax

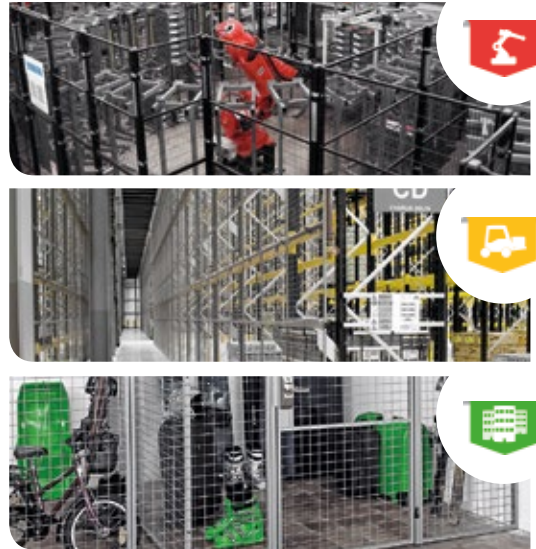
Troax is the leading global supplier of site protection for indoor use (metal based mesh panel solutions) within the market segments; Machine guarding, Warehouse partitioning and Property protection.

Troax was founded in 1955 and since then has developed from a general producer of metal mesh products (such as dish racks and shopping trolleys) to a leading supplier of high quality metal based mesh panel solutions that increase safety for people, property and processes.

Troax has its head office in Hillerstorp, Sweden, is currently in 33 countries and operates primarily through wholly-owned subsidiaries. Our four production units are located in Sweden, Great Britain, China and Italy. The main production unit is located in Hillerstorp. The company also has seven distribution centres around the world and a global sales organisation.

A total of 440 employees work within Troax. Since March 2015 Troax shares have been listed on Nasdaq Stockholm, mid cap list.

Market segments



Business concept

Troax works in order to exceed customers' expectations within all areas. Our business concept is to develop innovative safety solutions that protect people, property and processes.

Vision

Troax's vision is to fulfil the need for protected and safe storage, machine guarding and warehouse partitioning. Troax shall continue to be the first-hand choice where it concerns suppliers of innovative safety solutions. Troax shall strengthen its position as the leading supplier of mesh panels and operate globally on all the major markets.

History

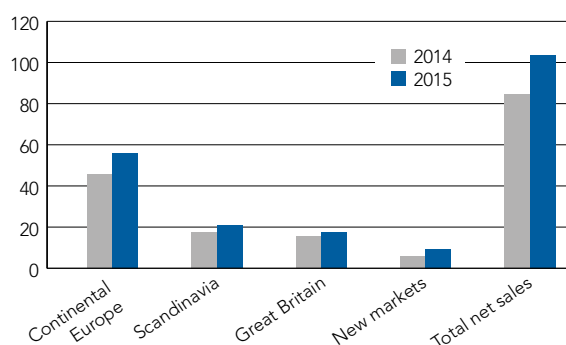
Troax was founded in 1955 by the four Axelsson brothers in Hillerstorp, Sweden. In the beginning of the 1970's, Troax began its international expansion by starting sales companies in Norway and Denmark. The expansion continued during the 1980's and in this period Troax also started sales companies outside Scandinavia. Production was commenced in China during 2013 and in 2014 the Italian company Satech was acquired.

Since Troax was founded the company has developed its product portfolio in order to adapt itself to customer needs. In 1965 products were developed for the property protection market segment and in 1978 a garage storage solution was introduced. In 1976, Troax became the first mesh welder using steel wire and square tubes facilitating in focus on products for the machine guarding market.

Why Troax?

- Troax is market leader in a fragmented market
- Strong underlying structural growth on the market
- Troax has a very good operational platform with a strong sales organisation and a superior logistical set-up
- High entrance barriers
- Clear growth opportunities
- Historically good margins and strong cash flow

SALES PER REGION
MEUR



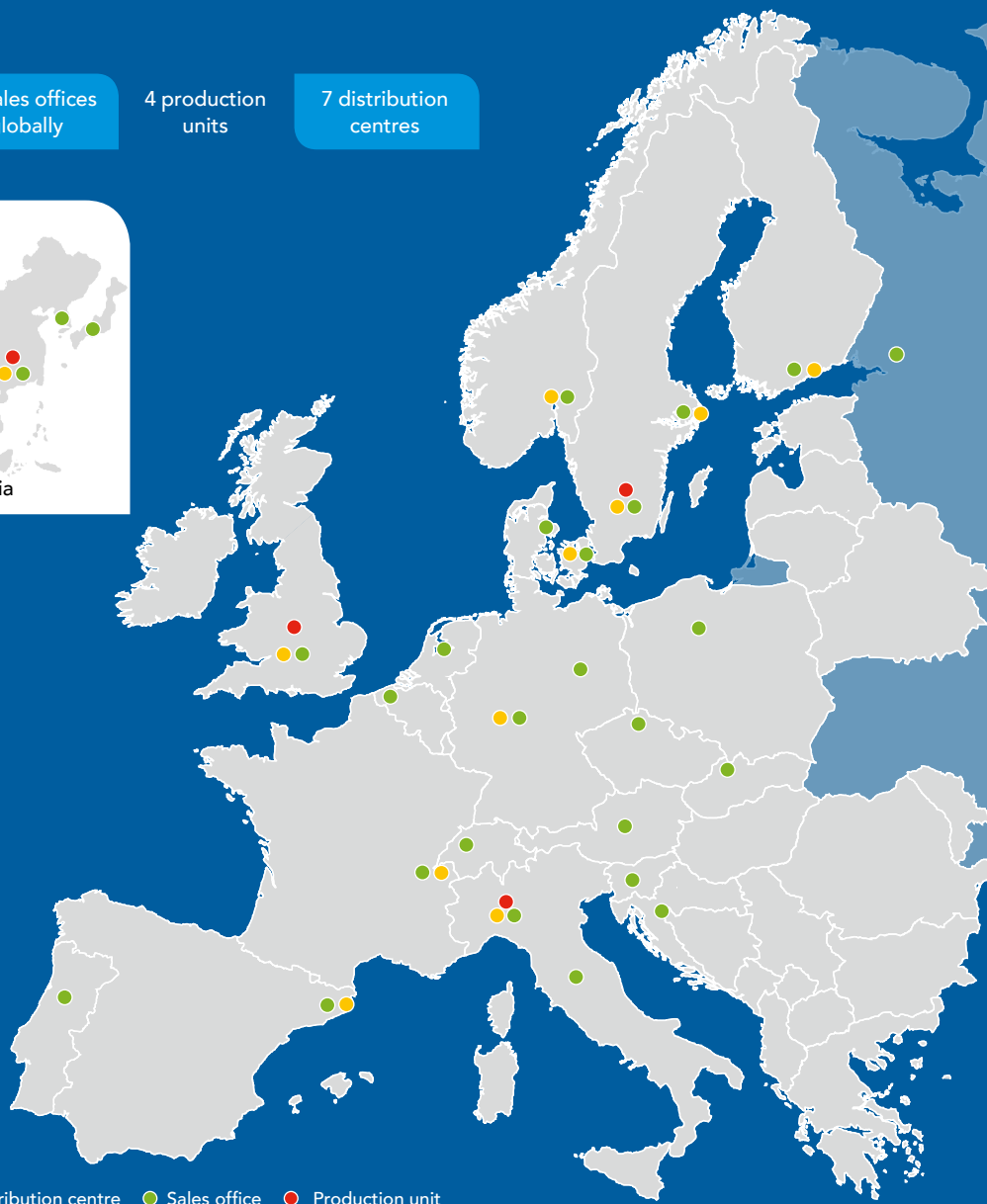
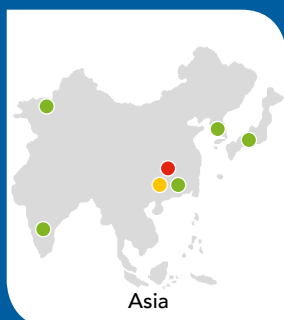
Represented in 33 countries

440 employees globally

35 sales offices globally

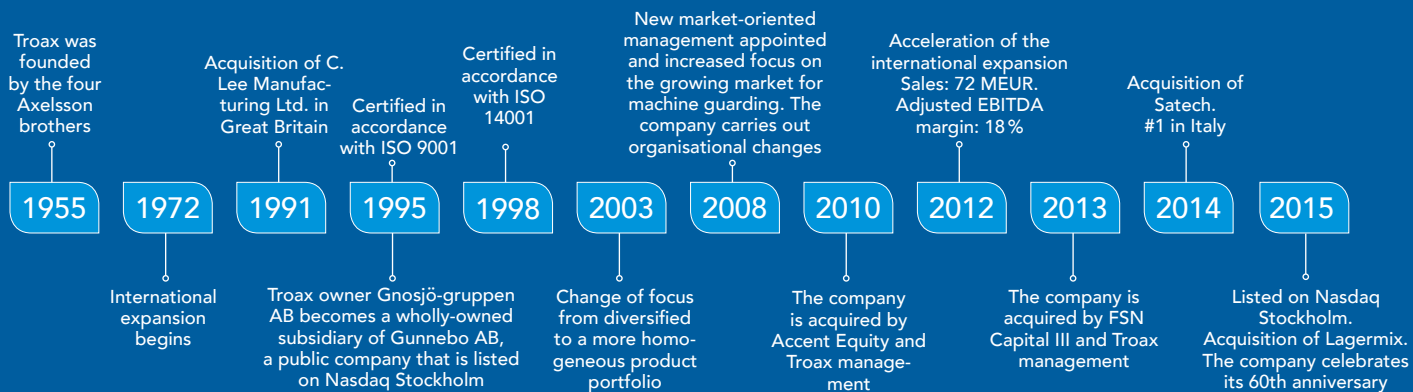
4 production units

7 distribution centres



● Distribution centre ● Sales office ● Production unit

Brief history



Continued increased market shares and good growth

An important milestone for the company was naturally listing on Nasdaq Stockholm the 27th of March, where I and the company's CFO had the great honour on behalf of the company of ringing in the first trading day for Troax Group AB. This event has strengthened Troax's trademark on important markets and increased the interest for the company and our offer within security.

Naturally, we are very glad for the great interest our listing brought, and we clearly feel this obliges us ahead of 2016. We will be able to benefit from the Troax share being listed in the future.

Since 2014, we have also been listed through our debenture loan. Our ownership picture has changed significantly. During FSN Capital's time as principal owner, several important investments have been made including the acquisition of Satech in 2014. In connection with the floating, FSN sold off the majority of their holding and after that Investment, AB Latour is the largest owner with approximately 30 percent of the capital and votes.

From an operative point of view I would very much like to point out that our continued growth is the most important thing we have achieved during the year.

We have increased our inflow of orders by 22 percent (including minor exchange effects of approximately 2 percent and acquisition). The organic growth is approximately 9 percent on a market that is deemed to have grown by scarcely half or by 4–6 percent. On our part this means the important continuation in capturing market share which is a cornerstone of our growth strategy. We have taken several important orders both from existing customers but also new customers both on mature markets and so-called new markets. This means we expect a continued growth during the foreseeable future. We believe in our concept.

We have had growth in all our geographic segments and I especially want to point out two things. Firstly, we have had a positive trend on our new markets,

especially North America and China. This is in line with our ambition and we should humbly wait a while before we conclude this trend is sustainable. Over time it will definitely be so, but for 2016 we still have too small a customer base on these markets. We work daily with improving this and our assessment is that it will take some additional time before the development has stabilised itself.

Secondly, our Italian new acquisition Satech (acquired in June 2014) has been well integrated into the Troax group and has had very good development during the first 18 months.

Concerning other new markets, we have also commenced in Mexico during the year, We engaged resellers in Australia and Thailand and on a small scale, began sales work in South America.

The market has otherwise been somewhat unpredictable during the year and it has been difficult to forecast activity levels on our different markets. The competition situation is deemed as being similar to what it was a year ago. We have seen increased activity on some markets, primarily on low price products, which according to us do not fulfil the requirements one should place on safety solutions. Naturally, external causes such as political problems also affect our customers, even though they almost always fulfil their investment plans, however in the short-term there can be questions concerning the continued business development. Longer term we see a continued trend in that safety-aware customers want to have good solutions that mean they can feel secure. Our solutions are usually a smaller part of the customer's



Some milestones

- Shares listed on Nasdaq Stockholm March 27
- Debenture listed on Nasdaq Stockholm June 2015
- New principal owner
- Integration of Satech
- Purchase of Lagermix
- Clearly better growth in important target markets such as USA and China
- Investment in a completely new powder coating plant in Hillerstorp
- Organic growth 9 percent, over market growth
- Organic growth in all lines of business
- New markets started up
- Further strengthened organisation, especially in important countries

investment, but are quite important for creating a secure and safe environment for those who work there.

Within the industry we have received an updated ISO standard (ISO 14120) that, amongst other issues, better prescribes test methods for how safety mesh shall be tested. It also advises against using strongly deviating colours on the mesh as this attracts attention away from the hazardous object, that is to say the machine. We have criticised this for several years and it is gratifying that the standardisation work has now come so far that these important matters have been included. We feel that there are many additional measures that should be included in the standard, and these examples of changes are a step in the right direction.

During 2015 we have, with increased strength, continued to develop improved standardised solutions for our customers and they have been well received. However, it often takes a while before the market has learned to appreciate new solutions. All of our solutions are adapted for and follow the new updated ISO 14120, which means we continue to offer customers qualified solutions.

We continue to invest in order to both increase our capacity and to strengthen our competitiveness.

During 2015 we invested SEK 60 million in a completely new powder coating plant in our main factory in Hillerstorp, Sweden; for us a very big investment. This is ready to be put into use during the first quarter of 2016 even though we expect certain running-in costs. It will give us additional production capacity, better flexibility, speed in changing colours and increased efficiency.

The new plant is also more environmentally adapted, which we see as very positive.

During the year a minor acquisition was made of the Swedish company Lagermix, which will give us additional competence regarding solutions for the market Self storage facilities.

The earnings during the year have developed well and we have, with the aid of our positive volume improvement, been able to increase the operating margin step-by-step so that we have now achieved the group's target for 2015. In our factories we have also had help from increased utilisation of capacity, whilst there is much left before we reach our absolute full capacity.

Expectations for 2016

We will continue to grow. There is a lot left to do within both more mature markets and new markets. How large the increase can be is naturally dependent upon what customers' investment programmes look like. We believe in continued industry growth in the region of 4–6 percent, over time.

To conclude, I want to warmly thank our employees, around the globe, who do a fantastic job in solving our customers' problems within our niche of safety. New challenges await us ahead in 2016.

Thomas Widstrand
CEO and Group Chief Executive,
Troax Group AB

The business

Troax is a leading global supplier of area protection for indoor use (metal based mesh panel solutions) within the machine guarding, warehouse partitioning and property protection market segments.

Since the company was founded in 1955 it has developed from a general manufacturer of metal mesh products, such as for example dish racks and shopping trolleys, to a leading supplier of high-quality metal based mesh panel solutions that increase the safety for people, property and processes. During this time Troax has developed a global sales organisation that together with its own production units and distribution centres make up the platform from which Troax delivers its mesh panel solutions to customers worldwide.

Business model and financial goal

Business model

Troax offers products of the highest quality and functionality with the aid of automated and environmental production processes. The company offers competitive and flexible module systems for warehouse partitioning and mesh walls and machine guarding that follow laws and regulations. Troax strives to act quickly and professionally based upon customers' needs and to be both a local and a global partner that offers reliability, expertise, service and support.

Core values

Troax's core values are linked to the organisation's ambitions and goals and constitute the basis for the company's corporate culture. Core values that permeate all of Troax's activities and characterise employees' work can be summarised by five points:

- **Customer focus**
We have customer focus in everything we do and know what is required in order to deliver first class service.
- **Strong quality focus**
We have a strong quality focus and are committed to offering high quality solutions worldwide.
- **Professionalism, integrity and ethics**
We act with professionalism, integrity and ethics.

- **Co-operation**
Co-operation is an important factor for success.
- **Support, help and respect**
We support, help and respect each other in order to make a difference.

Value proposition

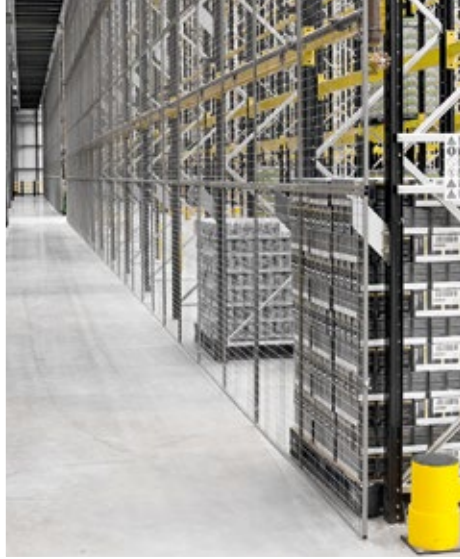
Troax's expertise lies in developing and producing high quality mesh panel solutions that increase the safety for people, property and processes.

- **People**
Protect people from production machines in automated environments.
- **Processes**
Protect sensitive processes from human influence through access control.
- **Property**
Safe storage of objects in warehouses and in residential areas.

Financial goal

The company has adopted financial goals, which are presented below, that are linked to Troax's strategic initiative.

- **Sales growth**
Our goal is to surpass growth within our markets through organic growth, supplemented by selective acquisitions.
- **Profitability**
Our goal is to have an operating profit margin that exceeds 20 percent.
- **Capital structure**
Net liabilities in relation to EBITDA, excluding temporary deviations, may not exceed 2.5 times.
- **Dividend policy**
Our goal is to pay out approximately 50 percent of the net profit in dividends. The dividend proposal must take into account our long-term development potential, financial position and investment needs.



Market segments

Metal based mesh panel solutions are comprised of modules that, in combination with a comprehensive product range of accessories, create tailor made solutions for Troax's customers. Approximately 95 percent of the mesh panels that are delivered are standard products and the remaining five percent are comprised of specially adapted products.

Machine guarding

Troax's products within the market segment machine guarding are used in order to protect people from machines and robots in automated manufacturing processes, among others, by limiting access for non-authorized personnel. As a complement to its mesh panel products Troax offers a fixation system, safety locks and other functions. The customer can combine panels within an application in order to create a complete machine guarding system.

Competing products are, among others, electronic and motion controlled sensors that do not fulfil the safety requirement where physical protection is concerned. Such products are rather regarded as constituting a complement to mesh panel solutions. Many customers prefer physical protection and an entrance barrier, not only for increased safety, but also for a protected production process. Other competing products include simple protection for smaller robots that are primarily used within certain parts of the pharmaceutical and electronic industries. Within these market segments Troax's solutions are currently regarded as being over dimensioned and these are no groups that Troax focuses on today.

Warehouse partitioning

Products for warehouse partitioning include storage cages, warehouse dividers, safety brackets and anti-collapse (rack back) panels for pallet racks. Troax offers solutions for the entire logistics flow. The primary use

for the end customer is to divide and from safety point of view separate mechanized logistic processes and server halls. The aim is also to safeguard the security levels for personnel working in logistic centers and warehouse.

Within the warehouse partitioning market Troax furnishes mesh panel solutions to a range of different industries. Competing products include low specified products.. However, they are not direct substitutes because of their inferior function and strength compared with metal based mesh panel solutions.

Property protection

Troax's products within the property protection market segment offer property owners and specifiers of storage spaces standardised and adapted mesh panel solutions for an economic and safe storage solution. The segment is primarily located on the Scandinavian market.

Product development

Troax's goal is to be leading within innovative mesh panel solutions that protect people, property and processes. In order to achieve our goal we strive after developing and improving core products and solutions within all market segments. The company bases its development process on trends, as well as analysis of customer needs and requirements. Troax has its own product development department, which together with other departments, continuously works to optimise the company's products and system solutions.

Geographical development

Scandinavia

Scandinavia constituted 20 percent (19) of sales during 2015 and property protection solutions were the largest market segment. Troax is located in the following Scandinavian countries: Denmark, Finland, Norway and Sweden. Troax's main production unit and head office is located in Hillerstorp, Sweden.



Continental Europe

Continental Europe constituted 54 percent (58) of sales during 2015 and machine guarding was the largest market segment. Troax is represented in the following countries in Continental Europe: The Netherlands, Belgium, Germany, Austria, Switzerland, France, Italy, Portugal and Spain. Germany and Italy are Troax's main markets. During 2014, Satech was acquired, which is the leading supplier of mesh panel solutions in Italy. The sales volume that is delivered to Continental Europe is produced at the production unit in Hillerstorp, Sweden and Satech's volumes in Calco, Italy.

Great Britain

Troax's presence in Great Britain constituted 17 percent (17) of sales during 2015 and warehouse partitioning was the largest market segment. Products that are sold in Great Britain are produced at the production units in Dudley, England and Hillerstorp, Sweden.

