STAY SAFE

TROAX GROUP AB – ANNUAL REPORT 2020

TROAX IS THE ORIGINAL

TROAX PROTECTS PEOPLE, PROPERTY AND PROCESSES. OUR PRODUCTS ARE BASED ON HARD WORK, GOOD IDEAS AND VALUES THAT ARE SOFTER THAN STEEL. SINCE 1955, WE HAVE BEEN WORKING ON MAKING YOUR WORLD SAFE, FROM OUR ROOTS IN THE SWEDISH FORESTS TO ALL CORNERS OF THE WORLD. WE ARE STANDING ON FIRM AND SAFE GROUND. REGARDLESS OF WHO YOU ARE, IT IS OUR RESPONSIBILITY TO KEEP YOU SAFE.

TROAX GROUP AB

Financial calendar 2021
Interim Report Q1, 26 April
Interim Report Q2, 17 August
Interim Report Q3, 26 October
Year-end Report 2021, February 2022

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

»WE FOCUS ON YOUR SAFETY – TODAY AND TOMORROW«

THOMAS WIDSTRAND
CEO and President,
Troax Group AB (publ)

CONVICTION / SECURITY / PROTECTION / FLEXIBILITY / TRUST / RESPONSIBILITY / SUPPORT / DURABILITY / STABILITY / STRENGTH / RESPECT / POWER / HOPE /

TROAX

SAFETY MEANS EVERYTHING TO US

YOUR SAFETY IS OUR TOP PRIORITY. EVERYTHING WE DO REVOLVE AROUND KEEPING PEOPLE, PROPERTY AND PROCESSES SAFE. OUR PRODUCTS ARE MADE OF HIGH-QUALITY STEEL TO KEEP WHAT MATTERS MOST OUT OF HARM'S WAY. WE PROTECT PEOPLE FROM INJURIES AND PREVENT MACHINERY AS WELL AS GOODS FROM GETTING DAMAGED IN EVERYDAY WORK. TROAX'S MESH PANELS ARE USED ALL OVER THE WORLD TO MEET DEMAND FOR MACHINE GUARDING, PARTITIONS FOR WAREHOUSES AND SAFE AND SECURE STORAGE. REGARDLESS OF WHAT WE DO, OUR CUSTOMERS MUST ALWAYS FEEL SAFE AND PROTECTED. WE ARE NOT IN BUSINESS TO LIVE UP TO YOUR EXPECTATIONS, WE ARE HERE TO EXCEED THEM. THAT IS WHY TROAX IS THE GLOBAL MARKET LEADER.

DIRECTORS' REPORT

INFORMATION ABOUT THE BUSINESS
The Board of Directors and the CEO of Troax Group AB (publ) hereby submit the Annual Report and consolidated financial statements for the financial year 2020. Unless otherwise stated, all amounts are reported in thousands of euros (EUR). The Troax Group AB group (below referred to as "Troax") is an international producer of mesh panels used for perimeter protection, ensuring a safer environment for people, property, and processes. The business focuses on three market segments: Machine Guarding, Warehouse Partitioning and Property Protection.

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

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

Property Protection comprises Troax's mesh panel solutions for residential storage units and garages.

Sales and installation primarily take place via own sales companies in Europe, the USA and Asia, and via a small number of agents in Asia and South America.

Troax is the market leader in terms of both volume, customer accessibility and product development, not least reflected in Troax's cooperation with a number of leading car manufacturers and automation suppliers within the market segment Machine Guarding.

Troax's head office is located in Hillerstorp in Sweden and the company has production facilities in Hillerstorp, Birmingham (UK), Shanghai (China), Bulciago (Italy), Chicago (USA) and in Chocicza and Koscian (Poland). Troax Group's volumes and results declined slightly in 2020 compared with the previous year because of the coronavirus pandemic.

GROUP STRUCTURE
Troax Group AB (publ) is the Parent Company of the Group with 25 directly and indirectly wholly-owned subsidiaries, as shown in Note 30. Operationally, the Group is based on one operating segment, but sales and orders received are managed on the basis of geographical regions (Continental Europe, the Nordic region, the UK, North America and New Markets) and market segments (Machine Guarding, Warehouse Partitioning and Property Protection).

SIGNIFICANT EVENTS IN THE REPORTING PERIOD
As in 2019, a lot of time and effort was spent on improving operations in Folding Guard. This resulted in a better result for this unit in 2020. Towards the end of the year the Group carried out a large acquisition in Poland, where it acquired Natom Logistics, which has annual sales of approx. EUR 20 million and around 180 employees. In Italy, a brand new production plant, which will primarily focus on our Satech brand, came on stream at the beginning of the year. In the second quarter the Group was hit by the Covid pandemic, which resulted in falling demand and in some case forced shutdowns of production units. However, the Group continued to deliver to customers throughout this period and is not expected to suffer any lasting effects of these setbacks, unless the pandemic continues to cause serious problems in 2021 too.

ORDERS RECEIVED AND NET SALES
The Group's order intake in 2020 amounted to EUR 178.4 million, corresponding to an increase of 6% compared with the previous year. Adjusted for currency translation and acquisitions, order intake increased by 2%. Net sales in 2020 amounted to EUR 163.6 million, down by 3% compared with the previous year. Adjusted for currency translation and acquisitions, net sales declined by 4%. All markets except North America and New markets reported a drop in sales compared with the previous year. The decline in sales was primarily due to the Coronavirus pandemic.

FINANCIAL PERFORMANCE
Operating profit (EBIT) in 2020 amounted to EUR 30.8 million, down by EUR 2.1 million compared with the previous year. In the USA and the UK the Group received government grants totalling EUR 1.3 million as a result of the Coronavirus pandemic. The grants were recognised in the line item "Other operating income" in the consolidated income statement. Otherwise the Group had no significant non-recurring adjustment entries in the reporting period. The decline in operating profit compared with the previous year was due to falling volumes as a result of the coronavirus pandemic. In 2020 Troax continued to invest in developing New Markets, which is expected to contribute to Troax's long-term growth, and the operations in North America and China also had a positive impact on the Group's results. Profit after tax in 2020 amounted to EUR 23.2 million, down by EUR 1.1 million on the previous year.

INVESTMENTS
Troax is continuously investing in maintenance of production facilities and production equipment. In addition to capital expenditure on maintenance, the company is investing in expanding or upgrading production facilities in order to increase productivity and/or capacity. In the reporting year 2020, investments in property, plant and equipment primarily comprised logistics improvements at the plant in Hillerstorp. In addition, Troax acquired the operations of a former distributor in Japan and also acquired all the shares in Natom Logistic, Poland. The total investments excluding contingent consideration amounted to EUR 14.8 million for the year.

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION
Cash flow from operating activities in 2020 amounted to EUR 26.3 million and total cash flow for the year amounted to EUR 2.0 million. The difference was primarily due to dividends paid to shareholders and thevarious investments referred to above. Cash and cash equivalents as at 31 December 2020 amounted to EUR 32.5 million and net interest-bearing debt totalled EUR 52.6 million. The ratio of net interest-bearing debt to EBITDA was 1.4. For comparison, the Group's financial target is a ratio of less than 2.5. The Group's equity as at 31 December 2020 amounted to EUR 114.0 million and the equity/assets ratio was 46.6%.

FIVE-YEAR SUMMARY

Group, SEK million	2020	2019	2018	2017	2016
Net sales	163.6	168.0	161.0	152.1	115.8
Gross profit	64.2	67.0	63.6	60.0	48.7
Operating profit before depreciation/amortisation (EBITDA)	38.5	38.9	35.6	33.7	28.0
Operating profit (EBIT)	30.8	32.9	32.8	30.6	25.3
Profit after tax	23.2	24.3	24.4	17.0	16.3
Equity	114.0	95.7	82.6	69.2	65.9
Total assets	245.3	220.4	191.5	172.3	172.5

EMPLOYEES
At the end of 2020, Troax had 975 employees, up from 726 at the end of 2019. Of the total increase of 249 employees, 205 were employed in the operations acquired in Japan and Poland. The remaining increase consisted of an increase in employees in New markets and expansion of the activities in Satech in Italy in connection with the new plant coming on stream. See Note 6 for further information on workforce.