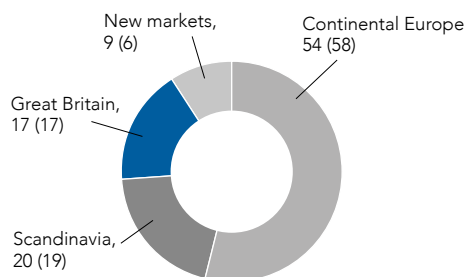
New markets

New markets constituted 9 percent (6) of sales during 2015. New markets include USA and China and export markets where Troax does not have its own sales company. The majority of the sales volume is produced at the production unit in Hillerstorp, Sweden.

Customers

Troax has a broad and varied customer base of approximately 6,000-7,000 customers that includes several major international companies. Troax's key customers include resellers, integrators, OEM's and end customers. The greatest individual customer group was integrators, which constituted 15-20 percent of the total sales. Troax's largest customer constituted approximately four percent of the total sales during 2015 and

SALES PER REGION 2015 (2014), %





the ten largest customers constituted approximately 15 percent of sales.

Value chain

Troax uses a vertically integrated and horizontally focused business model and controls critical parts of the value chain. A high technical competence where it concerns producing high quality products in combination with a local sales organisation and several distribution centres protects and maintains Troax's strong market position.

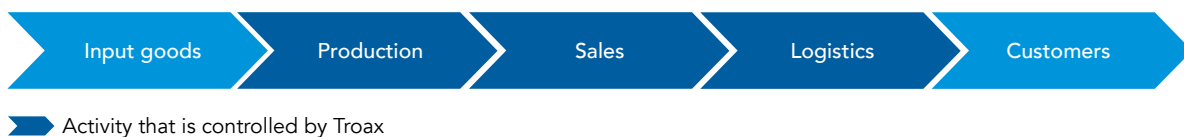
Production

Troax's largest and most important production unit in Hillerstorp, Sweden, is highly automated and industry leading. Troax controls its production based upon customer orders and applies the principles of "Lean" production and a simple and integrated production process. Approximately 95 percent of the products manufactured in Hillerstorp are standard products with high warehouse turnover and the remaining five percent is comprised of specially adapted products. Troax is constantly striving to increase efficiency and improve

the production process and logistics structure. During 2015 Troax invested in a new powder coating line. It has enabled increased coating capacity, shortened delivery times and improved the flexibility to meet customer's wishes where it concerns choice of colour.

At Troax's manufacturing unit in Hillerstorp, approximately 800,000 metres of metal based mesh panels are produced per year. The total production within the company amounts to approximately 1 million metres of metal based mesh panels per year.

VALUE CHAIN



Market overview

Troax is market leader on a globally growing market.

Troax is market leader on a global niche market for metal based mesh panels. Mesh panels are mainly used in order to give employees a safe working environment, especially in businesses where machines are used. Official statistics are lacking with regard to the size of this market, so the majority of the details and figures that are stated below are based on Troax's own estimations (where nothing else appears). Troax's business is divided up into three business branches:

- Machine guarding
- Warehouse partitioning
- Property protection

Metal based mesh panels contain, to a smaller extent, solutions that are based on polycarbonate panels, which are transparent and full plate solutions that are often used for welding installations.

Troax's home market is Europe, but over the past few years it has also been in the process of establishing itself in North America, the Middle East and Far East and to a smaller extent also in South America and Africa.

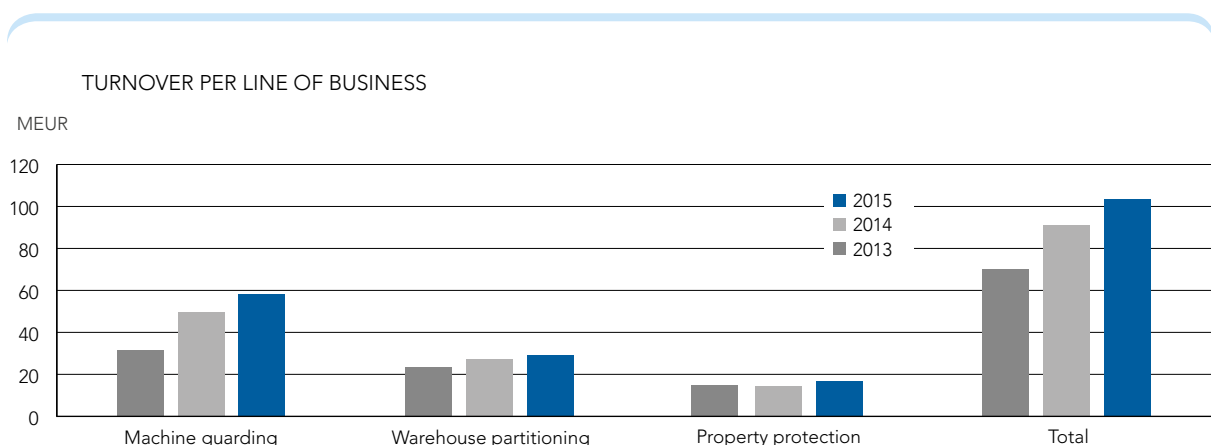
The market for metal based mesh panels

The total market size was estimated by Troax, with the aid of a renowned consulting company, in 2011 to be

approximately 850 MEUR. With the estimated market growth after this of approximately 5 percent per year, the global market can be estimated at approximately 1,000 MEUR. Troax estimates the market will continue growing at this rate, provided that the international economic situation is not significantly weakened. An estimation of the world market could be done in accordance with the following:

- Europe – 45 percent of the global market or approximately 450 MEUR. Here the market is roughly divided into Machine guarding 55 percent, Warehouse partitioning 31 percent and Property protection 14 percent.
- North America – 41 percent of the global market or approximately 410 MEUR.
- Asia – 14 percent of the global market or approximately 140 MEUR.

Troax has roughly 10 percent of the global market and is largest of the known players. The target is to achieve at least 12 percent in 3–5 years' time. Troax's European market share is estimated a approximately 20 percent, a clear market leading position that can be strengthened further. Competitors are mainly found among fabricators and smaller workshops. This means Troax still has



Market segment

Machine guarding

Modern factory environments demand an increased degree of automation and safety. This is normally done by separating the potentially hazardous machine from personnel. This is done using metal based mesh panel solutions.

Growth factors

An important positive factor is that several companies, primarily in the USA, but also in Europe, have begun moving some manufacturing home from so-called low cost countries. In these countries and more in general for Troax's "growth markets", the increased understanding of safety and safety norms is also positive as countries such as Turkey, India and China begin adapting themselves to standards that already exist in the western world. Another important factor is the increased wages in, for example, China and other growth markets. Automation also drives this market in a favourable direction.

Customers

- Integrators, who in their turn sell and install finished solutions at end customers
- Automotive manufacturers
- Manufacturers of factory equipment such as packaging machines.

good opportunities to gain new customers, as the offer is clearly better compared with the workshop alternative. In Scandinavia this occurs less frequently, but in southern Europe and in the growth markets (including the USA) these types of suppliers can constitute up to 50 percent of the market.

The market is characterised by:

- high demands on safety in vulnerable environments, which drives growth,
- customers' need for support and help in choosing the right type of safety solution within mesh panels,
- norms and standards that increase the requirement, for example ISO 14120,
- short delivery times are required,
- the safety solution is often a smaller part of the total investment,
- growth within e-commerce solutions (which promotes the need for warehouse solutions).



Geographic markets

We expect that this market for machine guarding will grow by approximately 7–8 percent in the coming years, driven by increased concerns regarding safety and increased automation. One important factor is the continued increase of industrial robots that is anticipated, where the increase is assumed to have been 12 percent per year. Then, one must also remember that smaller robot installations often do not have the need for real safety solutions as power and risks are too small. Troax expects interesting increases of robot installations especially within the automotive industry, mining and steel, pharmaceutical, foodstuffs and general workshop industry.

Important driving forces

Hard streamlining requirements increase the automation within manufacturing industry and within logistics. When the use of robots increases, the requirement that people must also be able to work in a safe environment also increases, even if the manufacturing process is automated. Mesh panel systems are the safest and most competitive solution.

Further thoughts regarding safety

The main requirement is to get personnel not to enter dangerous areas. This may appear to be simple but it often requires a good understanding of physical safety, while allowing efficiency of the production or logistic process. This is often solved in combination with metal based mesh panel solutions and electronic locks that ensure that the production process cannot be broken in an uncontrolled manner. In Europe there is an

Market segment

Warehouse partitioning



Solutions for warehouses including warehouse dividers, warehouse boxes and anti-collapse systems for pallet racks. Automated solutions where warehouse products are picked more or less automatically are growing in use. This area is growing faster than the average for warehouse hardware and is something that Troax is successful in.

Growth factors

The general trend with more automated warehouse solutions is important for growth. On the top of this there is also the e-commerce trend, which drives growth for customers and thus also for us. Today this is a smaller part of the turnover within this segment but is expected to increase significantly during the coming years.

Customers

Here pallet rack manufacturers, large e-commerce and foodstuff chains are important customers, but also more traditional mail order companies have an important role. Another customer group are third party logistic companies.



Geographic markets

This part of the market is expected to grow by 3–4 percent, very much driven by the development of the major retail chains and their need for distribution centres.

important Machinery Directive from the EU (2006/42/EC), which regulates several important aspects within safety. This directive contributes to standardising the view on safety and also compels, to a certain extent, increased requirements for safety in practice. Troax's view is that this directive, as well as ISO 14120, are important elements for securing future workplaces. The updated ISO 14120 will most likely spread a culture of safety beyond Europe, meaning North America and Asia, will in turn adopt the same safety practices.

This should be good for Troax, as our products already exceed the ISO requirement on most applicable parts. We are therefore ready today for the next step within standardisation and norms. We already see that China has its eye more and more on these European norms and also USA, particularly international companies, are beginning to adapt themselves according to ISO instead of the local American norms.

Competitors

There are a few competitors that can be regarded as global, or at least partly global.

A number of regional and respectively local players also exist. However, these do not have the geographical spread that customers often demand. At the top of this type of competitors there is a large number of local players, who often have strong local ties but normally do not have the same understanding for the solution safety wise, as the professional companies in the industry have. Historically these types of companies have lost market share. They occur most frequently in southern Europe, North America and the Far East.

Market segment

Property protection

Here we offer secure solutions for domestic and residential storage of for example bicycles skis and suit- cases that are stored in cellar, garage and attic storage areas. We also have solutions and products for the growing commercial "self-storage" market.

Growth factors

Naturally, this is strongly linked to the number of new residential homes , primarily multiple-unit, apartment block dwellings.

The aftermarket is also interesting as many co-operative housing association and societies, private and municipal prop erty owners, replace old wooden storage areas with modern metal based full plate and mesh panels. Troax counts on a growth of 2–3 percent depending on political deci sions concerning construction in Scandinavia.

Customers

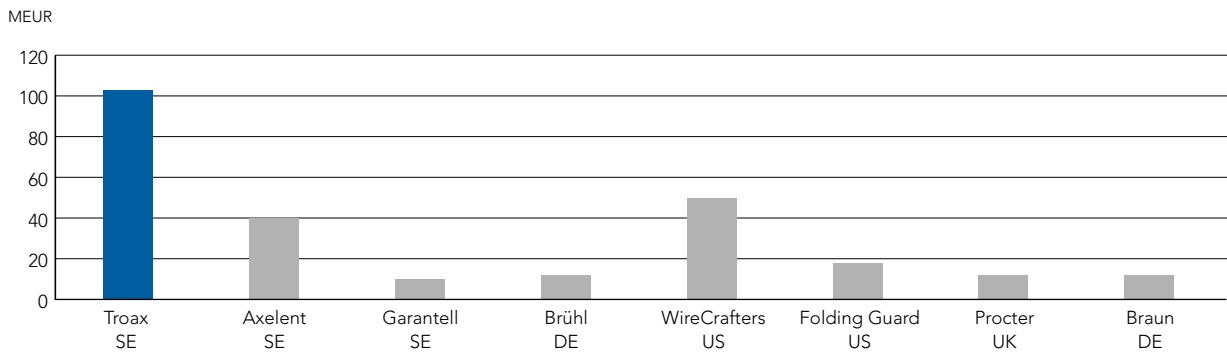
- Municipal housing companies
- Private housing companies
- The construction industry, especially those who are focused on building domestic residential homes
- Co-operative housing associations



Geographic markets

The geographic concentration for property protection is mainly Scandinavia and the northern part of Germany.

THE COMPANY'S OWN ESTIMATIONS OF THE COMPETITIVE SITUATION 2014/2015



Taking responsibility

Honesty, integrity and legal observance is a meaningful part of our corporate culture and in our daily work. Our goal is to work sustainably in the long-term with our environmental goals and to follow these up.

Health and safety

Troax protects people, property and processes, an assertion that applies both to customers and employees. Therefore, Troax has an integrated way of handling health and safety that begins with an introduction programme for new employees and temporary employees.

Local subsidiaries are responsible for implementing adapted programmes that ensure the conditions for health and safety follow local rules and regulations.

All events and near accidents are reported, measures are taken and follow-up is made in order to reduce the risks of accidents and injuries.

Corporate Social Responsibility (CSR)

Troax's view on CSR (Corporate Social Responsibility) is summarised in two documents: The group's Ethical Guidelines and Whistle-blower Policy.

The content has been presented to and discussed with all employees in the group. Our ethical guidelines/code of conduct require high business and personal ethics from our employees when exercising their profession.

For employees and those who represent Troax, honesty, integrity and legal observance is an important part of our corporate culture and in the daily work.

Environmental impact

Since 2015 Troax has operated a business that is subject to reporting, as required by local environmental legislation and Troax is environmentally certified in accordance with ISO 14001:2004 since 1998.

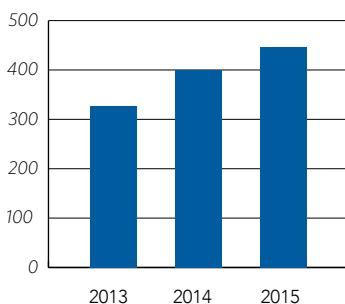
Troax has carried out comprehensive initiatives in order to minimise the company's environmental impact and works continuously in order to reduce this. Increased energy efficiency is an important part of our sustainability work.

During 2016 an energy mapping will be carried out and this will form the basis for additionally reducing energy consumption.

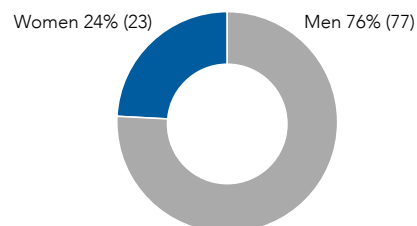
A new powder coating plant was installed at the end of 2015 in Hillerstorp, Sweden. On a purely productive level this is more efficient and we also have less environmental impact through lower energy consumption and less use of environmentally hazardous chemicals. Previously iron phosphate was used as a pre-treatment. Since and including December 2015 our products were pre-treated with a more environmentally friendly technique, which also reduces our energy and water consumption.

MIFO phase 2 (Methods for Inventories of Contaminated Sites) is a synoptic investigation the purpose

NUMBER OF EMPLOYEES



RATIO MEN/WOMEN 2015 (2014), %



“Troax helps customers to improve the safety in their factories and organisations.”



of which is to provide a picture of how a potential contamination situation and possible spread looks like on the current site. This was done in 2012 and showed that the ground is contaminated with the chlorinated solvent Trichlorethylene that was used for washing pipes up to 1997. The investigation was completed during spring 2015 with risk evaluation, in-depth risk assessment and investigation of measures. A decision was made in June 2015 by the Commission for Social Structure (Nämnden för Samhällsbyggnad) in Gnosjö Municipality that an inspection program was to be implemented concerning chlorinated solvents in the groundwater at selected test points. The result of the taking of specimens will be accounted for in a written report to the Commission for Social Structure in Gnosjö Municipality no later than the end of December 2018.

In practice, this means that no additional measures are needed as long as the levels of chlorinated solvents do not increase dramatically.

Employees

The group's companies have 440 employees in 16 countries. Troax sees its employees as a major asset and with different experiences and backgrounds we create a growing and sustainable business.

The group is characterized by a low frequency of absence and personnel turnover.

Each year a training program is arranged where new employees receive an introduction into what the company's business and goals look like and also receive knowledge about products and sales.

Director's report 2015

The business

The board and CEO for Troax Group AB (publ) hereby submit the annual report and consolidated financial statements for the financial year 2015.

Troax is an international manufacturer of mesh panels for interior area protection that protects people, property and processes. The business is focused on three market segments, Machine Guarding, Warehouse Partitioning and Property Protection.

Machine guarding where Troax delivers norm approved protective solutions for robot cells and automation solutions. The solutions include everything from individual mesh panels to complete installations with safety doors and breaker equipped locks.

Warehouse partitioning where Troax delivers mesh panels as anti-collapse protection and mesh shelving for pallet racks. Mesh partition panels to divide areas and security of goods susceptible to theft and complete machine protection applications for automated warehouses.

Property protection where Troax delivers mesh panel solutions to apartment storage areas and garages.

Sales and installations mainly take place via own companies in Europe, USA and China and via a number of agents in Asia and South America. Troax is market leading with regard to volume, customer accessibility and product development, which is not least reflected in Troax's co-operation with a number of leading automotive manufacturers and automation builders within the market segment Machine Guarding.

Troax's head office is located in Hillerstorp, Sweden, and has production facilities in Hillerstorp, Dudley (Great Britain), Shanghai (China) and Calco (Italy).

During 2015 Troax has increased the volume and improved the result.

Group structure

Troax Group AB (publ) is parent company in the group with 20 direct and indirect wholly-owned subsidiaries, which appears in note 28. Operatively the group works based upon an operating segment, but sales and inflow of orders are followed based upon geographic region (Continental Europe, Scandinavia, Great Britain and New Markets) and the market segment (Machine guarding, Warehouse partitioning and Property protection).

Important events during the year

The company changed name from Troax Holding AB to Troax Group AB (publ) in January 2015. The company was listed on Nasdaq Stockholm the on March 27, 2015. Since 2014 the group has its financing in a debenture. The debenture was listed in June 2015. In October 2015 the Swedish company Lagermix Rullportar AB was acquired. Investment in a new powder coating plant that commenced in 2014 has been put into use at the end of the year. The new plant will be in full production after the first quarter of 2016.

Inflow of orders and net sales

The group's inflow of orders in 2015 amounted to MEUR 104.4, which meant an increase of 22 percent compared with the previous year. Adjusted for acquisition and for exchange the growth was 9 per cent. Net sales in 2015 amounted to MEUR 103.7, which meant a growth of 23 percent compared with the reported net sales for 2014. Adjusted for acquisition and for exchange the growth was 10 percent. All geographical segments contributed to the growth, where Scandinavia was responsible for the largest contribution in Europe. Satech, which was acquired in 2014, has continued to develop well. During the year currency affected the net sales by +2 percent.

Profit/loss

The operating profit (EBIT) 2015 amounted to MEUR 22.4, which is an improvement compared with the previous year. There are no adjustment items of a one-off character during the year. The improvement of the operating profit against the previous year can be attributed to the volume increase in combination with good cost control. During 2015 Troax has continued to invest in the development of new markets, which is expected to contribute to Troax's long-term growth. The business within new markets (primarily USA and China) displays high growth figures and provides a positive contribution to the consolidated profit, but continues to be a marginal share of the group's profit.

Net interest income/expense amounted to MEUR -4.1 and is attributed to interest costs for long-term interest bearing financing. The profit after tax

2015 amounted to MEUR 13.7, which is a significant improvement compared with the previous year (8.7).

Investments

Troax continuously invests in the maintenance of production units and production equipment. In addition to maintenance investments are carried out in order to expand or upgrade production units with the purpose of increasing the productivity and/or the capacity. During 2014 Troax began an expansion investment in a new powder coating plant that meant a total investment of MEUR 5.8 over a two-year period. The investment, which is expected to be completed during 2016, will increase Troax's production efficiency and capacity henceforth.

Cash flow, liquidity and financial position

Cash flow from continuing operating activities 2015 amounted to MEUR 13. Cash flow for the year was MEUR -2.1, which is explained by continued investments in the powder coating plant and amortization of MEUR 10 on the company's debenture in June 2015, Liquid assets per December 31, 2015 amounted to MEUR 11 and the interest bearing net liability to MEUR 46. Interest bearing net liability in relation to adjusted EBITDA (pro-forma) amounted to 1.9 times. The group's equity capital per December 31, 2015 amounted to MEUR 60 and the solidity amounted to 42 per cent. The group has the possibility to issue an additional MEUR 30 during the existing debenture loan under the condition that the debenture condition's covenants are fulfilled. See note 24 for additional information.

The group, MEUR	2015	2014	2013
Net sales	103.7	84.5	70.1
Gross profit or loss	44.6	34.7	28.0
Operating profit before write-offs (EBITDA)	24.6	16.9	9.7
Operating profit (EBIT)	22.4	13.8	7.5
Profit/loss after tax	13.7	8.7	2.2
Shareholders' equity	60.0	43.2	45.9
Statement of financial position total	144.2	136.4	116.5

Employees

At the end of 2015 Troax had 446 employees, which meant an increase from 404 at the end of 2014. Other personnel information appears in note 6.

Environment, health and safety

Troax has carried out comprehensive initiatives in order to minimise the company's environmental impact and works continuously in order to reduce this. Increased energy efficiency is an important part of Troax's sustainability work and each quarter an environmental report is distributed to managers and the authorities. Troax has an environmentally friendly production process and has been certified in accordance with the environmental standard ISO 14001 since 1998.

The mesh panels that Troax produces are environmentally friendly as they are a pure steel product that is 99 percent recyclable. Also see a current environmental risk associated with the property in Hillerstorp described in the section entitled "Risks and uncertainty factors".

Troax protects people, property and processes, an assertion that applies both to customers and employees. Therefore, Troax has an integrated way of handling health and safety that begins with an introduction programme for new employees and temporary employees. Local subsidiaries are responsible for implementing adapted programs that ensure the conditions for health and safety follow local rules and regulations. All events and near accidents are reported, measures are taken and follow-up is made in order to reduce the risks of accidents and injuries.

Corporate Social Responsibility (CSR)

Troax's view on CSR is summarized in two documents: The group's Ethical Guidelines and Whistle-Blower Policy. The content has been presented to and discussed with all employees in the group. Troax's ethical guidelines/code of conduct require high business and personal ethics from our employees when exercising their profession. For employees and those who represent Troax, honesty, integrity and legal observance is an important part of Troax's corporate culture and daily work.

The share

During the year the company redeemed all preferential shares and increased the number of common shares in conjunction with listing the shares in March 2015. At the end of 2015 there were 20,000,000 shares in the company. See note 18 for additional share information.

Ownership structure

On December 31, 2015, Investment AB Latour owned 30.1 percent of shares and is thus the largest shareholder. No other shareholders had holdings exceeding 10 per cent.

The parent company

Troax Group AB (publ) corporate identity number 556916-4030 is parent company for the business within the Troax Group. The parent company's business is comprised of group-wide functions. The parent company's net sales amounted to MEUR 0 (0) and the parent company's Operating profit amounted to MEUR 0.1 (-1.1). Profit/loss after financial income and expense amounted to MEUR -3.7 (0.9) Profit/loss after tax amounted to MEUR 4.3 (0.0)

Risks and uncertainty factors

Macroeconomic factors. End customers for Troax products are normally integrators of automated production lines, OEM's, logistics companies, retail companies, co-operative housing societies and property owners. Several of Troax's end customers are affected by changes in the general economy within the markets and geographic areas where they operate. This means that macroeconomic changes can reduce end customers' demand for mesh panel solutions from Troax. Furthermore, fluctuations in local or regional financial conditions can also affect Troax's end customers and the demand for the company's products. Should these circumstances occur it can have a negative impact on the group's business, financial position or profitability.

Raw material prices.

Troax is exposed to fluctuations in prices of the raw materials that are used in Troax's manufacturing and to fluctuations in prices of the raw materials that are used in the manufacturing of the sample products that Troax buys from external suppliers. The purchase of

raw materials for production of mesh panel solutions includes, among others, steel tubes, mesh and powder paint for lacquering. The raw materials Troax uses in manufacturing are mainly made up of standard products that are used within a number of industries.

Unforeseen production stops.

Troax's business is dependent on the main production units in Hillerstorp, Sweden and in Calco, Italy. If any of these production units were to be either wholly or partly damaged, need to be shut down or if any equipment in the plants was to be damaged severely, then the production and distribution of the company's products would be prevented or discontinued. To the extent an unforeseen production stop, damage to property or other events that disturb the value chain are not fully covered by insurance it can also have a significantly negative effect on the company's business, financial position or profit.

Competition.

Troax operates on markets that are fragmented and are generally characterized by hard competition and is also expected to do so in the future. Alternative products that currently compete with Troax's mesh panel solutions are, for example, simpler wire and mesh solutions and motion sensors that register when people are located near machines. There may also be alternative products or production techniques that have been developed or are under development that the Company is not aware of. Such products or production techniques may also be developed in the future and can, in one or more respects, compete with or exceed the company's products or production efficiency.

Troax currently has a strong position as the leading company on the it's main markets and a leading position always constitutes a risk. If the company is not capable of competing in a successful manner it can result in a worsened market position, which would have a very negative effect on the group's business, financial position or profit.

Product liability and other product related claims.

Troax is exposed to product liability and warranty claims to the extent that if the company's products are

defective or cause damage to person or property. If a product is defective, then Troax is normally responsible for taking care of or replacing the defective products. This happens occasionally on both the consumer and industrial markets. Due to the above risk, Troax can be subject to product liability and other claims if products Troax manufactures or buys from external suppliers are defective, cause production stop or cause personal injury or material damage.

Integration of the Satech acquisition.

In June 2014 Troax acquired the Italian company Satech and following this Troax has continued the co-ordination and integration of the business that Satech runs. This process includes technical, operative and personnel related challenges that are time consuming and costly and that may interrupt Troax's daily business.

Environmental risks.

Troax carries out its business on properties where industrial business has been carried out for a long time, especially on the property in Hillerstorp. Troax's previous business has brought about an elevated level of Trichlorethylene in the ground water at the property in Hillerstorp, Sweden. At present measurements are being carried out every ninth month, with the purpose of determining what environmental impact the previous business has had. The test results from inspections currently show levels that in normal cases do not give rise to further measures. A decision as to whether the company will continue to make measurements of the presence of Trichlorethylene has been made. If today's levels persist then it is expected that no additional measures are required.

The group's financing.

Troax's main indebtedness is the debenture loan. The level of indebtedness has consequences for shareholders, among others, because Troax must allocate a significant part of the business' cash flow for its obligation under this. This can lead to reduced resources for Troax's business and for, among others, investments, operating capital and dividends. Troax's ability to handle its indebtedness is dependent upon future profit/loss, which in its turn is affected by the

prevailing financial climate and factors such as financial, commercial, regulatory and other factors. If this means that Troax cannot generate a sufficient cash flow for the company's debt instruments, or in order to refinance or restructure the debenture loan on commercially reasonable terms (if at all), then it would have a significant negative effect on Troax's business, financial position and operating result.

Foreign-exchange risks.

Currency risk refers to the risk that exchange rate fluctuations can have a negative impact on the group's profit and loss account, statement of financial position or cash flow. Exposure to foreign-exchange risks occurs with the purchase or sale of products or services in another currency than the respective subsidiary's local currencies (transaction exposure) and when recalculating the subsidiary's statements of financial position and profit and loss accounts in foreign currency to EUR (conversion exposure). Troax's global business causes a significant cash flow in foreign currency. Troax is primarily exposed to changes in SEK, USD and GBP in relation to EUR.

The board's work

After the shareholders' meeting the board is the company's highest deciding body. The board's overall task is to decide about the company's course of business, the company's resources and capital structure and the company's organisation and administration of the company's matters. The board's general obligation also includes continuously evaluating the company's financial situation and approving the company's business plan. In the general obligation, it is the board that decides in overall issues such as the company's strategy, acquisitions, larger investments, sales, delivery of the annual report and interim reports and appointment of the managing director, etc. The board follows a written rules of procedure that is established annually at the statutory board meeting. The rules of procedure states the board's duties, competency to make decisions, distribution of liability between the board and the managing director, etc. The board meets in accordance with a pre-decided annual plan. Beyond these meetings, additional meetings can be arranged

for events of an unusual importance. The chairman of the board and the managing director have, in addition to the board meetings, a continuous dialogue surrounding administration of the company.

The distribution of work between the board and the managing director is regulated in the board's rules of procedure and in an instruction to the managing director. The managing director is responsible for executing the business plan and the continuous administration of the company's matters in addition to the daily business in the company. This means that the managing director reserves the right to make decisions in the matters that can be regarded as falling within the framework for the regular administration of the company. In addition, the managing director may also adopt measures without the board's authorization that, with regard to the scope and nature of the company's business, are of an unusual character or of great significance and the board's decision cannot be awaited without significant detriment to the company's business. The instruction to the managing director also regulates his responsibility for reporting to the board. During the most recent financial year the board has had to decide on many questions of strategic importance.

During 2015 the board had ten recorded meetings and so far during 2016 it has had one recorded meeting.

Troax's board has, during 2015, mainly been comprised of seven ordinary members elected at an extra shareholders' meeting in May and an employee representative. The board's chairman does not participate in the operative management of the company.

Committees

At the extra shareholders' meeting in May 2015, a decision was made to establish an audit committee, remuneration committee and election committee. The committees' work has started during 2015.

Prospects for the future

Troax makes no prognoses about the future, but the positive view surrounding growth for Troax's underlying market remains.

Events after the end of the financial year

No significant events have occurred after the end of the financial year.

Consolidated profit and loss account

The group TEUR	Note	2015	2014
Net sales	2	103,675	84,538
Cost for goods sold		-59,085	-49,858
Gross profit or loss		44,590	34,680
Sales expenses		-16,966	-14,610
Administration expenses		-6,306	-5,967
Other operating income	4	1,178	386
Other operating expenses	5	-109	-696
Operating profit/loss	6, 7, 8	22,387	13,793
Financial income		430	52
Financial expenses		-4,499	-3,555
Net interest income/expense	9, 32	-4,069	-3,503
Profit/loss before tax		18,318	10,290
Tax		-4,615	-1,572
Profit/loss for the year	10	13,703	8,718
Profit per share	19		
before dilution (EUR)		0.84	5.94
after dilution (EUR)		0.69	0.44
Report of comprehensive income for the year			
Profit/loss for the year		13,703	8,718
Other comprehensive income for the year	18		
Items that have been transferred or can be transferred to the profit/loss for the year			
Conversion differences for the year		2,835	-4,710
Tax attributable to items that have been transferred or can be transferred to the profit/loss for the year		10	-21
		2,845	-4,731
Items that cannot be transferred to the profit/loss for the year			
Revaluation of defined-benefit pension plans		352	-591
Tax attributable to items that cannot be transferred to the profit/loss for the year		-77	130
		275	-461
Other comprehensive income for the year		3,120	-5,192
Comprehensive income for the year		16,823	3,526

Consolidated statement of financial position

The group TEUR	Note	2015-12-31	2014-12-31
ASSETS	3, 32		
Fixed assets			
Intangible fixed assets	11	83,603	80,698
Tangible fixed assets	12	18,448	15,599
Financial fixed assets	13	498	464
Total fixed assets		102,549	96,761
Current assets			
Stock	14	7,976	6,518
Receivables	15	20,027	17,556
Prepaid costs and accrued income	16	1,265	1,230
Other receivables	17	1,513	1,189
Liquid assets	30	10,831	13,174
Total current assets		41,612	39,667
TOTAL ASSETS		144,161	136,428
SHAREHOLDERS' EQUITY AND LIABILITIES	18, 19		
Share capital		2,603	531
Other paid-up capital		36,480	38,552
Reserves		-3,087	-5,932
Retained earnings including profit/loss for the year		23,992	10,011
Total shareholders' equity		59,988	43,162
Long-term liabilities	3, 32		
Long-term interest bearing liabilities	20, 24	56,648	66,597
Allocation to pension reserve	21	4,554	4,663
Other allocations		138	111
Deferred tax liabilities	10	3,264	1,884
Total long-term liabilities		64,604	73,255
Short-term liabilities			
Trade creditors		9,415	8,679
Income tax liability	10	0	814
Other liabilities	22	2,812	2,950
Accrued costs and prepaid income	23	7,342	7,568
Total short-term liabilities		19,569	20,011
Total liabilities		84,173	93,266
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		144,161	136,428

Information about the group's investment obligation, pledged assets and contingent obligations, see notes 26 and 27.

Report on changes in shareholder's equity for the group

The group TEUR	Note	Share capital	Other paid- up capital	Reserves	Revaluation pensions ¹	Retained earnings including profit/loss for the year	Total share- holders' equity
Opening shareholders' equity 2014-01-01		506	44,803	-1,201	44	1,710	45,862
Adjustment for retroactive application/change		-	-	-	-	-	-
Adjusted shareholders' equity 2014-01-01		506	44,803	-1,201	44	1,710	45,862
Comprehensive income for the year							
Profit/loss for the year		-	-	-	-	8,718	8,718
Other comprehensive income for the year		-	-	-4,731	-461	-	-5,192
Comprehensive income for the year		506	44,803	-5,932	-417	10,428	49,388
Transactions with the group's owners							
Bonus issue		94	-94	-	-	-	-
Contribution from and value transfers to owners							
New issue		-	34	-	-	-	34
Issue in kind		23	3,596	-	-	-	3,619
Reduction of the share capital for repayment to owners		-92	-9,787	-	-	-	-9,879
Total contribution from and value transfers to owners		25	-6,251	0	0	0	-6,226
Total transactions with the group's owners		25	-6,251	0	0	0	-6,226
Closing shareholders' equity 2014-12-31		531	38,552	-5,932	-417	10,428	43,162
Opening shareholders' equity 2015-01-01		531	38,552	-5,932	-417	10,431	43,165
Adjustment for retroactive application/change		-	-	-	-	-	-
Adjusted shareholders' equity 2015-01-01		531	38,552	-5,932	-417	10,431	43,165
Comprehensive income for the year							
Other comprehensive income for the year		-	-	2,845	275	-	3,120
Comprehensive income for the year		0	0	2,845	275	13,703	16,823
Transactions with the group's owners							
Bonus issue		2,072	-2,072	-	-	-	-
Total transactions with the group's owners		2,072	-2,072	0	0	0	0
Closing shareholders' equity 2015-12-31		2,603	36,480	-3,087	-142	24,134	59,988

1) The item is a part of the retained earnings in the statement of financial position.

Cash-flow analysis for the group

The group TEUR	Note	2015	2014
CONTINUING OPERATING ACTIVITIES	30		
Operating profit/loss before financial income and expense		22,387	13,793
Adjustment for items that are not included in the cash-flow		2,931	2,419
Interest received		369	33
Interest paid		-4,255	-3,264
Income tax paid		-3,536	-2,550
Cash-flow from continuing operating activities before changes in operating capital		17,896	10,431
Cash-flow from changes in operating capital			
Increase/decrease stock		-1,458	-694
Increase/decrease short-term receivables		-3,516	-1,539
Increase/decrease trade creditors		737	0
Increase/decrease other short-term operating liabilities		-365	3,098
Cash flow from continuing operating activities		13,294	11,296
Investment activities			
Investments in tangible fixed assets		-5,133	-1,967
Acquisition of other intangible fixed assets		0	-515
Tangible fixed assets sold		-116	0
Acquisition of business, net impact on liquidity	3	0	-19,014
Investments in subsidiary		-405	0
Investments in financial fixed assets		-34	1,996
Sale of subsidiary/business, net impact on liquidity		0	1,301
Cash flow from investment activities		-5,688	-18,199
Financing activities			
New issue		0	34
Buy-back of own shares		0	-9,879
Debt incurred		0	70,000
Amortization of loan		-9,949	-54,513
Cash flow from financing activities		-9,949	5,642
Cash flow for the year		-2,343	-1,261
Cash at the beginning of the year		13,174	15,462
Currency exchange differences in liquid assets		0	-1,027
Liquid assets at the end of the year		10,831	13,174

Profit and loss account for the parent company

The parent company TEUR	Note	2015	2014
Net sales		0	0
Cost for goods sold		140	0
Gross profit or loss		140	0
Administration expenses		-315	-1,050
Other operating income	31	304	0
Other operating expenses	5	0	-1
Operating profit/loss	6, 7	129	-1,051
Profit/loss from financial income and expenses			
Other interest income and similar profit/loss items		295	2,205
Interest expense and similar profit/loss items		-4,133	-276
Total profit/loss from financial income and expenses	9	-3,838	1,929
Profit/loss after financial income and expenses		-3,709	878
Balance-sheet appropriations		9,202	-879
Tax on the profit/loss for the year	10	-1,154	0
Profit/loss for the year		4,339	-1
Report of consolidated income for the year			
Profit/loss for the year		4,339	-1
Other comprehensive income for the year		0	0
Comprehensive income for the year		4,339	-1

Statement of financial position for the parent company

The parent company TEUR	Note	2015-12-31	2014-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	28	87,694	7,827
Receivables with group companies	29	11,968	0
Deferred tax asset		33	30
Total fixed assets		99,695	7,857
Current assets			
Short-term receivables			
Receivables with group companies		136	38,015
Current tax receivables		28	0
Other receivables	17	36	18
Prepaid costs and accrued income	16	314	0
Total current assets		514	38,033
Cash and bank		36	51
Total current assets		550	38,114
TOTAL ASSETS		100,245	45,941

The parent company TEUR	Note	2015-12-31	2014-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	18		
Restricted equity			
Share capital		2,574	502
Non-restricted equity			
Premium fund		32,741	34,814
Profit/loss brought forward		1,031	-103
Profit/loss for the year		4,339	-1
Total non-restricted equity		38,111	34,710
Total shareholders' equity		40,685	35,212
Long-term liabilities			
Long-term interest bearing liabilities	20	57,505	0
Total long-term liabilities		57,505	0
Short-term liabilities			
Trade creditors		18	12
Overdraft facility		1,197	0
Liabilities to group companies		0	9,840
Other short-term liabilities		46	0
Accrued costs and prepaid income		794	877
Total short-term liabilities		2,055	10,729
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		100,245	45,941
Pledged assets	27	None	None
Contingent obligations	27	None	44,085

Report over changes in shareholder's equity for the parent company

The parent company TEUR	Share capital	Premium fund	Profit/loss for the year	Total share- holders' equity
Opening shareholders' equity 2014-01-01	477	40,816	-103	41,190
Adjustment for retroactive application/change	-	-	-	-
Adjusted shareholders' equity 2014-01-01	477	40,816	-103	41,190
Comprehensive income for the year	-	-	-	-
Profit/loss for the year	-	-	-1	-1
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	0	0	-1	-1
Bonus issue	90	-90	-	-
Reduction of the share capital for repayment to shareholders	-88	-9,396	-	-9,484
New issue	1	32	-	33
Issue in kind	22	3,452	-	3,474
Closing shareholders' equity 2014-12-31	502	34,814	-104	35,212
Opening shareholders' equity 2015-01-01	502	34,814	-104	35,212
Adjustment for retroactive application/change	-	-	-	-
Adjusted shareholders' equity 2015-01-01	502	34,814	-104	35,212
Comprehensive income for the year	-	-	4,339	4,339
Profit/loss for the year	-	-	4,339	4,339
Other comprehensive income for the year	-	-	-	-
Comprehensive income for the year	0	0	4,339	4,339
Bonus issue	2,072	-2,072	-	-
Consolidation profit/loss	-	-	1,134	1,134
Closing shareholders' equity 2015-12-31	2,574	32,742	5,369	40,685

Cash flow analysis for the parent company

The parent company TEUR	Note	2015	2014
CONTINUING OPERATING ACTIVITIES	30		
Operating profit/loss before financial income and expense		129	-1,051
Adjustment for items that are not included in the cash-flow, etc.		-372	9
Interest received		0	2,205
Interest paid		-4,133	-276
Cash-flow from continuing operating activities before changes in operating capital		-4,376	887
Cash-flow from changes in operating capital			
Increase/decrease receivables		-136	0
Increase/decrease operating receivables		51,476	-1,300
Increase/decrease trade creditors		-3	0
Increase/decrease operating liabilities		-39,321	10,291
Cash flow from continuing operating activities		7,640	9,878
Investment activities			
Acquisition of subsidiary		447	0
Cash flow from investment activities		447	0
Financing activities			
New issue		0	34
Buy-back of own shares		0	-9,875
Amortization of debt		-9,595	0
Increase/decrease of short-term financial liabilities		1,493	0
Cash flow from financing activities		-8,102	-9,841
Cash flow for the year		-15	37
Liquid assets at the beginning of the year		51	14
Liquid assets at the end of the year		36	51

Notes, common to the parent company and the group

Note 1 • Accounting and valuation principles

(a) Compliance with standards and regulations

The consolidated accounts have been drafted in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) such as they are adopted by the EU. Furthermore the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting standards for groups has been applied.

The parent company applies the same accounting principles as the group except in the cases that are stated below under the section "Parent company's accounting principles".