ENVIRONMENT, HEALTH, SAFETY
Troax has implemented comprehensive measures to minimise the company's environmental impact and is constantly working to reduce this impact. Improved energy efficiency is an important part of the sustainability work and an Environmental report is distributed to managers and supervisory bodies every quarter. Troax's has an environmentally friendly production process and was certified according to the environmental standard ISO 14001 as early as 1998. The mesh panels produced by the company are environmentally friendly because they are a pure steel product that is 99% recyclable. Operations carried out at the Hillerstorp plant in the past have had an adverse impact on groundwater; for more information, see "Risks and uncertainty factors" below.

Troax protects people, property and processes, a claim that applies to both customers and employees. Troax therefore takes an integrated approach to the management of health and safety, starting with an induction programme for new and temporary staff. Local subsidiaries are responsible for the implementation of adapted programmes that ensure health and safety conditions comply with local rules and regulations. All incidents and near misses must be reported, measures taken and follow-up carried out in order to minimise the risk of accidents and injury.

CORPORATE SOCIAL RESPONSIBILITY (CSR)
Troax's stance on CSR is summarised in two documents: The Group's Ethical Guidelines and Whistleblower Policy. The contents of these documents have again been presented to, and discussed with, all staff in the Group. Troax's Ethical Guidelines/Code of Conduct require Troax's staff to maintain high business and personal ethics in the performance of their duties. For employees and representatives of Troax, honesty, integrity and legal compliance are an important part of Troax's company culture and daily operations.

ANNUAL REPORT
Annual has always been central to Troax's business strategy. Troax continued its sustainability work in 2020 and information on this can be found in Troax's Annual Report. The Annual Report is available on Troax's website under the heading Annual.

SHARE
At the end of 2020, there were 60,000,000 shares in the company. The share price at year-end stood at SEK 192.20. The number of shareholders at the end of 2019 amounted to 4,351. See Note 19 for further information about the share.

OWNERSHIP STRUCTURE
On 31 December 2020, Investment AB Latour owned 30.1% of the shares and was thus the largest shareholder. None of the other shareholders had a holding of more than 10%.

PARENT COMPANY
Troax Group AB (publ), corporate identity number 556916-4030 is the Parent Company for the business activities within the Troax Group. The Parent Company's activities comprise Group functions. The Parent Company's net sales amounted to EUR 0.8 million (EUR 1.1) and the Parent Company reported an operating loss of EUR –1.1 million (–0.8). Profit after net financial income/expense totalled EUR –3.2 million (EUR 9.2). Profit after tax amounted to EUR 1.2 million (15.0).

RISKS AND UNCERTAINTIES
MACROECONOMIC FACTORS
The end-customers for Troax's products mostly comprise systems integrators producing automated production lines, OEMs, logistics companies, retail businesses, housing associations and property owners. Several of Troax's end-customers are affected by general economic changes in the markets and geographical areas where they operate. This means that macroeconomic changes may result in reduced demand from end-customers for mesh panel solutions from Troax. In addition, fluctuations in local or regional economic conditions may also affect Troax's end-customers and demand for the company's products. Were these circumstances to arise, they could have a negative impact on the Group's activities, financial position or performance.

RAW MATERIALS PRICES
Troax is exposed to fluctuations in the prices of the raw materials that are used in Troax's production, as well as fluctuations in the prices of the raw materials used in manufacture of products that Troax purchases from external suppliers. Raw materials purchases for production of mesh panel solutions include steel piping, wire, and powder for coating and finishing. The raw materials Troax uses in its production primarily comprise standard products used in numerous industries.

UNFORESEEN PRODUCTION STOPPAGES
Troax's activities are dependent on the main production facilities in Hillerstorp in Sweden, Bulciago in Italy, Chicago in the USA, and in Chocicza and Koscian in Poland. If any one of these production facilities were to be partially or wholly destroyed, had to close down, or if any equipment in the facilities were to be seriously damaged, production and distribution of the company's products could be disrupted or cancelled. To the extent that unforeseen production stoppages, damage to property or other events that affect the value chain are not fully covered by insurance, this could have a significant negative effect on the company's activities, financial position or performance.

COMPETITION
Troax operates in markets that are fragmented and generally characterised by stiff competition, and this is expected to continue to be the case in the future. Alternative products that are currently competing with Troax's mesh panel solutions include simple wire solutions and mesh solutions, as well as motion sensors that register when a person is in the vicinity of machinery. Other alternative products or production technologies not known to the company may also have been developed/be under development. Such products or production technologies may also be developed in the future and could, in one or more respects, compete with or surpass the company's products or production efficiency. Troax currently enjoys a strong position as the leading company in its main markets and being the market leader is a risk in and of itself. If the company is unable to compete successfully it may lose market share, which could have a significant adverse effect on the Group's activities, financial position or performance.

PRODUCT LIABILITY AND OTHER PRODUCT-RELATED CLAIMS
The Group is exposed to product liability and guarantee claims to the extent that the company's products are defective or cause injury or damage to person or property. If a product is defective, the Group is normally responsible for repairing or replacing the defective products. This applies to both the consumer and industrial markets, as necessary. Due to the above risk, the Group may be subject to product liability and other claims if the products manufactured by the Group or the products purchased from external suppliers are defective, cause production stoppages or cause personal injury or damage to property.

ENVIRONMENTAL RISKS
Troax's operations are located on properties that have been used for industrial operations for a long time, in particular at Hillerstorp. Troax's previous activities have resulted in an elevated level of trichloroethylene in the groundwater at the property in Hillerstorp in Sweden. In spring 2015, an investigation that involved drilling to determine the environmental impact of the previous activities was concluded. In 2015–2018, a parallel programme regarding chlorinated solvents in the groundwater was conducted at selected test sites, and the outcome was reported to Gnosjö Municipality. The Municipality's general assessment of the results is that contamination primarily with trichloroethylene is present but that it is not possible to discern a trend of either a decline or increase in contamination in the groundwater at either the test sites or in samples taken from a well for drinking water. According to the Municipality, there is no clear need for action at the site on the basis of existing information about the contamination situation. However, the Company will have to implement continuous cleaning and monitoring of the water from the contaminated well to ensure access to production and drinking water, at least while the well is being used as a source of drinking water. There is no direct need for continued monitoring of the groundwater because this is unlikely to provide any new information. However, test samples from the well will continue to be taken on a regular basis to monitor measured values for carbon filtering.

FINANCING OF THE GROUP
The Group's liabilities primarily comprise loans from credit institutions. The level of debt has consequences for shareholders, partly because Troax has to set aside a proportion of cash flow in the business towards its financial obligations in respect of debt. This could lead to reduced resources for Troax's operations, as well as for investments, working capital, dividends, etc. Troax's ability to handle its liabilities is dependent on future results, which in turn are affected by prevailing economic conditions, as well as financial, commercial, regulatory and other factors. If the consequence of this is that the Group is unable to generate sufficient cash flow to meet its financial obligations, this could have a significant adverse effect on the Group's activities, financial position and operating results.

CURRENCY RISK
Currency risk refers to the risk of exchange rate fluctuations having a negative impact on the Group's income statement, balance sheet or cash flow. Exposure to currency risk occurs in connection with purchases or sales of products or services in a currency other than the local currencies of the respective subsidiaries (transaction exposure) and in the translation of subsidiaries' income statements and balance sheets from foreign currencies into EUR (translation exposure). The Group's global business gives rise to significant cash flows in foreign currencies. The Group is primarily exposed to fluctuations in the SEK/EUR, USD/EUR and GBP/EUR exchange rates.

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

In addition to the board meetings, the Chairman of the Board of Directors and the CEO maintain a continuous dialogue concerning management of the company. The division of responsibilities between the Board of Directors and the CEO is governed by the Board of Directors' rules of procedure and the terms of refence issued by the Board of Directors to the CEO. The CEO is responsible for implementation of the business plan, as well as ongoing management of the company's affairs and day-to-day operations in the company. This means that the CEO has the right to take decisions in matters which are assessed to be within the scope of ongoing management of the company.

The CEO also has the right, without authorisation from the Board of Directors, to take action that, given the scope and nature of the company's operations, is of an unusual nature or of major importance and which cannot wait for a decision by the Board of Directors without this having a material adverse impact on the company's operations. The terms of reference for the CEO also govern the CEO's responsibility for reporting to the Board of Directors. The Board of Directors held nine ordinary meetings in 2020, and one ordinary meeting has been held so far in 2021. In 2020, Troax's Board of Directors comprised six ordinary members elected by the Annual General Meeting in June 2020, as well as one employee member of the Board. The Chairman of the Board of Directors does not participate in the operational management of the company.

GUIDELINES FOR REMUNERATION OF THE CEO AND SENIOR EXECUTIVES
Before the 2020 Annual General Meeting the guidelines were aligned with new rules in the Swedish Companies Act. The Annual General Meeting in June 2020 adopted these new guidelines for remuneration of the CEO and other senior executives. The guidelines also include a proposal for additional remuneration in the form of share-based incentive programmes on condition that these promote long-term commitment to the business and provided that they are issued on market terms.

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

PROPOSED APPROPRIATION OF PROFITS

Non-restricted equity in the Parent Company in EUR thousand:

Share premium reserve	25,769
Retained earnings	8,103
Profit for the year	1,186
Total	**35,058**

THE BOARD'S OPINION ON THE PROPOSED DISTRIBUTION OF PROFITS
The Board of Directors proposes that a dividend of EUR 0.20 (EUR 0.10) per share, a total of EUR 12.0 million (EUR 6.0), be paid to shareholders. The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio to 27.7% and the consolidated equity/assets ratio to 43.8%. The equity/assets ratio is satisfactory in view of the fact that the operations of the company and Group remain profitable. It is estimated that liquidity in the company and Group can be maintained at an equally satisfactory level. It is the Board's view that the proposed distribution does not prevent the company, or other companies in the Group, from fulfilling their short-term or long-term obligations, nor from completing required investments. The proposed distribution can therefore be justified with regard to what is recommended in the Swedish Companies Act, Chapter 17, Section 3, paragraphs 2–3 (the rule of caution). The record date for dividend payments is 28 April 2021.

CONSOLIDATED INCOME STATEMENT

	Note	2020	2019
Net sales	2	163,616	167,959
Cost of goods sold		–99,376	–100,927
Gross profit		**64,240**	**67,032**
Selling expenses		–23,418	–23,856
Administrative expenses		–10,777	–9,702
Other operating income	4	1,900	87
Other operating expenses	5	–1,098	–607
Operating profit	6, 7, 8	**30,847**	**32,954**
Financial income		0	0
Financial expenses		–745	–913
Net financial income/expense	9	**–745**	**–913**
Profit before tax		**30,102**	**32,041**
Taxes	10	–6,863	–7,689
Profit for the year		**23,239**	**24,352**
Earnings per share	19		
Basic (EUR)		0.39	0.41
Diluted (EUR)		0.39	0.41
Consolidated statement of comprehensive income			
Profit for the year		**23,239**	**24,352**
Other comprehensive income	20		
Items that are or may be reclassified to profit or loss			
Translation differences for the year		1,976	–613
		1,976	**–613**
Items that cannot be reclassified to profit or loss			
Remeasurement of defined benefit pension plans		–221	–715
Tax attributable to items that cannot be reclassified to profit or loss		49	126
		–172	**–589**
Other comprehensive income for the year		**1,804**	**–1,202**
Comprehensive income for the year		**25,043**	**23,150**

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

CONSOLIDATED BALANCE SHEET

	Note	31/12/2020	31/12/2019
Assets	3, 27		
Non-current assets			
Intangible assets	11	95,104	87,342
Property, plant and equipment	12	35,210	31,079
Right-of-use assets	14	16,256	10,688
Non-current financial assets	13	1,852	1,548
Deferred tax asset	10	4,426	4,661
Total non-current assets		**152,848**	**135,318**
Current assets			
Inventories	15	18,041	14,526
Trade receivables	16	34,411	34,125
Other receivables		4,093	2,522
Prepaid expenses and accrued income	17	3,455	3,562
Cash and cash equivalents	32	32,494	30,374
Total current assets		**92,494**	**85,109**
Total assets		**245,342**	**220,427**
Equity and liabilities	19, 20, 33		
Share capital		2,574	2,574
Other paid-in capital		29,535	30,280
Reserves		–13,913	–15,889
Retained earnings including profit for the year		95,838	78,758
Total equity		**114,034**	**95,723**
Non-current liabilities			
Non-current, interest-bearing liabilities	21	85,159	79,515
Other non-current liabilities	25	2,000	0
Provisions for pensions	22	5,725	5,228
Other provisions		2,147	1,797
Deferred tax liabilities	10	5,164	4,791
Total non-current liabilities		**100,195**	**91,331**
Current liabilities			
Trade payables		17,010	19,708
Tax liabilities	10	535	3,371
Other liabilities	24	4,859	2,809
Accrued expenses and deferred income	23	8,709	7,485
Total current liabilities		**31,113**	**33,373**
Total liabilities		**131,308**	**124,704**
Total equity and liabilities		**245,342**	**220,427**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Other paid-in capital	Reserves	Remeasure-ment of pensions[1]	Retained earnings incl. profit for the year	Total equity
Opening balance of equity 01/01/2019		**2,574**	**30,893**	**–15,276**	**–733**	**65,129**	**82,587**
Comprehensive income for the year							
Profit for the year		–	–	–	–	24,352	24,352
Other comprehensive income for the year		–	–	–613	–589	–	–1,202
Total comprehensive income		**0**	**0**	**–613**	**–589**	**24,352**	**23,150**
Transactions with owners of the Group							
Option premiums paid in		–	58	–	–	–	58
Share repurchases		–	–671	–	–	–	–671
Dividend		–	–	–	–	–9,401	–9,401
Total transactions with owners of the Group		0	–613	0	0	–9,401	–10,014
Closing balance of equity 31/12/2019		**2,574**	**30,280**	**–15,889**	**–1,322**	**80,080**	**95,723**
Opening balance of equity 01/01/2020		**2,574**	**30,280**	**–15,889**	**–1,322**	**80,080**	**95,723**
Comprehensive income for the year							
Profit for the year		–	–	–	–	23,239	23,239
Other comprehensive income for the year		–	–	1,976	–172	–	1,804
Total comprehensive income		**0**	**0**	**1,976**	**–172**	**23,239**	**25,043**
Transactions with owners of the Group							
Option premiums paid in		–	50	–	–	–	50
Share repurchases		–	–795	–	–	–	–795
Dividend		–	–	–	–	–5,987	–5,987
Total transactions with owners of the Group		0	–745	0	0	–5,987	–6,732
Closing balance of equity 31/12/2020		**2,574**	**29,535**	**–13,913**	**–1,494**	**97,332**	**114,034**

The full amounts of all components of equity are attributable to the Parent Company's shareholders.
[1] This item is included in retained earnings in the balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2020	2019
Operating activities	33		
Operating profit before financial items		30,847	32,954
Adjustments for non-cash items		7,425	7,840
Interest received		0	0
Interest paid		–745	–913
Income taxes paid		–9,104	–7,816
Cash flow from operating activities before changes in working capital		**28,423**	**32,065**
Cash flow from changes in working capital			
Increase/decrease in inventories		–1,128	–2,629
Increase/decrease in trade receivables		8,857	–1,653
Increase/decrease in other current receivables		440	–1,273
Increase/decrease in trade payables		–4,915	3,822
Increase/decrease in other current operating trade payables		–5,371	–927
Cash flow from operating activities		**26,306**	**29,405**
Investing activities			
Investments in subsidiaries	3	–7,466	–23
Investments in intangible assets		–1,848	–245
Investments in property, plant and equipment		–5,507	–8,918
Proceeds from sale of property, plant and equipment		0	528
Investments in non-current financial assets		0	–84
Cash flow from investing activities		**–14,821**	**–8,742**
Financing activities			
Share repurchases including transaction costs		–795	–671
Option premiums received		50	58
Repayment of borrowings, in respect of right-to-use assets		–2,763	–2,616
Dividends paid		–5,987	–9,401
Cash flow from financing activities		**–9,495**	**–12,630**
Cash flow for the year		1,990	8,033
Cash and cash equivalents at the beginning of the year		30,374	22,731
Translation difference		130	–390
Cash and cash equivalents at the end of the year		**32,494**	**30,374**