The annual financial statements and consolidated statements have been approved for issuance by the board and the managing director on March 17 2016. The group's consolidated profit and loss account and report over the comprehensive income and the group's consolidated statement of financial position and the parent company's profit and loss account and statement of financial position are subject to adoption at the annual general meeting on May 10 2016.

(b) Valuation basis applied when drafting the financial reports

Assets and liabilities are posted at their historical acquisition value except for certain financial assets and liabilities that are valued at the actual value. Financial assets and liabilities that are valued at the actual value are comprised of derivative instruments.

(c) Functional currency and reporting currency

The parent company's accounting currency is Euro and the group's presentation currency is Euro. This means that the financial reports for the parent company and the group are presented in EUR. All amounts are, if nothing else is stated, rounded off to the nearest thousand.

(d) Assessments and estimations in the financial reports

Drafting the financial reports in accordance with IFRS requires that the corporate management makes assessments and estimations and makes assumptions that affect the application of accounting principles and the posted amounts of assets, liabilities, income and expenses. The actual outcome can deviate from these assessments and estimations.

Estimations and assumptions are looked over regularly. Changes in estimations are posted in the period the change is made if the change only affected this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Assessments made by the corporate management when applying IFRS that have a significant impact on the financial reports and estimations made that can lead to significant adjustments in the following year's financial reports are described further in note 11.

(e) Changed accounting principles

(i) Transition to IFRS

The annual financial statements for 2014 are Troax's first financial report that has been drafted in accordance with IFRS.

(ii) New IFRS that has yet to be applied

A number of new or changed standards and interpretations in IFRS first enter into force during the coming financial year and have not been applied in advance when drafting these financial reports. New items or changes in future application are not planned for application in advance. No changes in IFRS with future application are deemed as having any significant effect on the group's accounting.

(f) Classification

Fixed assets and long-term liabilities are fundamentally comprised of amounts that are expected to be recovered or paid after more than twelve months calculated from the accounting date. Current assets and short-term liabilities are fundamentally comprised of amounts that are expected to be recovered or paid after within twelve months calculated from the accounting date.

(g) Operating segment reporting

An operating segment is a part of the group that carries out business from which it can generate income and incur expenses and for which there is independent financial information available. An operating segment's profit/loss is followed up further by the company's highest managerial decision maker in order to evaluate the result and in order to be able to allocate resources to the operating segment. See note 2 for a further description of the division and presentation of the operating segment.

(h) Consolidation principles and business acquisition

Subsidiary companies are companies that are under controlling influence from Troax Group AB (publ). Controlling influence exists if Troax Group AB (publ) has influence over the investment object, is exposed to or has the right to variable return from its commitment and can use its influence over the investment to affect the return. When determining whether a controlling influence exists, potential voting shares and whether de facto control exists are taken into account.

Subsidiaries are booked in accordance with the acquisition method. The method means that acquisition of a subsidiary is regarded as a transaction through which the group indirectly acquires the subsidiary's assets and takes over its liabilities. In the acquisition analysis the actual value is established on the acquisition day of the acquired identifiable assets and taken over liabilities and any minorities. Transaction fees that arise are booked directly in the annual profit/loss.

For a business acquisition where transferred compensation exceeds the actual value of the acquired assets and taken over liabilities that are booked separately, the difference is booked as goodwill.

Internal group receivables and liabilities, revenue or expenses and unrealised profits or losses that arise from internal group transactions between group companies, are eliminated in their entirety when drafting the consolidated statements.

Note 1 continued

(i) Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate that exists on the transaction day. Functional currency is the currency in the primary financial environments the company carries out its business in. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate that exists on the accounting date. Exchange rate differences that occur during conversions are booked in the annual profit/loss. Non-monetary assets and liabilities that are booked at the historic acquisition value are converted to the exchange rate at the time of the transaction. Non-monetary assets and liabilities that are booked at the actual value are converted to the functional currency at the exchange rate that prevails at the point in time of valuation at the actual value.

(ii) Foreign operations' financial reports

Assets and liabilities in foreign operations, including goodwill and other group related surplus value and undervalue are converted from the foreign operation's functional currency to the group's reporting currency, Euro, at the exchange rate that prevails on the accounting day. Revenues and expenses in a foreign operation are converted to Euro at an average exchange rate that constitutes an approximation of the exchange rates that existed at the respective transaction time. Conversion differences that occur during currency conversion of foreign operations are booked in other comprehensive income and accumulated in a separate component in shareholders' equity designated conversion reserve. When controlling influence ceases for a foreign operation the accumulated conversion differences attributable to the operation are realized, by which they are reclassified from the conversion reserve in shareholders' equity to the annual profit/loss.

(j) Sale of goods

The group's posted net sales mainly concern revenue from the sale of goods. The net sales have, where appropriate, been reduced by the value of discounts given and returned goods. Revenue from the sale of goods is booked in connection with the significant risks and benefits that are associated with ownership of the goods has been transferred to outside parties, normally in conjunction with delivery to the customer.

(k) Leasing

Expenses concerning operational leasing agreements are booked in the annual profit/loss lineally over the leasing period. Benefits received in conjunction with signing an agreement are booked in the annual profit/loss as a reduction of the leasing fees lineally over the term of the leasing agreement. Variable fees are written off in the periods they occur.

(m) Financial revenue and expenses

Financial revenue is comprised of interest revenue, exchange rate differences and other financial revenues.

Financial expenses are mainly comprised of interest expenses on loans and defined-benefit pensions and of exchange rate differences.

Exchange rate profits and exchange rate losses are booked net.

(n) Taxes

Income taxes are comprised of current tax and deferred tax. Income taxes are booked in the annual profit/loss except when the underlying transaction is booked in the other comprehensive income or in shareholders' equity by which the associated tax effect is booked in the other comprehensive income or in shareholders' equity.

Current tax is tax that shall be paid or received with regard to the current year, with application of the tax rates that are decided or in practice decided per the accounting date. Also belonging to current tax is the adjustment of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method and with a point of departure in temporary differences between posted and value for tax-purposes of assets and liabilities. Temporary differences are not considered in the group goodwill and not either for differences that have arisen at the first disclosure of assets and liabilities that are not business acquisitions that at the point in time of the transaction do not affect either the result according to the books or the result liable for tax. Furthermore, temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be repaid within the foreseeable future are not considered. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or regulated. Deferred tax is calculated with application of the tax rates and tax rules that are decided or are in practice decided per the accounting date.

Deferred tax assets concerning deductible temporary differences and deductible deficiencies are booked only to the extent it is likely that these will be able to be utilized. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilized.

(o) Financial instrument

Financial instruments that are recorded in the statement of financial position include on the asset side liquid resources, receivables, other receivables, long-term holdings in securities and derivatives. On the liability side there are accounts payable, loan debts and derivatives.

(i) Accounting in and removal from the statement of financial position

A financial asset or financial liability is taken up in the statement of financial position when the company becomes party in accordance with the instrument's contractual terms and conditions. A receivable is taken up when the company has performed and a contractual liability exists for the other contracting party to pay, even if the invoice has yet to be sent. Receivables are taken up in the statement of financial position once an invoice has been sent. Debt is taken up when the other contracting party has performed and there is a contractual liability to pay, even if the invoice has still not been received. Accounts payable are taken up when an invoice is received.

A financial asset is removed from the statement of financial position when rights in the agreement are realized, come to maturity or the company loses control over them. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the obligation in the agreement is completed or in some other way is extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability offset each other and are booked with a net amount in the statement of financial position only when a legal right to offset the amount exists and there exists and intent to regulate the posts with a net amount or to simultaneously realise the asset and settle the liability.

Acquisition and sale of financial assets is booked on the business day. The business day constitutes the day when the company commits itself to acquire or sell the asset.

(ii) Classification and valuation

Financial instruments that are not a derivative are initially booked at the acquisition value corresponding to the instrument's actual value with an addition for transaction costs for

Note 1 continued

all financial instruments except for concerning those that belong to the category financial assets that are booked at the actual value via the profit/loss, which is booked at the actual value excluding transaction costs. A financial instrument is classified at the first account, among others, based upon what purpose the instrument was acquired. The classification determines how the financial instrument is measured after the first accounting occasion as described below. Liquid resources are comprised of cash and bank.

Financial assets are valued at the actual value via the profit/loss.

This category is comprised of two subgroups: financial assets that are held for trade and other financial assets that the company has initially chosen to place in this category (as per the so-called Fair Value Option). Financial instruments in this category are valued continuously at the actual value with value changes booked in the annual profit/loss. The first sub-group includes derivatives with positive actual value with the exception of derivatives that are identified and effective hedging instruments. The group has no instruments in the second sub-group.

Loans receivable and receivables

Loans receivable and receivables are financial assets that are not derivatives, which have payments that are set or can be set and that are not listed on an active market. These assets are valued at the accrued acquisition value. The accrued acquisition value is determined based on the effective rate of interest that is calculated at the point of time of the acquisition. Receivables are accounted at the sum that is estimated to be received, for example - after deduction for doubtful debts.

Financial liabilities are valued at the actual value via the profit/loss.

This category is comprised of two sub-groups, financial liabilities that are held for trade and other financial liabilities that the company has chosen to place in this category (the so-called Fair Value Option), see description below under "Financial assets valued at actual value via the profit/loss". Included in the first category is the group's derivative with negative actual value. Changes in actual value are booked in the annual profit/loss. The group has no instruments in the second sub-group.

Other financial liabilities

Loans and other financial liabilities, for example accounts payable, are included in this category. These liabilities are valued at the accrued acquisition value.

(iii) Derivatives

The group's derivative instruments have been acquired in order to financially safeguard the risks for exchange rate exposure that the group is subjected to. Troax does not apply hedge accounting, which means that changes in the derivatives actual value are booked directly in the profit and loss account for the period in which they occur. Changes in the derivatives actual value are booked net as either other operating income/operating expense.

(p) Tangible fixed assets

Tangible fixed assets are booked in the group at the acquisition value after deduction for accumulated depreciation and any write-downs. Included in the acquisition value is the purchase price and expenses directly attributable to the asset in order to bring it in place and in condition in order for it to be utilized in accordance with the purpose of the acquisition.

Loan expenses that are directly attributable to purchase, construction or production of assets that claim a significant time in entitlement to complete for intended use or sale are included in the acquisition value. Accounting principles for write-downs appear below.

The accounted value for a tangible fixed asset is removed from the statement of financial position upon retirement or sale or when no future financial benefits are expected from the use or retirement/sale of the asset. Profit or loss that occurs from sale or retirement of an asset is made up of the difference between the sale price and the asset's booked value with a deduction for direct sales costs. Profit and loss is booked as other operating income/operating expense.

Estimated usage periods;

– Office and industrial buildings	20 – 25 years
– Machines and other technical plant	5–10 years
– Inventories, tools and installations	3–10 years

Write-downs are distributed in the profit and loss account on the respective function.

(q) Intangible fixed assets

(i) Goodwill

Goodwill is valued at the acquisition value minus accumulated depreciation and write-downs. Goodwill is distributed to cash generating units and is under consideration at least once annually for write-down needs. Goodwill related to operating acquisitions is not written off.

(ii) Licenses

Acquired licenses are booked at the acquisition value minus accumulated depreciation and any write-downs. Licenses are written off linearly over the contractually regulated period of use of 5 years. Depreciation is included in the cost for sold goods.

(iii) Trademark

Acquired trademarks are booked at the acquisition value minus accumulated depreciation and any write-downs. The majority of trademarks are regarded as having indeterminate lifespans and are therefore not written off.

(r) Stock

Stock is valued at the lowest acquisition value and net sale value. The acquisition value for stock is calculated through the application of the first in, first out method (FIFO). For own manufactured goods the acquisition value includes a reasonable share of indirect expenses.

(s) Write-downs

The group's disclosed assets are evaluated at each accounting date to determine whether there is an indication for the need for write-downs. IAS 36 is applied concerning write-downs of assets other than financial assets, which are disclosed in accordance with IAS 39.

(i) Write-down of tangible and intangible assets

If there is an indication for the need for write-downs then the asset's recovery value is calculated (see below). For goodwill the recovery value is also calculated annually. A write-down is disclosed when an asset's or cash generating unit's disclosed value exceeds the recovery value. A write-down is disclosed as expense in the annual profit/loss. As the need for write-downs is identified for a cash generating unit the write-down amount is, in the first hand, allocated to goodwill. Thereafter a proportional write-down of other assets that are included in the unit is performed.

The recovery value is the highest of the actual value minus

Note 1 continued

sales costs and useful value. When calculating the useful value the future cash flow is discounted by a discount factor that takes into account risk-free interest and the risk that is associated with the specific asset.

(ii) Write-down of financial assets

At each reporting occasion the company evaluates whether there is objective proof that a financial asset or group of assets are in need of write-down. Objective proof is made up of observable conditions that have occurred and that have a negative effect on the possibility for recovering the acquisition value.

The need for writing-down receivables is established based on historical experiences of customer losses on similar receivables. Receivables with the need for write-down are booked at the current value of anticipated future cash flows. Receivables with a short term are not discounted.

(iii) Reversal of write-downs

A write-down of assets that are included in IAS 36 area of application are reversed if there is both indication that a write-down need no longer exists and a change in the assumptions that formed the basis for calculation of the recovery value has occurred. However, a write-down of goodwill is never reversed. A reversal is only done to the extent that the asset's booked value after reversal does not exceed the booked value that should have been booked, with a deduction for depreciation where so appropriate, if no write-down has been done.

Write-downs of loans receivable and receivables that are booked at the accrued acquisition value are reversed if the previous reason for the write-downs no longer exists and full payment is expected to be received from the customer.

(t) Dividends

Dividends are booked as debt after the annual general meeting has approved the dividend.

(u) Earnings per share

Calculation of the earnings per share is based on the annual profit/loss in the group attributable to the parent company's owners and the weighted average number of common shares outstanding during the year.

(v) Remuneration to employees**(i) Short-term remuneration**

Short-term remuneration to employees is calculated without discounting and booked as expense when the related services are received.

(ii) Pension commitments

As defined contribution pension plans the plans are classified where the company's obligation is limited to the fees the company has undertaken to pay. The majority of the group's pension commitments are defined contribution and have been secured through the insurance being taken out through an insurance company. However, the group also has certain defined-benefit plans. Defined-benefit plans are plans other than defined-contribution plans. In Sweden the defined-benefit plans are made up of ITP 2. In addition to this the group also has certain pension commitments in the German and French subsidiaries that are classified as defined-benefit plans in accordance with IAS 19.

The group's commitment concerning defined-benefit plans is calculated separately for each plan through an estimation of the future compensation that the employee has earned through his/her employment in both current and

previous periods; this compensation is discounted to a current value. The discount rate is the interest on the accounting date on a first-class corporate bond including housing bond, with a term that corresponds to the group's pension commitments. The calculation is carried out by a qualified actuary with the use of the so-called Projected Unit Credit Method.

The group's net commitment is made up of the current value of the commitment. The interest expense on the defined-benefit commitment is accounted in the net interest income/expense. The net interest is based on the interest that arises when discounting the net commitment, for example the interest on the commitment. Other components are booked divided on the respective function in the profit and loss account.

Revaluation effects are made up of actuarial profits and losses. Revaluation effects are booked in the other comprehensive income. The special payroll tax constitutes a part of the actuarial assumptions and is therefore booked as a part of the net commitment. The part of special payroll tax that is calculated based upon the Swedish Pension Obligations Vesting Act in legal entity is booked for simplification reasons as accrued expense instead of as part of the net commitment/net asset.

Policyholder tax is booked on an ongoing basis in the profit and loss account for the period the tax concerns and is thus not included in calculation of the debt.

(x) Allocations

Allocations are made at the amount that is the best estimation of what is required to regulate the existing obligation on the accounting date. Where the effect of when in time payment takes place is fundamental, allocations are calculated through discounting of the anticipated future cash flow to an interest rate before tax that reflects current market estimates of the money's time value premium and, if it is applicable, the risks that are associated with the debt.

(y) Contingent liabilities

A contingent liability is booked where there is a possible commitment that stems from events that have occurred and whose occurrence is only confirmed by one or more uncertain future events outside of the group's control or where there is a commitment that is not booked as a debt or allocation because it is not likely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

The parent company's accounting principles

The parent company has drafted its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting standards for legal entities. The Swedish Financial Reporting Board's issued statements concerning listed companies have also been applied. RFR2 means that the parent company in the annual report for the legal entity must apply all of EU adopted IFRS and the statements in so far as this is possible within the framework for the Swedish Annual Accounts Act, the Swedish Pension Obligation Vesting Act and with regard to the connection between accounting and taxation. The recommendation states which exceptions from and additions to IFRS that shall be made.

Differences between the group's and parent company's accounting principles

Differences between the group's and parent company's accounting principles appear below. The accounting principles stated below for the parent company have been applied

Note 1 continued

consequently on all periods that are presented in the parent company's financial reports.

Changed accounting principles

If nothing else is stated below, then the parent company's accounting principles during 2015 have changed in accordance with what is stated above for the group.

Classification and layout

The differences against the group's reports that are maintained in the parent company's profit and loss account and statement of financial position are primarily made up of accounting of financial revenue and expenses, fixed assets, shareholders' equity and the occurrence of allocations as an own heading in the statement of financial position.

Classification and layout

The parent company's profit and loss account and statement of financial position are set up in accordance with the Swedish

Annual Accounts Act's schedule. The difference with IAS 1 Presentation of financial statements, which is applied when designing the group's financial reports is primarily the accounting of financial income and expenses, fixed assets and shareholders' equity.

Subsidiary

Shares in subsidiaries are booked in the parent company in accordance with the acquisition value method. This means that transaction fees are included in the accounted value for holdings in the subsidiary. In the consolidated financial statements transaction fees are booked attributable to the subsidiary directly in the profit and loss account when these occur.

Financial instrument

With regard to the connection between accounting and taxation, the rules regarding financial instruments and hedge accounting in IAS 39 are not applied in the parent company as legal entity.

Note 2 • Operating segment

An operating segment is a part of the group that carries out business from which it can generate income and incur expenses and for which there is independent financial information available.

An operating segment's profit/loss is followed up further by the company's highest managerial decision maker, the group management, in order to evaluate the result and in order to be able to allocate resources to the operating segment. Troax's group management follows up the financial development in the group as a unit. Therefore the operating segment report is only made up of one segment, mesh panels. The segment thereby coincides with the group's financial information.

The reason why the group is followed as one segment is that the performance measure is only followed upon a total level as production and other overall costs are found at the head office and not distributed out into other areas. That which is followed up on a lower level than operating segment is only the regions' sales and inflow of orders in volume. Thus

there is no performance measure that the highest managerial decision maker uses for distribution of resources.

Internal prices between the group's different regions are set based upon the principle of "arm length's distance", for example between parties that are independent of each other, well-informed and with an interest in the transactions being carried out. All development and the majority of the production is carried out at the group's head office in Hillerstorp, Sweden.

Geographic area

The group's net sales are divided into the following four geographical areas: Scandinavia, the UK, Continental Europe and New markets.

Internal sales mainly occur between the head office and other units. Occasionally there can be transactions between geographical areas, usually this are of lower value. Sales and installations mainly take place via own sales companies in Europe, USA and China and via a smaller number of agents in Asia and South America.

Geographic area**The group****Net sales**

TEUR	2015	2014
Scandinavia	20,955	17,629
UK	17,362	15,519
Continental Europe	55,983	45,655
New markets	9,375	5,735
	103,675	84,538

None of the group's customers are solely responsible for 10% or more of the net sales

Intangible and tangible fixed assets

TEUR	2015	2014
Scandinavia	80,700	74,511
UK	698	472
Continental Europe	20,311	20,958
New markets	342	356
	102,051	96,297

Note 3 • Acquisition of business

Acquisition 2014

On June 14 2014 Troax acquired the Italian company Satech Safety Technology SPA for TEUR 24,238, which was 85 per cent paid in cash and the remaining part through issue in kind of shares in Troax Holding AB. 100 per cent of votes were acquired.

Satech Safety Technology SPA manufactures and sells machine guarding and safety solutions to industries in southern Europe with its strongest position on the Italian market. As a result of the acquisition the group is expected to increase its presence on these markets. It is also expected in the long term to be able to reduce its costs through synergy effects. The goodwill of TEUR 18,577 that occurs through the acquisition is attributed to a strong marketing organisation, employees' know-how and a strong market position. No part of the accounted goodwill is anticipated to be deductible for tax purposes.

In the analysis of intangible assets the significant value driver for the acquired business was ascertained to be high production capacity, high delivery precision, distributors and agents with good understanding for customer adaptations and competitive pricing. Sales often take place in connection with projects and in principle take place solely through purchasing. Purchasing from customers is very de-centralized, which requires a large network of distributors and agents with a high market presence. Within the industry there are no binding agreements concerning volumes or regarding sole right for delivery to customers. Satech has carried out its business for a very large number of years and is market leader in Italy within the industry.