INCOME STATEMENT / Parent Company

	Note	2020	2019
Net sales		809	1,141
Gross profit		**809**	**1,141**
Administrative expenses		–1,717	–1,824
Other operating income	4	0	0
Other operating expenses	5	–173	–165
Operating profit	6, 7	**–1,081**	**–848**
Net financial items			
Profit/loss from participations in Group companies	35	0	9,401
Profit/loss from other securities and receivables accounted for as non-current assets		–2,058	642
Interest income and similar items from Group companies		540	551
Interest expense and similar items		–561	–581
Total net financial items	9	**–2,079**	**10,013**
Profit/loss after net financial items		**–3,160**	**9,165**
Appropriations	18	4,541	7,370
Tax on profit for the year	10	–195	–1,568
Profit for the year		**1,186**	**14,967**
Statement of comprehensive income, Parent Company			
Profit for the year		1,186	14,967
Other comprehensive income for the year		0	0
Comprehensive income for the year		**1,186**	**14,967**

BALANCE SHEET / Parent Company

	Note	31/12/2020	31/12/2019
Assets	27		
Non-current assets			
Non-current financial assets			
Participations in Group companies	30	87,694	87,694
Receivables from Group companies	30	21,245	23,380
Deferred tax assets	10	137	0
Other non-current receivables	13	516	442
Total non-current assets		**109,592**	**111,516**
Current assets			
Current receivables			
Receivables from Group companies		4,686	9,782
Current tax assets		767	0
Other current receivables		62	0
Prepaid expenses and accrued income		6	2
		5,521	**9,784**
Cash at bank and in hand		8,997	0
Total current assets		**14,518**	**9,784**
Total assets		**124,110**	**121,300**

BALANCE SHEET / Parent Company

	Note	31/12/2020	31/12/2019
Equity and liabilities			
Equity	20, 34		
Restricted equity			
Share capital		2,574	2,574
Non-restricted equity			
Share premium reserve		25,769	26,513
Retained earnings		8,103	−877
Profit for the year		1,186	14,968
Total non-restricted equity		**35,058**	**40,604**
Total equity		**37,633**	**43,177**
Untaxed reserves	32	**6,967**	**6,527**
Provisions			
Other provisions		642	550
Total provisions		**642**	**550**
Non-current liabilities			
Liabilities to other credit institutions	21, 26	69,000	69,000
Total non-current liabilities		**69,000**	**69,000**
Current liabilities			
Trade payables		4	29
Liabilities to Group companies		9,338	
Bank overdraft facility		0	148
Current tax liabilities		0	1,339
Other current liabilities		47	55
Accrued expenses and deferred income		479	475
Total current liabilities		**9,868**	**2,046**
Total equity and liabilities		**124,110**	**121,300**

STATEMENT OF CHANGES IN EQUITY / Parent Company

	Note	Share capital	Share premium reserve	Retained earnings incl. profit for the year	Total equity
Opening balance of equity 01/01/2019		**2,574**	**27,126**	**8,524**	**38,224**
Comprehensive income for the year					
Profit for the year		–	–	14,967	14,967
Total comprehensive income		**0**	**0**	**14,967**	**14,967**
Transactions with owners of the Group					
Option premiums paid in		–	58	–	58
Share repurchases		–	–671	–	–671
Dividends to the Parent Company's owners		–	–	–9,401	–9,401
Closing balance of equity 31/12/2019		**2,574**	**26,513**	**14,090**	**43,177**
Opening balance of equity 01/01/2020		**2,574**	**26,513**	**14,090**	**43,177**
Comprehensive income for the year					
Profit for the year		–	–	1,187	1,187
Total comprehensive income		**0**	**0**	**1,187**	**1,187**
Transactions with owners of the Group					
Option premiums paid in		–	50	–	50
Share repurchases		–	–795	–	–795
Dividends to the Parent Company's owners		–	–	–5,987	–5,987
Closing balance of equity 31/12/2020		**2,574**	**25,768**	**9,290**	**37,633**

CASH FLOW STATEMENT / Parent Company

	Note	2020	2019
Operating activities	33		
Operating profit before financial items		–1,081	–848
Change in provisions		92	
Interest received		540	551
Dividends received		0	9,401
Interest paid		–561	–581
Income taxes paid		–2,438	–852
Cash flow from operating activities before changes in working capital		**–3,448**	**7,671**
Cash flow from changes in working capital			
Increase/decrease in operating trade receivables		10,016	–2,188
Increase/decrease in operating trade payables		9,161	–1,368
Cash flow from operating activities		**15,729**	**4,115**
Financing activities			
Option premiums received		50	58
Share repurchases		–795	–671
Change in bank overdraft facility		0	148
Dividends paid		–5,987	–9,401
Cash flow from financing activities		**–6,732**	**–9,866**
Cash flow for the year		**8,997**	**–5,751**
Cash and cash equivalents at the beginning of the year		0	5,751
Cash and cash equivalents at the end of the year		**8,997**	**0**

NOTES

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

NOTE 1 Accounting policies and measurement principles

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

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

The Annual Report and consolidated financial statements were authorised for issue by the Board of Directors and the CEO on 29 March 2021. The consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet, as well as the Parent Company's income statement and balance sheet will be presented for adoption by the Annual General Meeting on 26 April 2021.

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

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

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

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

(e) Right-of-use assets
The Group leases production facilities, offices, warehouses, machinery and vehicles. Leases are normally concluded for fixed terms of between 6 months and 8 years but may contain an extension option, see item *(i)* below for a more detailed description.

Terms and conditions are negotiated separately for each lease and comprise a large number of different contract terms and conditions. The leases contain no specific terms and conditions or restrictions, other than that the lessor retains the right to pledged leased assets. Leased assets must not be used as collateral for loans.

Leased property, plant and equipment were classified as either finance or operating leases until the end of the reporting year 2018, see Note 14 for further details. With effect from 1 January 2019, leases are recognised as a right-of-use asset and corresponding lease liability from the date the leased asset is made available for use by the Group.

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

- fixed payments (including in-substance fixed payments), after deduction of any benefits obtained in connection with entering into the lease
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- lease payments that will be made for options to extend that are reasonably certain to be exercised are also included in the measurement of the liability.

The Group has chosen to classify right-of-use contracts with a term of less than 12 months, or which expire within 12 months of commencement, as short-term leases and these are not included in recognised liabilities or right-of-use assets. Contracts identified as leases where the underlying asset is of low value are also not included in recognised liabilities or right-of-use assets.

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

The Group determines the incremental borrowing rate as follows:

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

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

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

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

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any incentives received when the lease was entered into
- initial direct costs
- cost of restoring the asset to the condition specified in the terms and conditions of the lease.

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

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

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

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

Troax has identified leases, primarily relating to property, as open-end leases, that is, without a set end date. In many countries, local laws and regulations provide the lessee with security of tenure for such leases. This means that Troax, as the lessee, must determine a lease term that can be considered reasonable rather than contemplating the option to terminate the leases. In these cases, Troax has determined the lease term by assessing factors such as the significance of the property to the business, own planned and implemented investments in the leased property, property market conditions and the costs and disruption to operations that would be required to replace the leased asset. As a result of these considerations, the lease term for many leases has been determined to be longer than the minimum length of the lease.

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

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

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

(iv) Estimates of amounts expected to be payable under residual value guarantees
The Group initially estimates the amounts expected to be payable under residual value guarantees and recognises these as part of the lease liability. Normally, the expected residual value at the beginning of a lease is equal to or higher than the guaranteed amount and the Group therefore does not expect to be required to pay any of the residual amounts.

(f) Classification
Non-current assets and non-current liabilities essentially comprise amounts that are expected to be recovered or settled after more than twelve months from the balance sheet date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or settled within twelve months from the balance sheet date.

(g) Segment reporting
An operating segment is a part of the Group that is involved in business activities that generate revenue and incur costs and for which stand-alone financial

information is available. An operating segment's performance is followed up further by the company's chief operating decision makers in order to evaluate performance and to be able to allocate resources to the operating segment. See Note 2 for a more detailed description of the division and presentation of operating segments.

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

Subsidiaries are recognised according to the acquisition method. The method means that acquisitions of subsidiaries are regarded as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value on the acquisition date of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests. An acquisition analysis is preliminary until it is finalised. A preliminary acquisition analysis shall be revised as soon as new information concerning assets/liabilities at the acquisition date is received, but the preliminary acquisition analysis shall be finalised not later than one year from the acquisition date. Transaction fees that arise are recognised immediately through profit or loss.