An analysis has also been carried out concerning the company's customer relations. The analysis has been done based upon the factors that are decisive for sales. These include, among others, the possibility to offer tailor made solutions, effective logistics and attractive price. Thus, the customer relationship does not have a significant effect on the customers' purchasing decision. Based upon this no material value can be attributed to the company's customer relations. Based upon this background an intangible asset has been able to be identified, Satech's trademark.

Satech's trademark involves, in itself, no price premium but it gives a volume premium as it creates invitations for procurement or alternatively makes it possible to submit offers on tasks. As the trademark addresses itself to professional players the value is, however, limited in comparison with a consumer trademark. The value of the trademark has been calculated using a so-called relief from royalty method, furthermore an evaluation has been made that the trademark's financial lifespan is indeterminable based upon the trademark being utilized over a long period of time and that Satech has a strong market position and expansion outside of Italy's borders has begun.

Acquisition related costs of TEUR 395 are included in administrative costs in the group's profit and loss account for the financial year 2014.

The acquisition has the following effects on the group's assets and liabilities. The acquired company's net assets at the point in time of acquisition:

	Booked value before the acquisition	Actual value, adjustment	Actual value booked in the group
TEUR			
Intangible assets	82	457	539
Tangible fixed assets	220		220
Stock	1,272		1,272
Trade accounts receivables and other receivables	6,437		6,437
Cash	1,605		1,605
Interest bearing debts	-25		-25
Allocations	-1,173		-1,173
Accounts payable and other operating liabilities	-3,113		-3,113
Deferred tax liabilities		-101	-101
	5,305	356	5,661
Goodwill			18,577
Effected purchase-sum			24,238
Cash (acquired)			-1,605
Assets contributed in kind			-3,619
Net cash flow			19,014

Note 3 continued

Of the group's net sales for 2014 TEUR 7,817 stems from the acquisition of Satech, as well as TEUR 1,370 concerning booked profit. If the acquisition had been carried out as per January 1, 2014 then the group's net sales would have amounted to TEUR 91,178 and a booked profit of TEUR 8,707.

The profit and loss account shows as if the acquisition of Satech had taken place on January 1, 2014. Adjustments for finance costs have been calculated as if the acquisition of Satech had taken place on January 1, 2014.

TEUR	Booked profit /loss 2014	Satech January 1– June 17	Adjustments financing	Proforma 2014
Net sales	84,538	6,640		91,178
Cost for goods sold	-49,858	-3,016		-52,874
Gross profit or loss	34,680	3,624	0	38,304
Other operating income	386	-50		336
Sales expenses	-14,610	-988		-15,598
Administration expenses	-5,967	-1,595		-7,562
Other operating expenses	-696	151		-545
Operating profit/loss	13,793	1,142	0	14,935
Financial income	52	-2		50
Financial expenses	-3,555	-2	-906	-4,463
Net interest income/expense	-3,503	-4	-906	-4,413
Profit/loss before tax	10,290	1,138	-906	10,522
Tax	-1,572	-442	199	-1,815
Annual profit/loss	8,718	696	-707	8,707

* In addition to the paid purchase-sum the fee for legal services amounting to TEUR 254 has been expensed under administration expenses in the profit and loss account for 2014.

Acquisition 2015

In October 2015 Troax Group AB (publ) acquired Lagermix Hyllsystem AB, business registration number 559022-0017. The purchase-sum for the acquisition amounted to TEUR 410 which was partly paid through cash payment and partly through vendor loans.

The acquisition has marginal effects on the group's assets and liabilities as the company only had net assets amounting to TEUR 5 at the point in time of acquisition.

Note 4 • Other operating income

The group TEUR	2015	2014
Capital gains when selling subsidiary	0	343
Other	319	43
Change of actual value on currency derivative	859	0
Total	1,178	386

Note 5 • Other operating expenses

The group		
TEUR	2015	2014
Change of actual value on currency derivative	0	-239
Currency exchange losses on receivables/liabilities of an operating nature	0	-457
Other	-109	0
Total	-109	-696
The parent company		
TEUR	2015	2014
Change of actual value on currency derivative	0	0
Currency exchange losses on receivables/liabilities of an operating nature	0	0
Other	0	-1
Total	0	-1

Note 6 • Employee and personnel expenses

The group		
TEUR	2015	2014
Wages, other compensation and social costs		
Wages and compensation	19,913	16,460
Social costs	4,874	4,069
Pension costs, defined-benefit (also see note 21)	146	124
Pension costs, defined-contribution plans	945	1,074
Total	25,878	21,727
The parent company		
TEUR	2015	2014
Wages, other compensation and social costs		
Wages and compensation	948	45
Social costs	274	15
Pension costs, defined-benefit (also see note 21)	0	0
Pension costs, defined-contribution plans	179	0
Total	1,401	60

Of the parent company's pension costs TEUR 179 (0) concern the board and managing director. No outstanding pension commitments to the group's board and managing director exist.

Note 6 continued

Average number of employees	2015	of which men, %	2014	of which men, %
The parent company				
Sweden	2	100	0	0
Total parent company	0		0	
Subsidiary				
Sweden	177	73	157	76
Norway	3	100	2	100
Denmark	8	75	8	75
Finland	4	100	4	100
Great Britain	60	80	56	86
Benelux	15	80	14	79
France	16	75	19	74
Germany	33	73	37	78
Switzerland	1	100	1	100
Italy	77	71	61	69
Spain	16	69	15	73
China	17	82	13	69
USA	13	100	9	100
Other	40	100	3	100
Total in subsidiaries	444		399	
The group in total	446	76	399	77

Distribution by gender in company management	2015 share of women, %	2014 share of women, %
The parent company		
The board	12.50	0
Other leading officers	0	0
The group in total		
The board	12.50	0
Other leading officers	0	0

Of the wages and compensation that have been paid to other employees in the group TEUR 952 (822) concerns other leading officers than the board and managing director.

Redundancy payment

For termination from the side of the managing director a notice period of 6 months applies. There are no agreements regarding redundancy payment or other benefits to either the chairman of the board or other board members except for the managing director. Upon termination of employment from the company's side the managing director reserves the right to a sum corresponding to 12 monthly salaries. The last six months with reservation for new employment.

For managing directors in subsidiaries there is a similar agreement for 6-12 monthly salaries.

LEADING OFFICERS' BENEFITS

Principles for compensation to the board

To the board's chairman and other members compensation will be paid in accordance with the decision of the annual general meeting. Employee representatives in the board do not receive any board compensation. The annual general meeting 2015 decided that compensation to the board for

work during 2016 would amount to TEUR 38 (38) to the board's chairman and TEUR 19 (19) to each board member. For chairmen in the remuneration committee and audit committee an additional TEUR 3 will be paid and for members TEUR 1.5. No compensation for board work will be paid to the managing director or those persons who represent FSN Capital in the board.

Principles for compensation to the managing director and the group chief executive

Compensation

To the managing director and the managing director of the group compensation will be paid in the form of a basic salary, pension and variable compensation. During 2015 the basic salary was TEUR 226 (218). The variable compensation can amount to a maximum of 6 monthly salaries. Any bonus payments will be established on the basis of the Troax Group's profit/loss and capital tied up.

During 2015 the compensation to the managing director and the managing director of the group was TEUR 320 including benefits of which TEUR 83 constituted a bonus for the financial year 2014.

Note 6 continued

Notice periods and redundancy payments

For termination from the side of the managing director a notice period of maximum 6 months applies. Upon termination of employment from the company's side the managing director reserves the right to a sum corresponding to 12 monthly salaries. The last six months are with reservation for new employment.

Pension compensations

The managing director and managing director of the group have the right to go in pension at the age of 65. The pension plan is not defined-benefit.

During 2015 the premium costs were TEUR 83 for the managing director.

Principles for compensation to other members in the group management**Compensation**

Those members in the group management who are employed in other companies than the parent company receive their compensation from respective company. The compensation is decided upon by the managing director of the group with support by the chairman of the board and is constituted of a basic salary, pension, variable compensation and other benefits. For

other members in the group management the variable compensation can amount to a maximum of 4 monthly salaries. Any bonus payments and the size of these are determined by the board on the basis of the Troax Group's profit/loss and capital tied up. During 2015 the compensation to the other members of the group management was TEUR 1,123 of which TEUR 207 constituted a bonus for the financial year 2014.

Notice periods and redundancy payments

Other members in the group management have six to twelve months notice period upon termination from the company's side and three to six months notice period upon own termination. During the notice period other members in the group management have the right to full salary and other employment benefits. None of the other members in the group management are entitled to redundancy payments.

Pension compensations

Other members of the group management have the right to retire at the age of 65. The pension payments follow the collective plan ITP according to agreement. The company's commitments are related to the final salary upon pension. During 2015 the premium costs were TEUR 194 for the other members of the group management.

Compensations and other benefits during the year 2015

TEUR	Basic salary board fee	Variable compensation	Other benefits	Pension cost	Total
The board's chairman Lennart Sundén	38				38
Board Member Curt Germundsson	19				19
Board Member Lars Hellberg	9				9
Board Member Kenneth Lundberg	9				9
Board Member Anna Stålenbring	13				13
Board Member Jan Svensson	13				13
Board Member Per Borgvall	12				12
Managing Director Thomas Widstrand	226	83	11	83	403
Other leading officers (5 persons)	744	208	58	194	1,204
Total	1,082	291	69	277	1,720
Of which from the parent company	771	156	21	179	1,127

Compensations and other benefits during the year 2014

TEUR	Basic salary board fee	Variable compensation	Other benefits	Pension cost	Total
The board's chairman Lennart Sundén	30				30
Board Member Curt Germundsson	15				15
Board Member Peter Möller					
Board Member Bengt Håkansson					
Managing Director Thomas Widstrand	230	63	9	88	390
Other leading officers (5 persons)	700	122	48	183	1,053
Total	975	185	57	271	1,488
Of which from the parent company	45				45

Pension commitments for leading officers

	2015	2014
The group	Leading officers	Leading officers
TEUR	(1 person)	(1 person)
Pension commitments	1,103	1,131

Note 7 • Fee and cost compensation to auditors

The group TEUR	2015	2014
PwC		
The audit assignment	49	52
Audit tasks beyond the audit assignment	95	12
Tax consultancy	0	9
Total	144	73
Other auditors		
The audit assignment	55	86
Audit tasks beyond the audit assignment	0	104
Other services	70	0
Total	125	190
The parent company		
TEUR	2015	2014
PwC		
The audit assignment	26	8
Audit tasks beyond the audit assignment	89	25
Tax consultancy	0	0
Total	115	33
Other auditors		
The audit assignment	0	0
Audit profession beyond the audit assignment	0	0
Other services	0	0
Total	0	0

Audit assignment refers to the statutory audit of annual and consolidated financial statements and bookkeeping and the board's and managing director's administration and audit and other review carried out in accordance with agreement or contract.

This includes other tasks as they rest upon the company's auditor to carry out and consultancy or other services that are presupposed by observations during such review or carrying out other such tasks.

Note 8 • Operating costs divided by cost type

The group TEUR	2015	2014
Material costs	-24,040	-20,113
Movement in stock, finished goods and work in progress	502	376
Personnel costs	-26,731	-22,678
Other external costs	-29,983	-25,573
Depreciation	-2,214	-2,229
Write-downs	0	-914
Total	-82,466	-71,131

Note 9 • Net interest income/expense

The group			
TEUR		2015	2014
Interest income on bank deposits		61	33
Change of actual value on interest rate derivative		61	0
Net exchange rate changes		308	19
Financial income		430	52
Interest costs on financial liabilities valued to the accrued acquisition value		-3,814	-2,084
Interest expenses, credit institutes		-44	-769
Interest expenses, other		-641	-611
Change of actual value on interest rate derivative		0	-91
Financial expenses		-4,499	-3,555
Net interest income/expense		-4,069	-3,503
The parent company			
TEUR		2015	2014
Net exchange rate changes		295	26
Interest income, group company		0	2,179
Financial income		295	2,205
Interest costs on financial liabilities valued to the accrued acquisition value		-4,133	0
Interest expenses, group companies		0	-276
Financial expenses		-4,133	-276
Net interest income/expense		-3,838	1,929

Note 10 • Taxes

Booked in the profit and loss account and report over the other comprehensive income

The group			
TEUR		2015	2014
Actual tax expense (-)/tax revenue (+)			
Tax expense for the period		-3,408	-1,970
Total		-3,408	-1,970
Deferred tax expense (-)/tax revenue (+)			
Deferred tax expense as a result of utilization of previously activated value for tax purposes in deductible deficiency		-1,207	-13
Deferred tax when revaluing the booked value of deferred tax assets		0	411
Total		-1,207	398
Total booked tax expense		-4,615	-1,572

Note 10 continued

The parent company

TEUR	2015	2014
Actual tax expense (-)/tax revenue (+)		
Tax expense for the period	0	0
Total	0	0
Deferred tax expense (-)/tax revenue (+)		
Deferred tax expense as a result of utilization of previously activated value for tax purposes in deductible deficiency	-1,154	2
Deferred tax when revaluing the booked value of deferred tax assets	0	0
Total	-1,154	2
Total booked tax expense in the parent company	-1,154	2

Reconciliation of effective tax

The group

TEUR	2015 (%)	2015	2014 (%)	2014
Profit/loss before tax		18,318		10,290
Tax in accordance with the applicable tax rate for the parent company	22.0	-4,030	22.0	-2,264
Effect of other tax rates for foreign subsidiaries	3.5	-636	7.0	-716
Non-deductible expenses	0.5	-87	0.8	-86
Revenues not liable for tax	0.0		-12.6	1,292
Utilization of previously non-activated deductible deficiencies	0.0		-1.8	190
Activation of previously non-activated deductible deficiencies	-0.7	133	0.0	
Standard interest on tax allocation reserve	0.0	5	-0.1	12
Booked effective tax	25.2	-4,615	15.3	-1,572

Reconciliation of effective tax

The parent company

TEUR	2015 (%)	2015	2014 (%)	2014
Profit/loss before tax		5,493		-1
Tax in accordance with the applicable tax rate for the parent company	22.0	-1,208		0
Non-deductible expenses	0.0	-9		
Conversion difference deferred tax	0.0	63	-	-
Booked effective tax	22.0	-1,154	0	0

Tax attributable to other comprehensive income

The group

TEUR	2015	2014
Tax attributable to revaluation of defined-benefit pensions	-77	109
Total	-77	109

Note 10 continued

Booked in the statement of financial position**Booked deferred tax assets and debts**

Deferred tax assets and liabilities are attributable to the following:

The group TEUR	Deferred tax 2015			Deferred tax 2014		
	Receivable	Liability	Net	Receivable	Liability	Net
Tangible fixed assets	133	1,750	-1,617		1,686	-1,686
Intangible fixed assets		799	-799		715	-715
Provisions for pensions	3		3	110		-110
Untaxed reserves		1,555	-1,555		1,463	-1,463
Deductible deficiencies	283		283	1,463		1,463
Other	421		421	422	15	407
Tax assets/liabilities	840	4,104	-3,264	1,995	3,879	-1,884
Set-offs	-840	-840		-1,995	-1,995	
Tax assets/debts, net	0	3,264	-3,264	0	1,884	-1,884

Change in deferred tax in temporary differences and deductible deficiencies

The group TEUR	Balance per January 1 2014	Booked in the year's profit/loss	Booked in the other compre- hensive income.	Acquisi- tion/sale of business	Balance per December 31 2014
Tangible fixed assets	-2,083	397			-1,686
Intangible fixed assets	-614			-101	-715
Provisions for pensions	-19	19	110		110
Tax allocation reserve	-1,667	204			-1,463
Deductible deficiencies	1,604	-141			1,463
Other	354	53			407
Total	-2,425	532	110	-101	-1,884

The group TEUR	Balance per January 1 2015	Booked in the year's profit/loss	Booked in the other compre- hensive income.	Acquisi- tion/sale of business	Balance per December 31 2015
Tangible fixed assets	-1,686	69			-1,617
Intangible assets	-715			-84	-799
Provisions for pensions	110	-40	-67		3
Tax allocation reserve	-1,463	-92			-1,555
Deductible deficiency	1,463	-1,180			283
Other	407	14			421
Total	-1,884	-1,229	-67	-84	-3,264

Deferred tax assets are booked at the fiscal deductible deficiency in the extent that it is likely that they can be assimilated through future taxable profits. The group books deferred

tax assets amounting to TEUR 283 (1,463) that can be utilized against future taxable profits.

Note 11 • Intangible fixed assets

The group TEUR	Licenses	Trademarks	Goodwill	Total
Accumulated acquisition values				
Opening balance 2014-01-01	11	2,793	61,593	64,397
Business acquisition	97	457	18,577	19,131
Other investments	2		513	515
Exchange rate differences for the year			-3,335	-3,335
Closing balance 2014-12-31	110	3,250	77,348	80,708
Accumulated depreciation and write-downs				
Opening balance 2014-01-01	-8			-8
Depreciation for the year	-2			-2
Closing balance 2014-12-31	-10	0	0	-10
Booked values				
Per 2014-01-01	3	2,793	61,593	64,389
Per 2014-12-31	100	3,250	77,348	80,698
Accumulated acquisition values				
Opening balance 2015-01-01	110	3,250	77,348	80,708
Business acquisition		388		388
Other investments	18			18
Exchange rate differences for the year		12	2,618	2,630
Closing balance 2015-12-31	128	3,650	79,966	83,744
Accumulated depreciation and write-downs				
Opening balance 2015-01-01	-10			-10
Depreciation for the year	-10	-19	-102	-131
Closing balance 2015-12-31	-20	-19	-102	-141
Booked values				
Per 2015-01-01	100	3,250	77,348	80,698
Per 2015-12-31	108	3,631	79,864	83,603

No internally created intangible assets are found in the group.

Depreciation is included in the following lines in the profit and loss account

The group TEUR	2015-01-01 -2015-12-31	2014-01-01 -2014-12-31
Cost for goods sold	0	0
Sales expenses	-119	-2
	-119	-2

The group's goodwill value is comprised of the strategic business values that have occurred through business acquisitions.

Note 11 continued

Impairment test for cash generating unit containing goodwill

The following cash flow generating units contain goodwill:

The group TEUR	Booked value	
	2015	2014
Troax (excluding Satech)	61,389	58,771
Satech	18,475	18,577
Total	79,864	77,348

The value of booked goodwill is tested at least one time per year with regard to any need for write-downs. The recoverable value for the cash generating unit has been based on its useful value. The useful value is based on the company management's business prognosis for a time period of five years. The cash flow for the thereafter following year has been based on an assumed annual growth rate of 2 percent.

Important assumptions in the business prognosis that affect the estimation of the cash flows are market growth and anticipated price development. This agrees with historical experiences and external information sources.

The following discount rates (before tax) have been used when calculating the useful value:

Discount rate before tax

The group %	2015	2014
Troax (excluding Satech)	10.35	10.66
Satech	14.12	14.80

The company management deems that no reasonable possible changes in important assumptions at the write-down assessment of its cash generating units would cause the

recoverable value to be less than the booked value. The following cash flow generating units contain trademark:

The group Trademarks, TEUR	Booked value	
	2015	2014
Troax (excluding Satech)	3,174	2,793
Satech	457	457
Total	3,631	3,250

The value of booked trademarks is tested at least one time per year with regard to any need for write-downs.

Note 12 • Tangible fixed assets

The group TEUR	Buildings and land	Machines	Equipment	Ongoing	Total
Accumulated acquisition values					
Opening balance 2014-01-01	12,240	5,253	1,399	38	18,930
Business acquisition		654	445		1,099
Investments for the year	46	108	207	1,606	1,967
Sales and retirements	-1,867	-56	-345		-2,268
Exchange rate differences for the year	-507	-60	175	-72	-464
Closing balance 2014-12-31	9,912	5,899	1,881	1,572	19,264
Accumulated depreciation and write-downs					
Opening balance 2014-01-01	-786	-930	-244		-1,960
Depreciation for the year	-752	-1,130	-361		-2,243
Sales and retirements	786	55	40		881
Exchange rate differences for the year	-51	-136	-156		-343
Closing balance 2014-12-31	-803	-2,141	-721	0	-3,665
Booked value					
Per 2014-01-01	11,454	4,323	1,155	38	16,970
Per 2014-12-31	9,109	3,758	1,160	1,572	15,599
Accumulated acquisition value					
Opening balance 2015-01-01	9,912	5,899	1,881	1,572	19,264
Business acquisition					
Investments for the year	1,625	2,527	312	180	4,644
Sales and retirements		-2,072	-195		-2,267
Reclassifications	312	955		-1,634	-367
Exchange rate differences for the year	795	783	307	65	1,950
Closing balance 2015-12-31	12,644	8,092	2,305	183	23,224
Accumulated depreciation and write-downs					
Opening balance 2015-01-01	-803	-2,141	-721	0	-3,665
Depreciation for the year	-720	-982	-367	0	-2,069
Sales and retirements	24	2,036	178	0	2,238
Exchange rate differences for the year	-409	-599	-272	0	-1,280
Closing balance 2015-12-31	-1,908	-1,686	-1,182	0	-4,776
Booked value					
Per 2015-01-01	9,109	3,758	1,160	1,572	15,599
Per 2015-12-31	10,736	6,406	1,123	183	18,448

Depreciation and write-downs

Depreciation is included in the following lines in the profit and loss account

The group TEUR	2015	2014
Cost for goods sold	-1,863	-2,040
Sales expenses	-50	-71
Administration expenses	-156	-132
Total	-2,069	-2,243

Note 13 • Financial fixed assets

Long-term receivables that are fixed assets

The group TEUR	2015	2014
Other	498	464
Total	498	464

Note 14 • Stocks

The group TEUR	2015	2014
Raw materials and necessities	1,395	2,181
Goods under manufacture	3,423	2,139
Finished goods and trade goods	3,158	2,198
Total	7,976	6,518

At the end of the financial year the group's obsolescence provision in stocks amounted to 108 (156).

Note 15 • Trade accounts receivable

Trade accounts receivable are booked after regard paid to bad debt losses that occurred during the year, which amounted to TEUR 213 (194) in the group. The loss has occurred in conjunction with handling as per the group's credit policy.

Credit risks in trade accounts receivables

The risk that the group's customers do not fulfil their commitments, for example that payment is not received from cus-

tomers, represents a customer credit risk. The group's customers are credit checked whereby information about the customers' financial position is obtained from a credit reporting agency. The group has drafted a credit policy for how customer credit shall be handled. The policy contains, among others, where decisions regarding customer credit limits of different sizes are taken, and how evaluation of credits and doubtful debts shall be handled.

Age analysis, overdue non written-down trade accounts receivable

The group TEUR	2015	2014
Non overdue trade accounts receivables	16,328	14,016
Overdue trade accounts receivables 1–30 days	3,067	2,807
Overdue trade accounts receivables 31–90 days	686	889
Overdue trade accounts receivables >90 days	964	851
Reserve for doubtful trade accounts receivables	-1,018	-1,007
Total	20,027	17,556

Concentration of credit risk in trade accounts receivables

The company has a low credit risk per customer. The average purchase per customer and occasion amounts to TEUR 3 and total per year approximately TEUR 10.

Note 16 • Prepaid costs and accrued income

The group		
TEUR	2015	2014
Prepaid rents/leasing	86	136
Insurances	12	59
Prepaid financing cost	314	0
Other posts	853	1,035
Total	1,265	1,230
The parent company		
TEUR	2015	2014
Prepaid financing cost	314	0
Total	314	0

Note 17 • Short-term other receivables

The group		
TEUR	2015	2014
Other receivables	1,513	1,189
Total	1,513	1,189
The parent company		
TEUR	2015	2014
Other receivables	36	18
Total	36	18

Note 18 • Shareholders' equity**Specification of equity item reserves**

The group		
TEUR	2015	2014
Conversion provision		
Opening conversion provision	-5,932	-1,201
Conversion provision for the year	2,845	-4,731
Closing conversion provision	-3,087	-5,932

Share capital and number of shares

The group		
Stated in number of shares		
Issued per January 1	3,899,655	4,522,972
Cash issue	0	1,915
Issue in kind	19,053,636	211,101
Reduction	0	-836,333
Redemption	-2,953,291	0
Issued per December 31 – paid	20,000,000	3,899,655

Note 18 continued

During 2015 all preference shares were redeemed. New common shares of 19,053,636 were issued. At the end of the year there were 20,000,000 common shares and no preference shares.

Cash issue during 2014 took place in connection with an offer to key persons to subscribe for shares. The issue in kind 2014 comes from the part of Satech acquisition that was financed with own shares.

The registered share capital is distributed in accordance with the following:

Stated in number of shares	Voting right at the meeting of shareholders	2015	2014
A-shares (common shares)	1 vote per share	20,000,000	946,364
B-shares (preference shares)	1 vote per share		2,780,238
C-shares (preference shares)	1 vote per share		21,104
D-shares (preference shares)	1 vote per share		150,351
E-shares (preference shares)	1 vote per share		1,598
Total		20,000,000	3,899,655

Per the December 31, 2015 the registered share capital included 20,000,000 (946,364) common shares and 0 (2,953,291) preference shares. From the January 1 2015 the share capital is booked in EUR in the parent company.

Holder of common shares (series A) are entitled to dividends as established in due course. Holders of preference shares (series B, C, D and E) had the right to all forms of dividends up to a maximum amount calculated as per below. The maximum amount for preference shares is calculated as the subscription amount that was first paid for the shares multiplied with the function of 1.10 raised with the quota between the number of days that have passed from the date of the board's allocation decision for the preference share or preference shares in question to the point in time of the dividend and 360.

Other paid-up capital

Refers to equity capital that is paid-up from owners. Included here are premiums that are paid in connection with issues.

Reserves

Conversion provision

The conversion provision includes all exchange rate differences that occur when recalculating of financial reports from the businesses that have drafted their financial reports in another currency than the currency that the group's financial reports are presented in, which is Euro.

Retained earnings including annual profit/loss

Included in retained earnings including annual profit/loss are accrued earnings in the parent company and its subsidiaries.

THE PARENT COMPANY

Non-restricted equity

The following funds together with the annual profit/loss constitute non-restricted equity, that is to say the amount that is available for dividends to shareholders.

Premium fund

When shares and other equity capital instruments are issued at a premium, received premiums and amounts exceeding the shares quota value are transferred to the premium fund. Amounts that are transferred to the premium fund from and including the 20 December 2012 are included in the free capital.

Retained earnings

Retained earnings are made up of the previous year's retained earnings and the profit/loss after deduction for given distribution of profits for the year.

Management of capital

The group strives to maintain a good financial position that contributes to retaining lenders and the market's confidence and that constitutes grounds for continued development of the business activities. The group defines managed capital as total booked equity capital.

Note 19 • Profit per share

During 2014 the company has carried out a new issue that affected the number of issued common shares. However, there are no instruments that can give future dilution effect. Calculation of the profit per share takes place at the weighted

average number of outstanding common shares (series A). Preference shares are not included in the average number of outstanding common shares.

Profit per share

The group

TEUR	2015	2014
Annual profit attributable to the parent company's shareholders	13,703	8,718
Adjustment for cumulative dividend on preference shares	-722	-3,198
Profit per share	0.84	5.94

Weighted average number of outstanding shares

The group

Number	2015	2014
Total number of shares January 1	946,364	911,004
Effect of new issue and issue in kind during 2014	14,564,288	18,821
Weighted average number of shares during the year, before dilution	15,510,652	929,825

Note 20 • Interest-bearing debts

The note contains information about the company's contractual terms and conditions concerning interest-bearing debts.

For more information about the company's exposure to interest risk and risk for exchange rate fluctuation refer to note 23.

TEUR	The group		The parent company	
	2015	2014	2015	2014
Long-term liabilities				
Debenture loan	56,648	66,597	57,505	0
Total	56,648	66,597	57,505	0

TEUR	Currency	Nominal interest %	Maturity	2015		2014	
				Nominal value	Booked value	Nominal value	Booked value
Bonds	EUR	EURIBOR +5.50	17/06/2020	60,000	56,648	70,000	66,597
Total interest bearing liabilities					56,648		66,597

Troax Group AB (publ) has on June 12, 2014 issued a six year "senior secured" debenture loan amounting to a total of MEUR 70. Troax Group AB (publ) has the right to issue an additional MEUR 30 during the term of the bond, under the condition that covenants are fulfilled Interest is paid out quar-

terly with an interest corresponding to EURIBOR plus 5.5 percent. During 2015 Troax Group AB (publ) has repurchased bonds for MEUR 9.9 (3.4). Per 31/12/2015 all covenants are fulfilled, see note 24 for information.

Note 21 • Pensions

The group TEUR	2015	2014
The current value of wholly or partly funded commitments	4,554	4,663
Total current value of defined-benefit commitments	4,554	4,663
Net booked value concerning defined-benefit plans (see below)	4,554	4,663
The net amount is booked in the following items in the balance sheet:		
Allocation to pension reserve	4,554	4,663
Net amount in the balance sheet	4,554	4,663

Overview defined-benefit plans

The group has defined-benefit plans in Sweden, Germany, Italy and France. The majority of the Swedish pension plans are defined-benefit, which is satisfied through unfunded debt to PRI Pensionsgaranti. In Germany the pension debt concerns an agreement with the managing director. The pension com-

mitment in Italy and France concerns the statutory redundancy payment that is paid out for all employees upon pension.

The defined-benefit plans are exposed to actuarial risks such as life span, currency, interest and investment risks.

The details below concern the above plans commonly.

Changes in current value of the commitment for defined-benefit plans

The group TEUR	2015	2014
Commitment for defined-benefit plans per the January 1	4,663	3,438
Cost concerning service during the current period	146	124
Interest expense	119	140
Revaluations		
Actuarial profits and losses on changed demographical assumptions		
Actuarial profits and losses on changed financial assumptions	-352	568
Experience-based adjustments		23
Effects of acquisition/sale of business		523
Effects of reductions and regulations		
Compensation paid out	-66	-56
Exchange rate differences	46	-97
Commitment for defined-benefit plans per the December 31	4,556	4,663

Current value of the commitment is distributed on the plan's/ plans' members as follows:

- Active members 58% (2014, 55%)
- Free policy holders 34% (2014, 36%)
- Pensioners 9% (2014, 9%)

Cost booked in the profit and loss account

The group TEUR	2015	2014
Cost concerning service during the current period	146	124
Interest expense on the commitment	119	140
Total net expense in the profit and loss account	265	264

Note 21 continued

The expense is booked in the following lines in the profit and loss account

The group TEUR	2015	2014
Sales expenses	146	124
Financial expenses	119	140
Total	265	264

Booked in the other comprehensive income.

The group TEUR	2015	2014
Revaluations:		
Actuarial profits (-) and losses (+)	-352	591
Net booked in the other comprehensive income.	-352	591

Assumptions for defined-benefit commitments

The most common actuarial assumptions per accounting date (expressed as weighted average)

The group %	2015	2014
Discount rate per the December 31	3.10	2.75
Future salary increase	2.50	2.50
Future increase of pensions	1.50	1.50

The length of life assumptions are based on published statistics and mortality figure.
The actual length of life that the commitment is calculated on appears in the table below:

Length of life assumptions at 65 years – pensioned members:

	2015	2014
Men	23	23
Women	25	25

Length of life assumptions at 65 years – for members who are 45 years:

	2015	2014
Men	43	43
Women	45	45

Sensitivity analysis

In the table below possible changes of the actuarial assumptions are presented per the time of closing, other assump-

tions unchanged, and how these would affect the defined-benefit commitment.

The group TEUR	Increase	Decrease
Discount rate (0.5% change)	-1,247	439
Expected mortality (1 year change)	94	-95
Future salary increase (0.5% change)	116	-91
Inflation (0.5% change)	223	-200

Note 21 continued

Effects on future cash flow

Per 2015-12-31 the cash flow based duration is used when calculating the commitment to 20.4 years (20.7).

The group estimates that TEUR 145 will be allocated during 2016 for funded and non-funded defined-benefit plans that are booked as defined-benefit and TEUR 495 will be paid during 2016 to the defined-benefit plans that are booked as defined-contribution.

The commitment for retirement pension and family pension for officers in Sweden is secured through an insurance in Alecta. In accordance with a statement from the Swedish Audit Crisis Group, UFR 10, this is a defined-benefit plan that comprises several employers. For the financial year 2015 the company has not had any such information available that makes it possible to book this plan as a defined-benefit plan. The pension plan in accordance with ITP that is secured through an insurance in Alecta is therefore booked as a defined-contribution plan. The annual fees for pension insurances that are taken out with Alecta amount to TEUR 297 (238). Alecta's surplus can be distributed to the insurance

holders and/or the insured. At the end of 2015 Alecta's surplus in the form of collective consolidation level amounted to 153 percent (143). The collective consolidation level consists of the market value of Alecta's assets in percent of the insurance commitments calculated in accordance with Alecta's insurance technical calculation assumption, which does not agree with IAS 19.

Defined-contribution plans

In Sweden, the group has defined-contribution pension plans for workers that are fully paid for by the company. Abroad there are defined-contribution plans which are partly paid for by the subsidiary and partly covered through fees that the employee pays.

Payment to these plans takes place on an ongoing basis in accordance with the rules of the respective plan. Next year's anticipated fees for defined-contribution plans that are included by several employers but are booked as if the plan was defined-contribution amount to 0 TEUR.

Note 22 • Miscellaneous debts**Other short-term liabilities**

The group TEUR	2015	2014
Personnel related liabilities	1,847	1,462
VAT liabilities	965	776
Actual value currency derivative	0	603
Actual value interest rate derivative	0	109
Total	2,812	2,950

Note 23 • Accrued costs and prepaid income

The group TEUR	2015	2014
Accrued interest costs	0	204
Personnel related costs	3,255	3,471
Other posts	4,087	3,893
Total	7,342	7,568

Note 24 • Financial risk management and financial instruments

Finance policy and financial risk management

The group's management of financial risks is carried out based upon a finance policy set by the board whose purpose is to achieve a low risk level by effectively managing and controlling the group's financial risks. Through its business the group is exposed to currency risk, interest risk, liquidity and financing risk, raw material price risk and credit risk.

Currency risk

Exposure to currency risk can be divided into transaction exposure, respectively conversion exposure.

Transaction exposure

Transaction exposure is the risk for a negative effect on the group's profit due to changes in currency exchange rates that affect the value of a commercial transaction in a foreign currency relative to the functional currency for the group company that carries out the transaction. The group's transaction exposure is handled in as large an extent as possible through matching the inflow and outflow in the same currency. The remaining exposure is handled through the use of currency derivatives.

In accordance with the finance policy 60-80 percent of the forecast net inflow or outflow of the currencies with significant effect for the group must be hedged. Hedging shall be done on an ongoing basis over a horizon of 12 to 24 months forward in time. The currencies that the group primarily has a transaction exposure to are SEK and GBP toward EUR. The group has a positive net inflow in these currencies. Other currencies are deemed as only having a minor impact on the group's profit and financial position.

As per the finance policy currency futures and currency options may be used as hedging instruments. Per the accounting date there were only outstanding currency futures.

The group does not apply any hedge accounting. All changes in the actual value for currency futures are thus booked directly in the profit and loss account for the period when they occur.

The actual value of the outstanding currency derivative per the accounting date amounted to net TEUR 255 (-603). Net profit (+)/net loss (-) on futures during the financial year amounted to TEUR 859 (-239) before tax.

Conversion exposure

Conversion exposure occurs when recalculating the statement of financial position and profit and loss account for subsidiaries that do not have EUR as a functional currency as the group has EUR as a presentation currency. The group has above all a conversion exposure in SEK toward EUR as significant parts of the group's net assets are in Swedish kronor. Conversion exposure is not hedged.

Sensitivity analysis currency risk

A 5 percent reinforcement of the Euro against the Swedish krona would involve a positive effect on the group's booked profit by approximately TEUR 500.

Interest risk

Interest risk is made up of the risk that a change in market interest has a negative effect on the profit. During June 2014

Troax issued a debenture loan with a nominal amount of 70,000 TEUR. The bond runs with a variable interest in the form of EURIBOR 3 months plus a margin of 5.5 percent. Changes in EURIBOR thus affect the group's net interest income/expense.

With the purpose of securing the exposure to interest risk Troax has entered into an interest swap of nominal TEUR 24,000 where the company receives EURIBOR and pays fixed interest. The swap runs until May 2016.

An increase in EURIBOR with 100 interest points would involve an increase of interest expenses of TEUR 553 before tax, given the indebtedness that existed on the accounting date and taking into account outstanding hedges.

The group does not apply any hedge accounting. All changes in the actual value for the interest rate derivative are thus booked directly in the profit and loss account for the period when they occur.

The actual value of the outstanding currency derivative per the accounting date amounted to net TEUR -47 (108). Net profit (+)/net loss (-) on the interest rate derivative during the financial year amounted to TEUR +61 (-91) before tax.

Liquidity and financing risk

Liquidity and financing risk are the risk that the group does not have access to financing to be able to handle its contractual obligations, or that this can only be done at a significantly increased cost. According to the finance policy the group's cash plus overdraft must amount to a total of at least MEUR 5. At the accounting date cash amounted to MEUR 10.8 (13.2). Since 2015 the group has a central overdraft available on the accounting date of MEUR 3.

The debenture loan issued in June 2014 runs up to June 2020. Under the debenture loan Troax has the possibility to issue additional bonds of TEUR 30,000. The debenture loan is associated with loan terms and conditions that must be fulfilled. The quota between the net interest bearing debt and EBITDA may not exceed 3.5 and the interest coverage ratio must exceed 3.00. As per the accounting date Troax fulfilled these terms and conditions.

The debenture loan also contains limitations where the possibility for Troax to make dividends or other types of value transfers to shareholders is concerned. Troax has the possibility to distribute between 50-70 percent of the net profit depending on the level of interest bearing debt in relation to EBITDA (50 percent can be distributed as long as the level is not higher than 2.5. 60 percent can be distributed as long as the level is not higher than 2.0 and 70 percent can be distributed as long as the level is not higher than 1.5).

Under the conditions of the bond Troax has obliged itself to note the debenture loan no later than 12 months after the loan was issued and the June 12 2015 was the first day for trade with bonds on Nasdaq Stockholm.

The table shows the maturity structure for 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 run with a variable interest rate the future interest payment has been estimated based upon the variable spot interest rate that existed on the accounting date.

Note 24 continued

2014		Contractual payments of principal and interest				
The group		2015	2016	2017	2018	2019 and later
TEUR						
Interest bearing liabilities						
Long-term interest bearing liabilities						66,597
Interest		3,801	3,801	3,801	3,801	5,702
Non-interest bearing liabilities						
Accounts payable		8,679				
Other short-term liabilities						
Currency derivative		711				
Liabilities that are not derivatives		2,239				
Accrued costs		4,097				
Total		19,527	3,801	3,801	3,801	72,299
2015		Contractual payments of principal and interest				
The group		2016	2017	2018	2019	2020 and later
TEUR						
Interest bearing liabilities						
Long-term interest bearing liabilities						56,648
Interest		3,300	3,300	3,300	3,300	1,650
Non-interest bearing liabilities						
Accounts payable		9,415				
Other short-term liabilities						
Currency derivative						
Liabilities that are not derivatives		2,812				
Accrued costs		3,255				
Total		18,782	3,300	3,300	3,300	58,298

Note 25 • Operational leasing

Leasing agreement where the company is lessee

Future payments for non-terminable leasing agreement amounts to:

The group		2015	2014
TEUR			
Within one year		2,450	2,341
Later than one but within five years		4,928	5,261
Later than five years		550	739
Total		7,928	8,341

Of the group's operational leasing agreements the majority relate to rental agreements for properties and premises where the business is carried out. Expensed fees for operational leasing agreements amount to:

The group		2015	2014
TEUR			
Minimum lease fees		2,241	2,406
Total leasing costs		2,241	2,406

Note 26 • Investment commitments

During 2014 the group has concluded an agreement to acquire tangible fixed assets for 5.8 (0) MEUR concerning a new lacquering plant which has been carried out during 2015.

No new significant agreements concerning investments have been concluded during 2015.

Note 27 • Pledged assets, contingent obligations and contingent assets

The group			
TEUR		2015	2014
Pledged assets			
In the form of pledged assets for own liabilities and provisions			
Net assets in subsidiary		0	130,291
Total pledged assets		0	130,291
The parent company			
TEUR		2015	2014
Contingent obligations			
Guarantee obligations for the benefit of subsidiaries		0	44,085
Total contingent obligations		0	44,085

Troax's previous business has brought about an elevated level of Trichlorethylene in the ground water at the property in Hillerstorp, Sweden. At present measurements are being carried out, among others in the form of drilling, with the purpose of determining what environmental impact the previous business has had. The test result from inspections currently shows levels that in normal cases do not give rise to further measures. The test results from the previous drillings are not sufficient to predict or determine what the end result will be with any certainty. At the point in time of these annual accounts

the Company has not made any provisions with regard to the current environmental issue. Based upon historical data surrounding costs for decontamination and follow-up treatment measures, including with the support of the Swedish Environmental Protection Agency's report 5663, February 2007, the Company has estimated that the financial risk should not exceed MSEK 10. If the above-mentioned studies should show that further measures must be taken then this amount may prove to be too low.