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

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

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

(ii) Financial reports of foreign operations
Assets and liabilities in foreign operations, including goodwill and other consolidated overvaluations and undervaluations, are translated from the foreign operation's functional currency to the Group's presentation currency, Euro, at the exchange rate prevailing on the balance sheet date. Revenue and expenses from foreign operations are translated into Euros at an average exchange rate that is an approximation of the actual exchange rates at the time of the respective transactions. Translation differences that arise in connection with currency translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, in reserves. When controlling interest ceases for a foreign operation, the accumulated translation differences attributable to the operation are realised and they are reclassified from the translation reserve under equity to profit or loss.

(iii) Intra-group foreign currency receivables and liabilities
Intra-group foreign currency receivables and liabilities that form part of the net investment in a foreign operation and which are translated according to IAS 21 will have an impact on the income statement and are dealt with as follows. Translation differences that arise during currency translation are recognised in other comprehensive income and accumulated in a separate reserve within equity.

(j) Sale of goods and services
The Group's net sales mainly comprise revenue from the sale of goods. Net sales have, where appropriate, been reduced by the value of discounts given and returned goods. Revenue from the sale of goods is recognised when ownership of the goods have been transferred to a third party, normally in connection with delivery to the customer. Some sales contracts include installation service together with sale of goods. In such cases, the good will be accounted for as revenue when the good has been delivered to a third party, normally in connection with delivery to the customer.

(k) Financial income and expense
Financial income comprises interest income, exchange differences and other financial income.

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

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

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

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

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

Deferred tax assets are recognised for deductible temporary differences and loss carry-forwards only to the extent that it is probable that it will be possible to utilise the deductible temporary differences and loss carry-forwards. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

(m) Financial instruments
IFRS 9 is applied with effect from 1 January 2018 and covers classification, measurement and recognition of financial assets and liabilities.

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

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

A financial asset is derecognised from the statement of financial position when the contractual right is realised, expires or the company has lost control over the asset. The same applies to a portion of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is discharged or is otherwise extinguished. The same applies to a portion of a financial liability.

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

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

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

Cash and cash equivalents comprise cash at bank and in hand.

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

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

Financial liabilities at fair value through profit or loss
This category comprises two sub-categories: financial liabilities held for trading and other financial liabilities that the company has decided on initial recognition to place in this category (the so-called Fair Value Option), see description above under "Financial assets at fair value through profit or loss". The first category includes the Group's derivatives with negative fair values. Changes in fair value are recognised through profit or loss. The Group has no instruments in the second sub-category.

Financial liabilities at amortised cost
Loans and other financial liabilities, for example trade payables, are included in this category. These liabilities are measured at amortised cost. The Group's bank

borrowings are not subject to repayment and the Group therefore does not recognise any current portion of long-term liabilities on the balance sheet.

(iii) Derivatives
The group's derivative instruments have been acquired in order to mitigate the exchange rate risks the company is exposed to. Troax does not apply hedge accounting, which means that changes in the fair value of derivatives are immediately recognised through profit or loss for the period in which they occur. Changes in the fair value of derivatives are recognised on a net basis as either other operating income or other operating expense. Derivatives are classified as Level 2 on the basis of market information, using observable market inputs available at each reporting date.

(n) Intangible assets
(i) Goodwill
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested annually for impairment. Goodwill is not amortised.

(ii) Licences
Acquired licenses are booked at cost less accumulated amortisation and any impairment losses. Licenses are written off on a straight-line basis over the contractually regulated useful life of 5 years. Amortisation is included in the cost of goods sold.

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

(iv) Customer relationships
Acquired customer relationships are recognised at cost less accumulated amortisation and any impairment losses. Customer relationships are written off on a straight-line basis over their estimated useful life of 15 years.

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

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

Depreciation is done on a straight-line basis over the estimated useful life of the asset, land is not depreciated.

Estimated useful lives:

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

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

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

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

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

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

(ii) Impairment of financial assets
The Group applies the simplified approach to calculation of expected credit losses. This approach means that lifetime expected credit losses can be recognised for trade receivables and contract assets. In order to calculate expected credit losses, trade receivables and contract assets are grouped into categories based on credit risk characteristics and number of days past due. Contract assets comprise work performed but not yet invoiced and essentially share the risk characteristics of already invoiced work under the same type of contract. The Group therefore believes that expected credit losses on trade receivables are a reasonable estimate of expected credit losses on contract assets. Expected credit losses are based on historical information about client payments and

credit losses for the 36 months to 31 December 2020 and 1 January 2020 respectively. Historic losses are adjusted to take into account current and forward-looking information about macro-economic factors that could affect customers' ability to pay receivables.

Impairment of receivables is determined on the basis of historical loss experience in respect of similar receivables. Impaired trade receivables are recognised at the present value of future expected cash flows. Short-term receivables are not subject to discounting, however.

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

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

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

(s) Earnings per share
Calculation of earnings per share is based on the Group's profit or loss for the year attributable to the Parent Company's owners and the weighted average number of outstanding ordinary shares over the year. There were no potentially dilutive ordinary shares either in the reporting year or the comparative year.

(t) Warrants programme
The 2018, 2019 and 2020 Annual General Meetings passed resolutions on share option schemes for senior executives in the Group.

On the grant date, the participants in the scheme paid a fair value for the share options which had been calculated using an adjusted version of the Black-Scholes pricing model. The Parent Company has repurchased its own shares from the market to meets its obligations under the share option schemes.

In the scheme in 2018, 37,000 share options were subscribed for at an option price of SEK 9.67 each, with each option giving the right to subscribe for three shares at a subscription price of SEK 120.78 per share in the period 20 May 2022 to 30 June 2022.

In the scheme in 2019, 66,200 options were subscribed for at an option price of SEK 9.35 each, with each option giving the right to subscribe for one share at a subscription price of SEK 121.68 per share in the period 20 May 2023 to 30 June 2023.

In the scheme in 2020, 30,257 options were subscribed for at an option price of SEK 17.37 each, with each option giving the right to subscribe for one share at a subscription price of SEK 250.64 per share in the period 20 May 2024 to 30 June 2024.

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

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

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

The Group's net obligation comprises the present value of the obligation. The interest expense for the defined benefit obligation is accounted for in net financial income/expense. The net interest cost is based on the interest that arises when discounting the net obligation, that is, the interest on the obligation. Other components are recognised under their respective functions in the income statement.

Revaluation effects comprise actuarial gains and losses. Revaluation effects are recognised in other comprehensive income. Special payroll tax constitutes a part of actuarial assumptions and is therefore recognised as part of the net obligation. The part of special payroll tax that is calculated on the basis of the Swedish Pension Obligations Vesting Act in a legal entity is, for reasons of simplicity, recognised as accrued expense instead of as part of the net obligation/net asset.

Tax on returns from pension funds is recognised on an ongoing basis through profit or loss for the period the tax relates to and is thus not included in the liability calculation.

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

(x) Government assistance
Government assistance comprises grants from national and supranational bodies received on condition that the Troax Group meets certain criteria. The grants are recognised in the financial statements when there is reasonable assurance that the conditions attached to them will be fulfilled and the company will receive the grants. The grants are recognised in the income statement as other operating income.

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

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

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

Revised accounting policies
Unless otherwise stated below, the Parent Company's accounting policies in 2020 changed in accordance with the amendments described above in respect of the Group's accounting policies.

Classification and formats
The format of the Parent Company's income statement and balance sheet follow the format in the Swedish Annual Accounts Act. The difference compared with IAS 1 Presentation of Financial Statements, which is applied to the presentation of the consolidated financial statements, primarily comprises recognition of financial income and expense, non-current assets and equity.

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

Financial instruments
Because of the relationship between accounting and taxation, the rules regarding financial instruments and hedge accounting in IFRS 9 are not applied in the Parent Company as a legal entity.