Note 28 • Group companies

Holding in subsidiary

	Subsidiary's principal place of business, country	2015 Equity interest in %	2014 Equity interest in %
Troax Group AB (publ)	Gnosjö, Sweden	100.0	100.0
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	Genova, Italy	100.0	100.0
Troax Schweiz AG	Altendorf, Switzerland	100.0	100.0
Troax Inc.	Nashville, USA	100.0	100.0
Troax Nordic AS	Oslo, Norway	100.0	100.0
Troax SA	Chambéry, France	100.0	100.0
Troax BV	Lisse, The 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 System 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
Lagermix Rullportar AB	Gnosjö, Sweden	100.0	0

TEUR	2015	2014
Accumulated acquisition value		
Opening acquisition value	7,827	4,352
Issue in kind	0	3,475
Takeover through merger of Troax Corp AB	79,867	0
Booked value the December 31	87,694	7,827

Specification of the parent company's direct holding of shares in subsidiary

Subsidiary/Business registration number/ Principal place of business	Number of shares	Share in %	2015	2014
			Booked value	Booked value
Troax Corp AB, 556916-4048, Gnosjö	4,686,873	100		7,827
Troax AB, 556093-5719, Gnosjö	1,046,800	100	87,694	
			87,694	7,827

Merger during the financial year

Per 14/09/2015 the previously wholly-owned subsidiary Troax Corp AB (556916-4048) has been merged with the parent company. In the parent company's profit and loss account for 2015 TEUR 0 is included in net sales and MEUR -2.7 in operating profit/loss, which is attributed to Troax Group AB's profit and loss account for the time before the merger.

The group related value of assets and liabilities that were taken over by the parent company were, at the time of the merger, as per the following:

Fixed assets	100,297
Current assets	1,591
Liabilities	-95,593
Net	6,295

Note 29 • Related parties

Related party relationships

The parent company has a related party relationship with its subsidiaries, see note 28. During 2015 no new purchases or sales have taken place to or from related parties.

Transactions with key persons in leading positions

Wages and other compensations to key persons in leading positions appear in note 6.

Note 30 • Specifications for statement of cash flows

Liquid assets – the group

TEUR	2015	2014
The following sub-components are included in liquid assets:		
Cash and bank deposits	10,831	13,174
Total according to the cash flow analysis	10,831	13,174

Liquid assets – the parent company

TEUR	2015	2014
The following sub-components are included in liquid assets:		
Cash and bank deposits	36	51
Total according to the cash flow analysis	36	51

Adjustments for items that are not included in the cash-flow – the group.

TEUR	2015	2014
Depreciation	2,069	2,245
Changes in the value of financial instrument	920	330
Allocation to pension reserve	-109	
Allocations	27	88
Other posts	24	-244
	2,931	2,419

Note 30 continued

Acquisition of subsidiary and other business units – the group

TEUR	2015	2014
Acquired assets and liabilities		
Intangible assets	400	82
Tangible fixed assets		220
Stock		1,272
Operating receivables		6,437
Liquid assets		1,605
Total assets	400	9,616
Long-term provisions		1,173
Long-term interest bearing liabilities		25
Short-term operating liabilities		3,113
Total provisions and liabilities	0	4,311
Goodwill		18,933
Purchase-sum	-405	-24,238
Concerns: Issue in kind	–	3,636
Compensation from minority partners		
Vendor loans		
Paid purchase-sum	-405	-20,602
Concerns: Liquid assets in the acquired business		1,605
Effect on liquid assets	-405	-19,014

Note 31 • Details about the parent company

Troax Group AB (publ), business registration number 556916-4030, is a Swedish registered joint-stock company with its primary place of business in Gnosjö. The address of the head office is P.O. Box 89, SE-330 30 Hillerstorp. The consolidated

financial statements for year 2015 are comprised of the parent company and its subsidiaries, together designated the group.

Proposal for appropriation of profits

TEUR	
Non-restricted equity in the parent company is in TEUR:	
Premium fund	32,741
Profit/loss brought forward	1,031
Annual profit/loss	4,339
Total	38,111

The board's opinion over the proposed distribution of profits
The board proposes that SEK 3 per share be distributed to the shareholders, total MSEK 60.

The proposed distribution to shareholders reduces the company's solidity to 36.5 percent and the group's solidity to 38.8 percent. The solidity is satisfactory against the background of the company's and the group's business continuing to be carried out with profitability. The liquidity in the company and the group is deemed as being able to be maintained on an equally as satisfactory level.

The board's view is that the proposed distribution does not hinder the company, and other companies included in the group, from fulfilling their obligations in the short or long-term or from fulfilling requisite investments. The proposed distribution can thereby be defended with regard to what is recommended in the Swedish Companies Act Chapter 17 Section 3, paragraphs 2–3 (the rule of caution).

The record day for payment is 2016-05-12.

Assurance

It is hereby assured that in so far as we are aware that the annual financial statements are drafted in accordance with good accounting practices for listed companies. The details submitted correspond with the actual conditions in the business

and nothing of significant importance has been excluded that would affect the picture of the group and the parent company that is created by the annual financial statements.

Gnosjö March 17, 2016

Lennart Sundén
Chairman of the Board

Curt Germundsson
Board Member

Anna Stålenbring
Board Member

Jan Svensson
Board Member

Peter Möller
Board Member

Bength Håkansson
Employee Representative

Per Borgvall
Board Member

Thomas Widstrand
Board Member, CEO and Group Chief Executive

The annual financial statements and consolidated financial statements have, as stated above, been approved for issuance by the board on March 17, 2016. The group's consolidated profit and loss account and consolidated statement of finan-

cial position and the parent company's profit and loss account and statement of financial position are subject to adoption at the annual general meeting on May 10, 2016.

Our auditor's report has been submitted on March 18, 2016

Öhrlings PricewaterhouseCoopers AB

Magnus Brändström
Chartered Accountant

Auditor's report

To the annual general meeting in Troax Group AB (publ), business registration number 556916-4030

Report about the annual financial statements and consolidated financial statements

We have carried out an audit of the annual financial statements and consolidated financial statements for Troax Group AB (publ) for the year 2015 with the exception of the corporate governance report on pages 62–66.

The board's and managing director's responsibility for the annual financial statements and consolidated financial statements

It is the board and the managing director who have the responsibility to drafting an annual financial statement that gives a true picture in accordance with the Swedish Annual Accounts Act and a consolidated financial statement that gives a true picture in accordance with International Financial Reporting Standards, such as they are adopted by the EU and the Swedish Annual Accounts Act and for the internal control that the board and managing director deem are necessary in order to draft an annual financial statement and consolidated financial statement that do not contain significant inaccuracies, whether these are due to improprieties or to errors.

The auditor's responsibility

Our responsibility is to express ourselves regarding the annual financial statements and consolidated financial statements on the basis of our audit. We have carried out the audit in accordance with the International Standards on Auditing and good auditing practices in Sweden. These standards require that we follow professional ethics requirements and plan and carry out the audit in order to achieve reasonable certainty that the annual financial statements and the consolidated financial statements does not contain significant inaccuracies.

An audit involves obtaining audit evidence about sums and other information in the annual financial statements and in the consolidated financial statements through different measures. The auditor chooses which measures will be carried out, among others, through evaluating risks for significant inaccuracies in the annual financial statements and consolidated financial statements, whether these are due to improprieties or to errors. At this risk assessment the auditor takes into account the parts of the internal control that are relevant for how the company drafts the annual financial statements and the consolidated financial statements in order to give a true picture with the purpose of drawing up review measures that are appropriate with regard to circumstances, but not in the purpose of making a statement about the effectiveness in the company's internal control. An audit also includes an evaluation of the appropriateness in the accounting principles that have been used and the reasonability of the board's and managing director's estimations in the accounts, in addition to an evaluation of the overall presentation in the annual financial statements and the consolidated financial statements.

We feel that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Opinion

According to our opinion the annual financial statements have been drafted in accordance with the Swedish Annual Accounts Act and give, in all significant respects, a true picture of the parent company's financial position per the December 31 2015 and of its financial profit/loss and cash flow for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been drafted in accordance with the Swedish Annual Accounts Act and give, in all significant respects, a true picture of the group's financial position per the December 31, 2015 and

of its financial profit/loss and cash flow for the year in accordance with International Financial Reporting Standards, such as they are adopted by the EU and the Swedish Annual Accounts Act. The directors' report is consistent with the other parts of the annual financial statements and consolidated financial statements.

We therefore recommend that the annual general meeting adopts the profit and loss account and the statement of financial position for the parent company and the group.

Report regarding other requirements in accordance with laws and other statutes

In addition to our audit of the annual financial statements and consolidated financial statements we have also carried out an audit of the proposal for appropriation concerning the company's profit or loss and the board and managing director's administration for Troax Group AB (publ) for the year 2015. We have also carried out a statutory review of the corporate governance report.

The board and managing director's responsibility

It is the board who has the responsibility for allocations concerning the company's profit or loss and it is the board and the managing director who have the responsibility for the administration in accordance with the Swedish Companies Act and that the corporate governance report on pages 62–66 is drafted in accordance with the Swedish Annual Accounts Act.

The auditor's responsibility

Our responsibility is to, with reasonable certainty, express ourselves about the proposal for allocations concerning the company's profit or loss and about the administration on the basis of our audit. We have carried out the audit in accordance with good auditing practices in Sweden. As a basis for expressing ourselves about the board's proposal for allocations concerning the company's profit or loss we have reviewed whether the proposal is consistent with the Swedish Companies Act.

As a basis for our statement about discharge from liability we have, in addition to our audit of the annual financial statements and consolidated financial statements, reviewed significant decisions, measures and conditions in the company in order to be able to determine whether any board member or the managing director is liable for compensation toward the company. We have also reviewed whether any board member or the managing director has in any other manner acted contrary to the Swedish Companies Act, the Swedish Annual Accounts Act or the articles of association.

We feel that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Opinion

We recommend that the annual general meeting disposes of the profit in accordance with the proposal in the directors' report and grant the board's members and the managing director discharge from liability for the financial year.

A corporate governance report has been drafted and its statutory information is consistent with the other parts of the annual financial statements and the consolidated financial statements.

Stockholm, March 18, 2016
Öhrlings PricewaterhouseCoopers AB

Magnus Brändström
Authorised Public Accountant

Corporate governance report

This corporate governance report for 2015 has been examined by the company's auditor in accordance with Chapter 9 §31 of the Swedish Companies Act. The report constitutes a part of the report to the board of directors and contains information in accordance with Chapter 6 §6 of the Swedish Annual Accounts Act.

Corporate Governance

Troax Group AB (publ) ("Troax" or "The Company") is a Swedish public joint-stock company. The company's shares were listed in Nasdaq Stockholm on March 27, 2015 and since then the Company applies the Swedish code for corporate governance ("The Code"). Furthermore, the company and the group are governed in accordance with the articles of association, the Swedish Companies Act, rules for issuers and other applicable Swedish and foreign laws and regulations.

The code can be accessed on the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se). The code is based upon the principle "follow or explain", which means that companies who apply the code can deviate from individual rules if the company accounts for the deviation, states the reason for it and describes the solution that was chosen instead. The only deviation that Troax has made is that the audit committee is comprised of two and not three members as per rule 7.2. The reason for the deviation is that the board feels that the law's implicit requirement for two members is sufficient in a company of Troax's size.

Articles of association

The articles of association are established by shareholders at the annual general meeting and must contain a number of obligatory details for the Company. The articles of association state, among others, what business the Company will carry out, the size of the board and principal place of business, limits for the number of shares and share capital and how the annual general meeting is to be called. Furthermore the company's articles of association state that the annual general meeting can be held in Gnosjö, Jönköping or Stockholm. The articles of association are available on the Company's website, <http://www.troax.com/sv/investors/corporate-governance/bolagsordning>.

Share capital and shareholders

At the end of the year the share capital amounted to EUR 2,574,618.37 divided by a total of 20,000,000 shares.

In accordance with the articles of association all shares have an equal vote value and in so far as the board is aware there are no shareholder agreements or other agreements between shareholders that affect the shareholders' right of decision and rights. At the end of 2015 the Investment joint-stock company Latour owned 6,020,800 shares, corresponding to 30.1 percent of the capital and votes. The ten largest shareholders together owned 68.9 percent of shares in the company. For additional information about the share and shareholders see page 72.

Annual general meeting

According to the Swedish Companies Act the annual general meeting is the Company's highest deciding body. At the annual general meeting the shareholders decide upon central issues such as adoption of the profit and loss account and statement of financial position, disposition of the Company's profit, granting discharge from liability for the board's members and managing director, election of board members and auditors and compensation to the board and auditors.

The annual general meeting must be held within six months of the end of the financial year. In addition to the annual general meeting an extraordinary general meeting can also be called. In accordance with the articles of association the annual general meeting is called through advertising in the official gazette *Post och Inrikes Tidningar* and through the summons being kept available on the Company's website. At the point in time of the summons the information that a summons has been made must be published in the Swedish newspaper *Svenska Dagbladet*.

Right to participate in annual general meetings

Shareholders who want to participate in the annual general meeting must be entered in the shareholders' ledger kept by Euroclear Sweden on the day that occurs five weekdays before the meeting and report their participation to the Company no later than the day that is stated in the summons to the annual general meeting. Shareholders can be present at annual general meetings personally or through a representative and can also be assisted by a maximum of two people. Normally the shareholder has the opportunity to report their participation to the annual general meeting in several different ways, which are stated in the summons. The shareholder is entitled to vote for all shares that the shareholder possesses in the Company.

Initiative from shareholders

Shareholders who want to have a matter dealt with at the annual general meeting must submit a written request for this to the board. Such a request must normally be in the hands of the board no later than seven weeks before the annual general meeting. Ahead of the annual general meeting details will be provided in good time on the Company's website as to how shareholders shall proceed in order to have a matter dealt with at the meeting.

Annual general meeting 2015

The annual general meeting 2015 was held on the 4th of March. At this decisions were made, among others, to go from a private to a public joint-stock company and a decision was made for new articles of association. Furthermore, six board members were elected including chairman Lennart Sundén and an election committee was designated, see below under "Election committee". At the annual general meeting a decision was also made regarding a change of the company's articles of association by which the company's firm will be Troax Group AB

(publ). At the meeting all shares and votes were represented. At the meeting the annual financial statements were presented and approved with the associated auditor's report, at which the board and the managing director were granted discharge from liability. It was decided that compensation to the board should amount to a total of TEUR 95 and that elected auditors should be compensated according to approved invoice. It was also decided to increase the share capital to EUR 2,574,618.37 through bonus issue. The board was also authorised to, ahead of the next annual general meeting, make a decision regarding a new issue of shares, convertibles and/or subscription warrants for a number corresponding to a maximum of five percent of the total number of shares and votes in the Company, to be paid in cash, through issue in kind and/or through set-off. All decisions were unanimous.

Extraordinary general meeting the May 28 2015

At the extraordinary general meeting in the Company the May 28, 2015 it was decided to increase the board to seven members chosen by the shareholders' general meeting. A new election process was undertaken by Anna Stålenbring, Per Borgvall and Jan Svensson. At the same time Lars Hellberg and Kennet Lundberg resigned. The meeting also decided upon an increase of the total compensation to the board of TEUR 19 to a total of TEUR 114 (excluding any compensation for committee work, which can amount to a maximum of TEUR 11). At the extraordinary general meeting nine shareholders were represented and these corresponded to 59.6 percent of the total number of votes and shares in the Company.

Election committee

Companies that follow the Code must have an election committee. As per the Code the annual general meeting must designate the election committee's members or make a decision as to how they will be designated. The election committee, as per the Code, must be comprised of 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 election committee's members must be independent to the electorally largest shareholder or group of shareholders that co-operate about the company's management.

The election committee for the annual general meeting 2016 is comprised of Lennart Sundén (chairman of the board), Anders Mörck (representative for the shareholder Latour), Jan Särilvik (representative for the shareholder Nordea fonder) and Ulf Hedlundh (representative for the shareholder Svolder). The election committee's composition fulfils the above mentioned independence requirement. The election committee's mandate period shall continue until a new election committee has been designated. On the Company's website details are provided that the shareholders have the opportunity to submit their own suggestions to the election committee by sending a letter to the following address: Troax Group AB, Attn: Election Committee Anders Mörck, P.O. Box 89, 330 33 Hillerstorp.

Merger

On September 14 2015 the Company carried out a merger between Troax Group AB (publ) and the wholly-owned subsidiary Troax Corp AB (publ). The merger was carried out for practical

and financial reasons and has no material effect on the Group's position or result.

The board

The board 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 others, setting goals and strategies, ensuring routines and systems for evaluating set goals, continuously evaluating the Company's profit/loss and financial position, as well as evaluating the operative management. The board is also responsible for ensuring that the annual financial statements and interim reports are drafted at the right time. In addition the board designates the managing director and evaluates his/her work annually.

The board members are normally elected at the annual general meeting for the time until the end of the next annual general meeting. In accordance with the Company's articles of association the board must, for the part that is elected by the annual general meeting, be comprised of at least three members and a maximum of eight members without deputies. In accordance with the Code, the board's chairman must be elected by the annual general meeting and have special responsibility for management of the board's work and for the board's work being well organised and carried out in an effective manner.

The board follows written rules of procedure that are established annually at the statutory board meeting. The rules of procedure regulate, among others, board practices, functions and the division of work between board members and the managing director and established committees. In connection with the statutory board meeting the board also establishes the instruction for the managing director containing financial reporting. Furthermore, the board follows policies and guidelines adopted for the company such as information policy and finance policy, in addition to the policy for business ethics.

The board meets in accordance with an annually established schedule. In addition to these board meetings additional board meetings can be called in order to deal with matters that cannot be referred to an ordinary board meeting. In addition to the board meeting the chairman of the board and the managing director have a continuous dialogue concerning management of the Company.

During the year the board has convened ten times. For attendance during 2015, see separate table. Agendas for the board meeting, together with the documentation that is required in accordance with the rules of procedure are sent out to board members approximately one week before the meeting. In addition to this documentation, board members receive monthly continuous follow-up of the financial development and other relevant information.

The board's chairman and managing director discuss and decide upon matters for respective meetings before these take place. The Company's CFO participates regularly in the company's board meetings. In addition to these members of the group management other participants can be involved in the meetings if this is so desired or is necessary.

The company's board is currently comprised of seven ordinary members and an employee representative, which are

presented further in the section "Board, leading officers and auditors".

Audit committee

The board has decided to establish an audit committee comprised of Anna Stålenbring (chairman) and Per Borgvall (applies from the time after May 28) and this has had two meetings during 2015, of which the committee at the one meeting has also met together with the auditor. (For the time up to May 28 the board has been responsible). Its tasks are comprised of, as per instructions accepted by the board, primarily to:

- monitor the Company's financial reporting,
- monitor the effectiveness of the Company's internal control, internal audit and risk management,
- keep informed about the audit of the annual financial statements and the consolidated financial statements,
- review and monitor the auditor's impartiality and independence and with this particularly be aware as to whether the auditor furnishes the Company with other services than audit services,
- assist with drafting a proposal to the annual general meeting's decision regarding election of auditor.

Important issues that the committee has dealt with during the year concern, among others, risk management and financial reporting and evaluation of set principles for the financial reporting and the internal control.

Compensation committee

The board has decided to designate a compensation committee for 2015 comprised of Jan Svensson (chairman) and Peter Möller (applies to the period after the May 28). (For the time up to May 28 the board has been responsible). The compensation committee has met one time during 2015. Where compensation matters are concerned for 2015 this means that the committee in accordance with the instruction adopted by the board, has:

- prepared suggestions concerning compensation principles, compensation and other employment terms and conditions for the managing director and leading officers,
- reviewed and evaluated existing and completed programmes concerning variable compensations to the Company's management, and
- reviewed and evaluated the application of guidelines for compensation to leading officers that the annual general meeting has decided on and other compensation structures and compensation levels within the Company.