NOTE 2 Operating segments and breakdown of revenues

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

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

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

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

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

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

Geographical areas

Net sales	31/12/2020	31/12/2019
Nordic region	25,140	26,562
UK	18,797	20,688
Continental Europe	86,349	87,576
North America	24,497	24,486
New markets	8,833	8,647
Total	**163,616**	**167,959**

No single customer accounts for 10% or more of net sales. Sweden, where the company is domiciled, accounted for EUR 14,403,000 (14,146,000) of net sales in the Nordic region. Net sales above are based on customers' domicile.

Business areas		
Property Protection	22,250	23,627
Machine Guarding	106,269	104,880
Warehouse Partitioning	35,097	39,452
Total	**163,616**	**167,959**

Intangible and tangible assets and right-of-use assets		
Nordic region	81,739	73,662
UK	466	542
Continental Europe	44,162	39,172
North America	18,604	15,582
New markets	1,599	151
Total	**146,570**	**129,109**

Sweden, where the company is domiciled, accounted for EUR 81,321,000 (73,662,000) of fixed assets in the Nordic region.

NOTE 3 Business combinations

Acquisitions
On 2 November 2020, Troax acquired 100% of the shares in the Polish company Natom Logistic for around EUR 8.9 million. A contingent consideration of EUR 3.0 million may be applicable if the results for 2020 and 2021 amounts to a specified minimum amount. As at 31 December 2020, the balance sheet included this contingent consideration, distributed between a non-current liability of EUR 2,000,000 and a current liability of EUR 1,000,000.

Natom Logistic is a leading manufacturer of warehouse equipment in the European market and its head office is in Chocicza in Poland. The company has around 180 employees and turnover of around EUR 20 million.

The analysis of intangible assets found that material drivers of value in the acquired business are product know how, production capacity, delivery precision, distributors and agents with good understanding of customisation and competitive pricing for the European market.

An analysis of the company's customer relationships was also carried out. The analysis was based on factors that are crucial for sales. These include the ability to offer tailored solutions, efficient logistics and an attractive price. The customer relationship has some impact on customers' purchasing decisions, but it is not significant. Based on this, the company's customer relationships have been valued at EUR 1.3 million.

Natom's brand does not have either a price premium or a volume premium. Because the brand is directed at professional operators, the value is limited compared with consumer brands and we did not consider the brand to have a value.

Acquisition-related costs of EUR 225,000 were included under administrative expenses in the consolidated income statement for the financial year 2020.

The acquisition had the following preliminary effect on the Group's assets and liabilities. The acquired company's net assets at the date of acquisition:

Not 3 forts.

TEUR	Carrying amount before acquisition	Fair value, adjustment	Fair value recognised by the Group
Property, plant and equipment	1,824		1,824
Inventories	2,387		2,387
Trade receivables and other receivables	10,349		10,349
Cash and cash equivalents	1,444		1,444
Trade payables and other operating liabilities	–9,563		–9,563
Net assets	**6,441**		**6,441**
Acquired net assets	**6,441**		
Goodwill	4,168		
Customer relationships	1,300		
Consideration	**11,909**		
Less acquired cash in hand	1,444		
Less contingent consideration	3,000		
Total effect on consolidated cash and cash equivalents	**7,465**		

NOTE 4 Other operating income

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Capital gain/loss on the sale of property, plant and equipment	100			
Change in fair value of currency derivatives	462	246		
Currency gains on receivables/liabilities relating to operations	0	–159		
Government assistance related to Covid-19	1,338			
Total	**1,900**	**87**		

NOTE 5 Other operating expenses

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Currency losses on receivables/liabilities relating to operations	–1,098		–173	–165
Capital gain/loss on the sale of property, plant and equipment		–88		
Other		–519		
Total	**–1,098**	**–607**	**–173**	**–165**

NOTE 6 Employees and employee benefit expenses

Wages, salaries, other remuneration and social security contributions	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Wages, salaries, other remuneration and social security contributions	33,215	28,457	665	809
Social security contributions	7,407	7,352	321	393
Pension costs, defined benefit (also see Note 22)	519	465		
Pension costs, defined contribution plans	999	1,136	225	177
Total	**42,140**	**37,410**	**1,211**	**1,379**

Of the Parent Company's pension costs, pensions in respect of the Group's Board of Directors and CEO accounted for EUR 122,000 (86,000). Part of the pension cost for the CEO has been secured through a direct pension solution secured through endowment insurance. There are no outstanding pension obligations to the Board of Directors. A pension obligation exists in respect of the CEO which has been fully met through a direct pension solution secured through endowment insurance.

Average number of employees				
Parent Company	**2020**	**Of which men**	**2019**	**Of which men**
Sweden	3	100%	3	100%
Total, Parent Company				
Subsidiaries				
Sweden	228	72%	222	78%
Norway	1	100%	2	100%
Denmark	9	89%	9	78%
Finland	4	100%	4	100%
UK	63	90%	70	86%
Benelux	19	74%	18	78%
France	26	73%	25	72%
Germany	52	79%	48	77%
Switzerland	1	100%	1	100%
Italy	113	68%	97	69%
Spain	18	67%	18	67%
China	26	73%	18	83%
USA	181	78%	165	74%
Poland	29	87%		
Other	30	80%	20	80%
Total, subsidiaries	**800**		**717**	
Total, Group	**803**	**76%**	**720**	**77%**

Gender ratio in senior management	**31/12/2020**	**31/12/2019**
Parent Company	**Proportion women**	**Proportion women**
Board of Directors	33%	33%
Other senior executives	0%	0%
Group		
Board of Directors	33%	33%
Other senior executives	0%	0%

In respect of the members of the Board elected by the Annual General Meeting, the proportion of women is 33%.

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

The managing directors of subsidiaries have similar agreements for severance pay of 6–12 months' salary.

Benefits for senior executives

Principles for remuneration of the Board of Directors
The Chairman of the Board and other Board members receive fees as determined by the Annual General Meeting. Employee representatives on the Board do not receive board fees. The 2020 Annual General Meeting decided that the fees for the Board of Directors for work performed in 2020/2021 until the next AGM should be SEK 540,000 (540,000) for the Chairman of the Board and SEK 250,000 (250,000) for each of the Board members. The Chairs of the Remuneration Committee and Audit Committee receive an additional fee of SEK 50,000 (50,000), and SEK 100,000 (100,000) respectively. Members of the Remuneration Committee and Audit Committee receive an additional fee of SEK 25,000 (25,000), and SEK 75,000 (75,000) respectively.

Principles for remuneration of the CEO and President
Remuneration
The CEO and President receives remuneration in the form of basic salary, pension and variable compensation.

In 2020, the basic salary was EUR 319,000 (276,000). Variable compensation must not exceed 6 monthly salaries. Any bonus payments will be determined on the basis of the Troax Group's financial performance and growth.

In 2020, remuneration of the CEO and President amounted to EUR 453,000 (387,000), including benefits, of which EUR 0 (15,000) comprised a bonus for the financial year 2020.

Retirement benefits

The CEO and President has the right to retire at the age of 65. The CEO's pension plan is not a defined benefit plan.

In 2020, premium contributions in respect of the CEO amounted to EUR 122,000 (86,000).

Principles for remuneration to other members of the Group management

Remuneration

Those members of the Group management who are employed in companies other than the Parent Company receive their remuneration from the respective companies. The remuneration is decided by the CEO, assisted by the Chairman of the Board, and comprises a basic salary, pension, variable remuneration and other benefits. For other members of the Group management, the variable compensation must not exceed 4 monthly salaries. Any bonus payments and the bonus amounts are determined by the Board on the basis of the Troax Group's financial performance and growth. In 2020, remuneration of other members of the Group management totalled EUR 1,382,000 (1,350,000), of which EUR 42,000 (78,000) comprised bonuses for the financial year 2020.

Notice periods and severance pay

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

Retirement benefits

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

The company's obligation is linked to final salary at retirement. In 2020, premium contributions in respect of other members of the Group management amounted to EUR 232,000 (219,000).

Remuneration and other benefits in the financial year, 2020	Basic salary Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chairman of the Board Anders Mörck	28				28
Outgoing Chairman of the Board Jan Svensson	28				28
Board member Anna Stålenbring	33				33
Board member Eva Nygren	26				26
Board member Bertil Persson	31				31
Board member Fredrik Hansson	24				24
CEO Thomas Widstrand	320		12	122	454
Other senior executives (6 persons)	1,004	41	104	233	1,382
Total	**1,493**	**41**	**116**	**355**	**2,006**
Of which from the Parent Company	**654**	**0**	**37**	**226**	**917**

Remuneration and other benefits in the financial year, 2019	Basic salary Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chairman of the Board Jan Svensson	56				56
Board member Anna Stålenbring	33				33
Board member Eva Nygren	26				26
Board member Bertil Persson	31				31
Board member Fredrik Hansson	24				24
CEO Thomas Widstrand	276	15	10	86	387
Other senior executives (6 persons)	958	77	95	219	1,349
Total	**1,404**	**92**	**105**	**305**	**1,906**
Of which from the Parent Company	**556**	**42**	**33**	**176**	**807**

NOTE 7 Fees and reimbursement of costs to auditors

	Group		Parent Company	
PwC	**2020**	**2019**	**2020**	**2019**
Audit assignment	130	104	104	77
Auditing services other than the audit assignment	10	16	5	16
Tax advice	10	22	10	22
Other services	72			
Total	**222**	**142**	**119**	**115**
Other auditors				
Audit assignment	64	59		
Auditing services other than the audit assignment	27			
Other services	5	44		
Total	**96**	**103**		

Of the fees and remuneration paid in 2020 to the auditors of the Group, payments to the accounting firm Öhrlings PricewaterhouseCoopers AB were as follows: Audit assignment EUR 130,000 (65,000) and auditing services other than the audit assignment EUR 10,000 (9,000), tax advice EUR 10,000 (22,000) and other services EUR 72,000 (0).

NOTE 8 Operating expenses by type of expense

	Group	
	2020	**2019**
Material costs	−42,767	−43,394
Changes in inventories, finished goods and work in progress	2,931	1,605
Employee benefits expenses	−43,912	−41,223
Other external costs	−41,573	−45,571
Depreciation/amortisation	−7,448	−5,903
Total expenses	**−132,769**	**−134,486**

NOTE 9 Net financial income/expense

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Dividends				9,401
Interest income from cash at bank				
Interest income, Group companies			540	551
Financial income			**540**	**9,952**
Interest expense, credit institutions	−734	−600	−561	−581
Interest expense, other	−11	−253		
Net exchange rate changes	0	−60	−2,058	642
Financial expenses	**−745**	**−913**	**−2,619**	**61**
Net financial income/expense	**−745**	**−913**	**−2,079**	**10,013**

NOTE 10 Taxes

Recognised in the income statement and statement of other comprehensive income

	Group		Parent Company	
Current tax expense (–)/tax income (+)	**2020**	**2019**	**2020**	**2019**
Tax expense for the period	–6,259	–7,496	–322	–1,568
	–6,259	**–7,496**	**–322**	**–1,568**
Deferred tax expense (–)/tax income (+)				
Deferred tax on revaluation of carrying amount of deferred tax assets	–604	–193	137	0
Total recognised tax expense	**–6,863**	**–7,689**	**–195**	**–1,568**

Reconciliation of effective tax

Group		**2020**		**2019**
Profit before tax		30,102		32,041
Tax in accordance with the applicable tax rate for the Parent Company	21.4%	–6,441	21.4%	–6,857
Effect of other tax rates for foreign subsidiaries	1.0%	–305	3.1%	–1,007
Non-deductible expenses and non-taxable income	–0.0%	26	0.1%	–52
Adjustments in respect of previous years	–0.4%	122	–0.7%	236
Other effects	1.0%	–255	0.0%	
Standardised income on tax allocation reserve	0.0%	–10	0.0%	–9
Recognised effective tax	**23.0%**	**6,863**	**24%**	**–7,689**

Parent Company				
Profit before tax		1,381		16,535
Tax in accordance with the applicable tax rate for the Parent Company	21.4%	–295	21.4%	–3,538
Non-deductible expenses	0.2%	–29	0.2%	–37
Dividends received			–12.2%	2,012
Adjustments in respect of previous years	–10%	137		
Standardised income on tax allocation reserve	0.1%	–8		–5
Recognised effective tax	**11.7%**	**–195**	**9.5%**	**–1,568**

Group		
Tax attributable to other comprehensive income	**2020**	**2019**
Tax attributable to remeasurement of defined benefit pension plans	49	126
Total	**49**	**126**

Recognised in the balance sheet

Change in deferred tax in temporary differences and loss carryforwards

	As at 01/01/2020	Recognised through profit or loss	Recognised in other comprehensive income	Acquisition/ disposal of business	As at 31/12/2020
Property, plant and equipment	–1,061	–68			–1,129
Intangible assets	2,115	–315			1,800
Pension provisions	208	447			655
Untaxed reserves	–3,037	–713			–3,750
Loss carryforwards	1,755	–151			1,604
Other	–110	192			82
Total	**–130**	**–604**			**–738**

	As at 01/01/2019	Recognised through profit or loss	Recognised in other comprehensive income	Acquisition/ disposal of business	As at 31/12/2019
Property, plant and equipment	–1,162	101			–1,061
Intangible assets	2,385	–270			2,115
Pension provisions	98	110			208
Untaxed reserves	–2,531	–506			–3,037
Loss carryforwards	1,196	559			1,755
Other	77	–187			–110
Total	**63**	**–193**	**0**	**0**	**–130**

Recognised in the balance sheet

Deferred tax assets and liabilities

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

	Deferred tax 2020			Deferred tax 2019		
	Asset	**Liability**	**Net**	**Asset**	**Liability**	**Net**
Property, plant and equipment	49	–1,178	–1,129	97	–1,158	–1,061
Intangible assets	2,450	–650	1,800	2,807	–692	2,115
Pension provisions	655		655	208		208
Untaxed reserves		–3,750	–3,750		–3,037	–3,037
Loss carryforwards	1,604		1,604	1,755		1,755
Other	246	–164	82	31	–141	–110
Tax assets/liabilities	**5,004**	**–5,742**	**–738**	**4,898**	**–5,028**	**–130**
Set-offs	–578	578		–237	237	
Tax assets/liabilities, net	**4,426**	**–5,164**	**–738**	**4,661**	**–4,791**	**–130**

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is likely that they can be utilised against future taxable profits. The Group reported deferred tax assets of EUR 1,604,000 (1,755,000), which can be offset against future taxable profits.

NOTE 11 Intangible assets

Group	Licences	Trademarks	Customer relationships	Goodwill	Total
Accumulated cost					
Opening balance 01/01/2019	212	4,134	1,653	83,130	89,129
Other investments	245				245
Exchange differences for the year			47	−582	−535
Closing balance 31/12/2019	**457**	**4,134**	**1,700**	**82,548**	**88,839**
Accumulated amortisation and impairment					
Opening balance 01/01/2019	−182	−790	−220		−1,192
Amortisation for the year	−97	−100	−107		−304
Exchange differences for the year		6	−7		−1
Closing balance 31/12/2019	**−279**	**−884**	**−334**	**0**	**−1,497**
Carrying amounts					
At 01/01/2019	30	3,344	1,433	83,130	87,937
At 31/12/2019	**178**	**3,250**	**1,366**	**82,548**	**87,342**
Accumulated cost					
Opening balance 01/01/2020	457	4,134	1,700	82,548	88,839
Business acquisitions	3		2,080	4,167	6,350
Other investments	966				966
Exchange differences for the year		115	−167	1,301	1,149
Closing balance 31/12/2020	**1,426**	**54,249**	**3,613**	**88,016**	**97,304**
Accumulated amortisation and impairment					
Opening balance 01/01/2020	−279	−884	−334		−1,497
Amortisation for the year	−466		−285		−751
Exchange differences for the year			48		48
Closing balance 31/12/2020	**−745**	**−884**	**−571**	**0**	**−2,200**
Carrying amounts					
At 01/01/2020	178	3,250	1,366	82,548	87,342
At 31/12/2020	**681**	**3,365**	**3,042**	**88,016**	**95,104**

The Group had no internally generated intangible assets.

Depreciation is included in the following lines in the income statement

Group	01/01/2020 – 31/12/2020	01/01/2019 – 31/12/2019
Selling expenses	−274	−184
Administrative expenses	−477	−120
Total	**−751**	**−304**

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

Testing cash-generating units containing goodwill and trademarks for impairment

The following cash-generating units contain goodwill and trademarks:

	Carrying amount	
Goodwill	**2020**	**2019**
Troax	55,240	52,948
Satech	18,932	18,932
Folding Guard	9,676	10,668
Natom Logistic	4,168	
Total	**88,016**	**82,548**
Trademarks		
Troax	2,908	2,793
Satech	457	457
Total	**3,365**	**3,250**

Of the Group's trademarks, EUR 3,365,000 were not subject to impairment.