Evaluation of the board's work

The board's chairman is responsible for evaluation of the board's work, including assessment of individual board members' performances. This is done on an annual basis in accordance with a systematic and established process that, among others, aims at developing a good basis for improvements of the board's own work. The assessment focuses on factors such as availability of and requirement for specific competence within

	Attendance		Compensations, TEUR				Independence		
	Board meeting	Audit committee	Compensation committee	Fee/ Basic salary	Variable compensation	Other benefits	Pension	In relation to the company and the company's management	In relation to larger shareholders
The board									
Lennart Sundén	10/10			38.2	–	–	–	Yes	Yes
Curt Germundsson	10/10			19.1	–	–	–	Yes	Yes
Peter Möller	10/10		1/1	0.0	–	–	–	Yes	Yes
Bength Håkansson	10/10			0.0	–	–	–	Yes	Yes
Lars Hellberg	4/10			9.4	–	–	–	Yes	Yes
Kenneth Lundberg	3/10			9.4	–	–	–	Yes	Yes
Anna Stålenbring*	6/10	1/1		12.7	–	–	–	Yes	Yes
Jan Svensson*	6/10		1/1	12.5	–	–	–	Yes	No
Per Borgvall*	5/10	1/1		11.8	–	–	–	Yes	Yes
Managing Director									
Thomas Widstrand	10/10			225.9	83.1	10.9	82.8	No	Yes
Other leading officers x 5				743.7	207.5	58.1	194.4	No	Yes

*Elected as board members at the annual general meeting on May 28 2015 Board members Lars Hellberg and Kenneth Lundberg resigned at the same meeting and have not received any compensation after this point in time.

the board, engagement, the quality of the board's material and time for reading the same. The evaluation is partly done individually, through a poll that is filled in and reviewed and partly through discussions at the board meeting. The purpose of the evaluation is to give the board's chairman information about how the board members perceive the board's efficiency and common competence and whether there is the need for changes in the board. The evaluation of the board's chairman is done by the other members. The result of the evaluation is reported to the election committee and forms the basis for the election committee's proposal to the board members and compensation to the board.

Managing director and other leading officers

The managing director is subordinate to the board and is responsible for the Company's current administration and the daily operation. The distribution of work between the board and the managing director is regulated in the board's rules of procedure and in an instruction to the managing director. The managing director is also responsible for drafting reports and compiling information from the management ahead of the board meeting and is reporter of the material at board meetings.

In accordance with instructions for financial reporting the managing director is responsible for the Company's financial reporting and must consequently ensure that the board receives correct information in order for it to be able to evaluate the Company's financial position.

The managing director must continuously keep the board informed about the development in the Company's business and sales, profit/loss and financial position, cash flow, credit status, important business events and all other events, circumstances or conditions that can be assumed to be important to the Company's shareholders.

The managing director and leading officers are presented in the section "Board, leading officers and auditors".

Compensation to board members, managing director and leading officers

Compensation to board members

Decision about the fee and other compensation to board members, including the chairman is decided upon at the annual general meeting. Compensation to the board's chairman was set at TEUR 38 and at TEUR 19 each for board members Curt Germundsson, Jan Svensson, Anna Stålenbring and Per Borgvall. Thomas Widstrand receives no compensation in his capacity as employed in the company and Peter Möller has refused the same. After the end of the task a board member does not have any right to any benefits.

Guidelines for compensation to the managing director and other leading officers

The annual general meeting that was held in March 2015 made a decision about guidelines for compensation to the managing director and other leading officers.

Compensation and attendance during the financial year 2015

Compensation to the Company's management is comprised of a basic salary, variable compensation, pension benefits and other benefits. Shown in the table below is an overview of compensa-

tion to board members and leading officers during the financial year 2015.

Current employment agreement for managing director and other leading officers

A decision regarding current compensation levels and other employment terms and conditions for the managing director and other leading officers has been made by the board. Agreements, such as pensions, must where possible be based on fixed premiums and must follow levels, practices and collective agreements that apply in the country where the affected leading officer is employed.

The managing director has the right to a fixed annual salary of TEUR 226 and a variable salary that is linked to certain key figures, which corresponds to a maximum of TEUR 113. During 2015 the total compensation, including allocation for pension reserve for the managing director, amounted to TEUR 403. The managing director is covered, in addition to the Swedish National Insurance Act, by the so-called base platform 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 service pension agreement.

At the end of the financial year the circle of leading officers was comprised of five persons in addition to the managing director. During 2015 the total compensation to leading officers amounted to TEUR 1,204. For leading officers residing in Sweden a notice period of 3–6 months applies for the employee and for the employer a notice period of 6–12 months. Certain leading officers have the right to a redundancy payment of 12 monthly salaries in addition to the salary paid out during the notice period. Leading officers are, in addition to the Swedish National Insurance Act, covered by the ITP plan including the right to a pension scheme for staff on high salaries.

Audit

The auditor must review the Company's annual financial statements and accounts and the board's and managing director's administration. After each financial year the auditor must supply an auditor's report and a consolidated auditor's report to the annual general meeting. During 2015 the auditor has participated in two board meetings in order to provide comments to current audits and the general set-up for the accounting year and has also met with the audit committee. The auditors are elected up to the annual general meeting 2016.

In accordance with the Company's articles of association the Company must have a minimum of one and maximum of two auditors with a maximum of two deputy auditors. The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with Magnus Brändström as principal auditor. The Company's auditor is presented further in the section "Board, leading officers and auditors".

In 2015 the total compensation to the Company's auditors amounted to TEUR 269.

Internal control

This description has been drafted in accordance with Chapter 6 §6, paragraph 2 of the Swedish Annual Accounts Act and contains the most important components in the Company's system

for internal control and risk management in connection with the financial reporting.

The goal of the internal financial control within Troax is to create an effective decision making process in which the requirement, the goal and the framework are clearly defined. The Company and the management work with the internal control system in order to monitor the company and the group's financial position.

Control environment

The basis for the internal control concerning the financial reporting is made up of the overall control environment. Troax's control environment is comprised of, among others, sound values, competence, management philosophy, organisational structure, responsibility and authorities. Troax's internal instructions, policies, guidelines and manuals guide employees. The control environment also includes laws and external regulations.

In Troax a clear role and division of responsibility is ensured for an effective handling of the company's risks, among others, through rules of procedure for the board and committees, in addition to the instruction for the managing director. In the continuing operations the managing director is responsible for the system of internal control that is required to create a control environment for significant risks. In Troax there are also guidelines and policies regarding financial control and follow-up, communication issues and business ethics.

The board has designated an audit committee that, among others, has the task of ensuring that established principles for the financial reporting and internal control are upheld.

Risk assessment and control activities

Risks for significant inconsistencies in the accounting can occur in connection with bookkeeping and valuation 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 statement of assets and liabilities and profit and loss account posts based upon qualitative and quantitative risks.

Normal control activities include reconciliation of accounts and supporting controls. The purpose of all control activities is to prevent, discover and correct any errors or deviations in the financial reporting. In the group's work with internal control the most significant risks concerning the financial reporting are handled through control structures that are fundamentally based on deviation reporting from established goals or norms.

Information and communication

The Company has adopted an Information policy with the purpose of following the information requirements for a company with shares listed on a regulated market.

The company has drafted policy documents with the purpose of informing employees and other affected parties within Troax of the applicable rules and regulations for the Company's information disclosure and the special requirements that apply for persons active within a listed company, for example where it concerns information that affects the rate.

Furthermore, significant accounting principals and manuals are updated and communicated to employees on an ongoing

basis, in addition to other documents of significance to the financial reporting. Employees also have the opportunity to utilise several information channels so that significant information can reach the company management and the board.

Follow-up

The group applies IFRS. Financial data is reported monthly from 21 reporting units and takes place in accordance with standardised reporting routines. The reporting constitutes the basis for the group's consolidated financial reporting. Consolidation is done based upon a legal and operative perspective, which results in quarterly legal reports and monthly operative reports.

The board evaluates the information that is submitted in accordance with the above and by the audit committee on an ongoing basis. In this context it is the audit committee's result concerning work with reviewing the effectiveness in the company management's work with the internal control. The board's work also includes, among others, ensuring that measures are taken concerning the deficiencies and proposals for measures that have emerged at the internal control and the external audit.

Internal audit

As per the Code the board must annually make a decision as to whether the Company will have an internal audit function that evaluates whether the internal management and control function as intended, or whether the board in some other manner ensures itself that this is the case.

The Company has not set up any special function for internal audit with regard to the financial reporting. This task is fulfilled by the board in its entirety. The issue is also under consideration annually by the audit committee. Effective board work is thus the basis for good internal control. Troax's board has established rules of procedure and clear instructions for its work.

On a group level each managing director per legal unit together with the legal and/or operative unit's finance function and the group's finance director are responsible for a requisite control being carried out and that follow-up takes place. The internal control includes a control over the company's and group's organisation, routines and follow-up measures. The purpose is to ensure that a reliable and correct financial reporting takes place, that the company's and group's financial reporting is drafted in accordance with laws and applicable accounting standards and that other requirements are followed. The system for internal control also aims at monitoring observance of the company's and group's policies, principles and instructions. In addition to this protection of the company's assets is also monitored and that the company's resources are utilized in a cost-effective and suitable manner. Furthermore, internal control takes place through the follow-up of implemented information and business systems and through analysis of risks.

In accordance with the above the board feels that the Company fulfils the requirement for a good internal audit and that the Company thus does not need to set-up a special function for internal audit.

Group Highlights

Profit and loss account, MEUR	2015	2014	2014 ¹	2013 ²
Net sales	103.7	84.5	91.2	70.1
Operating costs	-81.3	-70.7	-76.3	-62.6
Operating profit/loss	22.4	13.8	14.9	7.5
Net interest income/expense	-4.1	-3.5	-4.4	-4.2
Profit/loss before tax	18.3	10.3	10.5	3.3
Tax	-4.6	-1.6	-1.8	-1.1
Annual profit/loss	13.7	8.7	8.7	2.2

1) In the column 2014 Satech has been included as if the acquisition took place per January 1 2014

2) In the column 2013 the operating activities in the group have been included as if the acquisition took place per January 1 2013

Statement of financial position, MEUR	2015	2014	2013
Fixed assets	102.5	96.7	83.8
Other receivables	30.8	26.5	17.2
Liquid assets	10.8	13.2	15.5
Total assets	144.1	136.4	116.5
Shareholders' equity	60.0	43.2	45.9
Allocations	64.5	73.2	54.6
Other short-term liabilities	19.6	20.0	16.0
Total shareholders' equity and liabilities	144.1	136.4	116.5

Cash flow, MEUR	2015	2014	2013
Cash flow from continuing operations	13.3	11.2	10.0
Cash flow from investment activities	-5.7	-18.2	-71.0
Cash flow from financing activities	-10.0	5.7	77.7
Cash flow for the period	-2.3	-1.3	16.7

Board of Directors

(Equity interest per 31/12/2015)

Lennart Sundén

Chairman of the Board
since 2013

Born: 1952

Education: Master of Engineering in Engineering Physics from KTH Royal Institute of Technology and Master of Science in Business and Economics from the Stockholm School of Economics

Work experience: Manager for vacuum cleaners and small devices Electrolux, Group Chief Executive and Managing Director Swedish Match AB, Managing Director Sanitec Corporation, advisor and board appointment in private equity company

Other significant board appointments: Board Member at Preem AB, Chairman of the Board at Aura Light International AB and Aura Light Holding AB, board member at Velcora Holding AB

Equity interest: 157,573



Per Borgvall

Board Member since 2015

Born: 1958

Education: Master of Engineering Road & Water Construction Chalmers University of Technology

Work experience: Group Chief Executive and Managing Director Gunnebo AB, AB Fagerhult, Division manager IMI Plc, Managing Director Tour & Andersson AB and Uponor AB

Other significant board appointments: Board Member at Nederman Holding AB and Louis Poulsen Lighting A/S

Equity interest: 4,500



Peter Möller

Board Member since 2013

Born: 1972

Education: Master of Science in Business and Economics from the Stockholm School of Economics and graduate from Wharton, USA

Work experience: Partner FNS Capital, Vice President Goldman Sachs, investment manager Permira

Other significant board appointments: Chairman of the Board FSN Capital Partners AB and Instalco Sverige AB, board member in Green Landscaping Holding AB, Vindora Holding AB, Instalco Holding AB, Kjell Koncern AB and Dorothy Holding AB

Equity interest: 0



Anna Stålenbring

Board Member since 2015

Born: 1961

Education: Master of Science in Business and Economics from Växjö University

Work experience: Leading positions within the Nefab Group, among others as CFO

Equity interest: 3,000





Curt Gemundsson

Board Member since 2013

Born: 1944

Education: Mechanical engineer

Work experience: Vice Managing Director Volvo Car Corporation

Other significant board appointments: Board Member at Skamol A/S, Chairman of the Board at DevPort AB and Green Landscaping Holding AB

Equity interest: 54,012



Bengt Håkansson

Board Member (employee representative) since 2010

Born: 1957

Education: Technical college graduate

Work experience: Business district manager for the Stockholm region at Troax Nordic AB

Equity interest: 2,313



Jan Svensson

Board Member since 2015

Born: 1956

Education: Mechanical engineer and Master of Science in Business and Economics

Work experience: Group Chief Executive and Managing Director Investment AB Latour

Other significant board appointments: Chairman of the Board at AB Fagerhult, Nederman Holding AB, Tomra Systems ASA and Oxeon AB. Board Member in Investment AB Latour, Assa Abloy AB and Loomis AB

Equity interest: 5,000



Thomas Widstrand

Board Member since 2014 and Managing Director since 2008

Born: 1957

Education: Master of Science in Business and Economics from the University of Gothenburg; School of Business, Economics and Law

Work experience: Managing Director Borås Wärfveri and Cardo Pump AB

Other significant board appointments: Board member in Profilgruppen AB

Equity interest: 1,149,260

Management Group

(Equity interest per 31/12/2015)



Thomas Widstrand

Managing Director since 2008 and board member since 2014

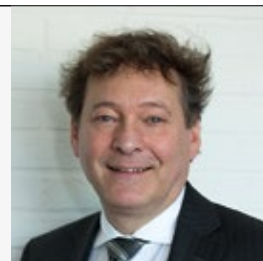
Born: 1957

Education: Master of Science in Business and Economics from the University of Gothenburg; School of Business, Economics and Law

Work experience: Managing Director Borås Wäfveri and Cardo Pump AB

Other significant board appointments: Board Member in Profilgruppen AB

Equity interest: 1,149,260



Wolfgang Falkenberg

Managing Director and Regional Manager for Central Europe since 2008

Born: 1962

Education: Degree in business management, Commercial College DAG

Work experience: Sales Director at Chubb Locks & Safes

Equity interest: 88,911



Jonas Rydqvist

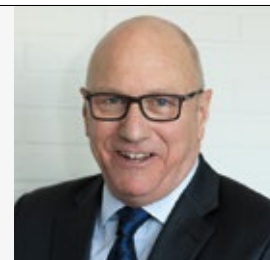
Managing Director and Regional Manager for Scandinavia since 2014

Born: 1972

Education: Certified Market Economist

Work experience: Sales Director at Stora Enso, Sales Manager at Bong and Trioplast/Ekmans.

Equity interest: 3,124



David Teulon

Managing Director and Regional Manager for Great Britain/Ireland since 2008

Born: 1953

Education: Education in politics and economics

Work experience: Sales management & Marketing of engineering and building products

Equity interest: 92,052



Javier Garcia

Managing Director and Regional Manager for Southern Europe and North America since 2008

Born: 1972

Education: MBA Business Administration, IESE Business School and a Bachelor's Degree in Data Systems Engineering from Politècnica Catalunya University in Spain

Work experience: Different positions within sales and marketing at ABB, Fichtel Bauche and Gunnebo.

Equity interest: 101,042



Christian Höglund

Supply Chain Director since 2016

Born: 1972

Education: Production Engineering, Karlstad University

Work experience: COO Mont Blanc Group AB, Director Production and Logistics IRO AB, Site/ Production Manager Autotube AB

Equity interest: 0



Ola Österberg

Vice Managing Director and CFO since 2008

Born: 1966

Education: Bachelor's Degree in Business Management, University of Växjö

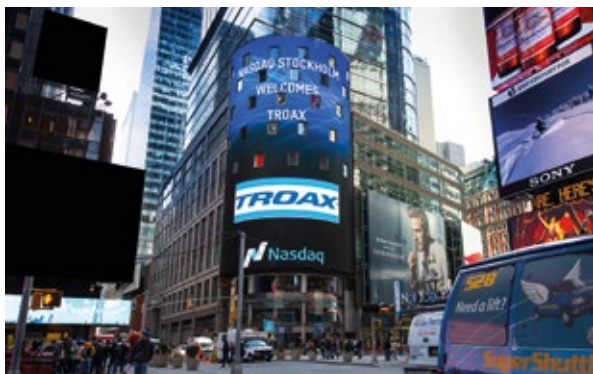
Work experience: Positions as Controller and CFO within Svedbergs i Dalstorp AB and ITAB

Equity interest: 989,089

Auditors

At the extra annual general meeting 2015 and up to the annual general meeting 2016, Öhrlings PricewaterhouseCoopers AB (PWC) were elected as the company's auditors. Magnus Brändström (born 1962) is principal. Öhrlings PricewaterhouseCoopers AB has been the company's auditors during all historical financial data in this annual financial statement. Öhrlings PricewaterhouseCoopers' address is Torsgatan 21, SE-113 21 Stockholm.

Troax on the stock exchange



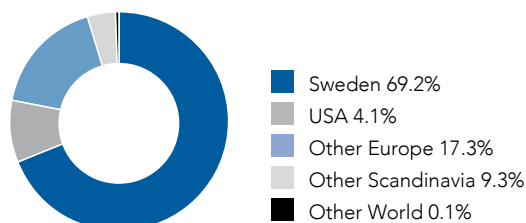
Listing and turnover

The Troax stock was listed on Nasdaq Stockholm on March 27 2015. The average turnover per day was 44,560 shares. Upon listing FSN Capital III Limited Partnership (FSN) was chief owner and retained 18 percent of shares on which they had a lock-up during 180 days. During the fourth quarter FSN sold its remaining holding.

Dividends and dividend policy

The board has decided to propose a dividend of 3 SEK per share for 2015, which corresponds to 48 percent of the net profit. The goal is to distribute 50 percent of the net profit, while taking into account Troax's long-term development potential, financial position and investment needs.

GEOGRAPHICAL DISTRIBUTION OF OWNERSHIP PER JANUARY 31, 2016



Listing: Nasdaq Stockholm
 Number of shares: 20,000,000
 Ticker code: Troax
 ISIN-code: SE0006732392

THE COMPANY'S LARGEST OWNER

Owners	Share of capital and votes, %
Investment Joint-stock company Latour	30.1
Svolder AB	8.6
Investment fund, småbolagsfond Norden	6.2
Thomas Widstrand	5.8
Ola Österberg	5.0
Nordea Småbolagsfond Sweden	4.2
Pareto Nordic return	2.6
Handelsbanken funds	2.2
Catella hedge fund	2.2
Spiltan Unit Trust Sweden	2.0
Total ten largest shareholders	68.9
Other shareholders	31.1
Total	100.0

DISTRIBUTION OF EQUITY INTEREST JANUARY 31 2016

Holding	Number of shareholders	Holding, %
1-500	1816	1.2
501-1000	176	0.8
1001-5000	182	2.1
5001-10000	13	0.5
10001-15000	9	0.6
15001-20000	6	0.5
20001-	57	94.3
Number of shareholders		

Share data

	2015
Profit per share, EUR	0.69
Accounting date rate SEK/EUR	9.135
Proposed dividend, SEK	3.00
Dividend share, %	48
Stock market price at end of the year, SEK	125
Direct return on closing price, %	2.4
Highest price 2015, SEK (December 31)	125
Lowest price 2015, SEK (April 29)	76
Introductory rate, SEK (March 27)	66
Number of shareholders	2,259
Stock exchange value in MSEK	2,500

Annual general meeting 2016

The annual general meeting in Troax Group AB (publ) is held Tuesday on May 10 at 15:00 at the company's office, Tyngel, SE-330 33 Hillerstorp. The summons to the annual general meeting is enacted, in accordance with the articles of association, as a press announcement in Post-och Inrikes Tidningar and on the company's website no earlier than six and no later than four weeks before the meeting. Notice of the summons will be advertised in Svenska Dagbladet. The information below regarding the meeting does not constitute any legal summons.

Notice of participation

Shareholders who wish to participate in the annual general meeting must:

- be registered in the shareholders' ledger kept by Euroclear Sweden AB the May 2 2016,
- provide notice to the company no later than May 2 2016 to the address Troax Group AB, P.O. Box 89, SE-330 33 Hillerstorp, or via telephone +46 (0)370-828 00, or e-mail to arsstamma@troax.com at which the number of assistants shall be stated.

Upon providing notice the shareholder must state his/her name, national insurance number or business registration number, address and telephone number. Details that are submitted when providing notice will be data processed and solely used for the annual general meeting 2016.

For those who wish to be represented by a representative the company will furnish a proxy form that is available at troax.com. If participation takes place with the support of proxy then this should be sent in to the above address so that it reaches the company prior to the annual general meeting.

Shareholders who through bank or other administrator have allowed a nominee shareholder must temporarily register the shares in their own name in order to participate in the annual general meeting. In order for this registration to be recorded in the shareholders' ledger on 2 May 2016 shareholders must, in good time before this date, request the nominee shareholder to carry out such registration.

The annual financial statements have been produced by Troax in co-operation with Stockholm Kommunikation & IR AB.
Print: Fyra Punkter AB, 2016

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