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

- a 2 percentage point higher discount rate
- halving of the estimated rate of growth during the forecast period.

A change in the discount rate would not result in impairment write-downs for recognised goodwill in the Group. The Group's budget and business plans for the forecast period include increases in sales, gross margin, profits and cash flows. Impairment of goodwill would not be required even if the growth rate were to halve.

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

Discount rate after tax	2020	2019
Troax	8.5%	8.5%
Satech	8.5%	8.5%
Natom	8.5%	
Folding Guard	11.0%	10.5%

NOTE 12 Property, plant and equipment

Group	Buildings and land	Machinery	Equipment	In progress	Total
Accumulated cost					
Opening balance 01/01/2019	10,738	12,827	2,229	7,194	32,988
Capital expenditure during the year		252	381	8,285	8,918
Sales and disposals		–827	–548		–1,375
Reclassifications		6,168	23	–6,191	
Exchange differences for the year	–250	–35	–16	–86	–387
Closing balance 31/12/2019	**10,488**	**18,385**	**2,069**	**9,202**	**40,144**
Accumulated depreciation and impairment					
Opening balance 01/01/2019	–2,793	–3,379	–656		–6,828
Depreciation for the year	–451	–1,938	–768		–3,157
Sales and disposals		220	539		759
Exchange differences for the year	97	55	10		162
Closing balance 31/12/2019	**–3,147**	**–5,042**	**–875**		**–9,064**
Carrying amounts					
At 01/01/2019	7,945	9,448	1,573	7,194	26,160
At 31/12/2019	**7,341**	**13,342**	**1,194**	**9,202**	**31,079**
Accumulated cost					
Opening balance 01/01/2020	10,488	18,385	2,069	9,202	40,144
Capital expenditure during the year	18	413	1,008	4,067	5,507
Business acquisitions	475	1,724	210		2,409
Sales and disposals		–248	–48	0	–296
Reclassifications	3,458	5,439	503	–9,400	0
Exchange differences for the year	783	304	130	69	1,285
Closing balance 31/12/2020	**15,222**	**26,017**	**3,872**	**3,938**	**49,049**
Accumulated depreciation and impairment					
Opening balance 01/01/2020	–3,147	–5,042	–875		–9,064
Depreciation for the year	–505	–2,823	–606		–3,934
Business acquisitions	–19	–400	–102		–521
Sales and disposals		248	48		296
Exchange differences for the year	–263	–234	–119		–616
Closing balance 31/12/2020	**–3,934**	**–8,251**	**–1,654**		**–13,839**
Carrying amounts					
At 01/01/2020	7,341	13,342	1,194	9,202	31,079
At 31/12/2020	**11,288**	**17,766**	**2,218**	**3,938**	**35,210**

Depreciation and impairment.

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

Group	2020	2019
Cost of goods sold	–5,557	–4,690
Selling expenses	–100	–96
Administrative expenses	–1,404	–1,229
Total	**–7,061**	**–6,015**

Of which EUR 2,763,000 (2,554,000) refers to depreciation of right-of-use assets.

NOTE 13 Non-current financial assets

	Group		Parent Company	
Non-current receivables classified as non-current assets	**2020**	**2019**	**2020**	**2019**
Pension investment	1,665	1,440		
Other	187	108	516	442
Total	**1,852**	**1,548**	**516**	**442**

NOTE 14 Right-of-use assets

Group		
Carrying amounts in the balance sheet		
Right-of-use assets		
Buildings	**2020**	**2019**
Opening balance 01/01/2020	9,352	5,512
Leases signed in the reporting year	10,174	6,492
Leases terminated in the reporting year	–2,861	–724
Depreciation for the year	–2,056	–1,928
Carrying amount as at 31/12/2020	**14,609**	**9,352**
Machinery and equipment		
Opening balance 01/01/2020	1,366	1,419
Leases signed in the reporting year	1,113	620
Leases terminated in the reporting year	–125	–77
Depreciation for the year	–707	–626
Carrying amount as at 31/12/2020	**1,647**	**1,336**
Lease liabilities		
Current liabilities	3,357	2,779
Non-current liabilities	12,802	7,735
Total	**16,159**	**10,514**
Carrying amounts in the income statement		
Depreciation of right-of-use assets		
Property	2,056	1,937
Machinery and equipment	707	617
Interest expense	95	65
Costs attributable to short-term leases (included in cost of goods sold and administrative expenses)	50	45
Costs attributable to leases where the underlying asset is of low value, which are not short-term leases (included in cost of goods sold and administrative expenses)	18	15

NOTE 15 Inventories

Group	2020	2019
Raw materials and consumables	4,580	3,996
Work in progress	5,283	4,450
Finished goods and goods for resale	8,178	6,080
Total	**18,041**	**14,526**

Cost of goods sold for the Group includes change in obsolescence reserve of EUR 597,000 (322,000). The closing balance of the inventory reserve in the balance sheet was EUR 1,263,000 (666,000).

NOTE 16 Trade receivables

Trade receivables were recognised after taking into account credit losses incurred during the financial year, which amounted to EUR 159,000 (48,000) for the Group. The credit losses occurred in connection with management of trade receivables in accordance with the group's credit policy and were recognised as an expense in the income statement for the reporting period.

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

Age analysis, trade receivables past due but not impaired

Group	31/12/2020	31/12/2019
Trade receivables not past due	28,541	25,484
Trade receivables past due 1–30 days	3,712	5,670
Trade receivables past due 31–90 days	1,729	2,261
Trade receivables past due >90 days	1,082	1,536
Credit loss provisions	–653	–826
Total	**34,411**	**34,125**

Change in provisions for loan allowance

Group	31/12/2020	31/12/2019
Opening reserve	–826	–730
Realised losses	159	48
Reversal of unused reserves	116	109
Reserves for the year	–102	–247
Translation differences	0	–6
Closing reserve	**–653**	**–826**

Concentration of credit risk in trade receivables
The Group has a limited credit risk per customer. The average purchase per customer and event amounts to EUR 3,000 and the total per year is around EUR 10,000.

NOTE 17 Prepaid expenses and accrued income

Group	31/12/2020	31/12/2019
Prepaid rent/leases	193	242
Insurance	126	95
Energy tax	0	159
Accrued income	1,694	1,709
Other items	1,442	1,357
Total	**3,455**	**3,562**

NOTE 18 Appropriations

	31/12/2020	31/12/2019
Group contributions	4,981	9,570
Change in tax allocation reserve	–440	–2,200
Total	**4,541**	**7,370**

NOTE 19 Earnings per share

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

	Group	
	31/12/2020	31/12/2019
Profit for the year attributable to the Parent Company's shareholders	23,239	24,352
Earnings per share	0.39	0.41

Weighted average number of outstanding shares		
Total number of shares as at 1 January	60,000,000	20,000,000
New shares from share split 1:3	0	40,000,000
Number of shares after share split	60,000,000	60,000,000
Total number of shares before dilution	**60,000,000**	**60,000,000**
Total number of shares after dilution	**60,000,000**	**60,000,000**

NOTE 20 Equity

Details of equity line item reserves	Group	
Translation reserve	31/12/2019	31/12/2019
Opening translation reserve	–15,889	–15,276
Translation reserve for the year	1,976	–613
Closing translation reserve	**–13,913**	**–15,889**

Share capital and number of shares		
Reported in number of shares		
Issued as at 1 January	60,000,000	20,000,000
Issued as at 31 December – paid	**60,000,000**	**60,000,000**

During 2019 the company implemented a share split at a ratio of 1:3, resulting in an increase in the number of shares in the company to 60,000,000.

Breakdown of registered share capital:

Reported in number of shares	**Voting right at AGM**	**2020**	**2019**
Class A shares (ordinary shares)	1 vote per share	60,000,000	60,000,000
		60,000,000	**60,000,000**

As at 31/12/2020, the registered share capital comprised 60,000,000 (60,000,000) ordinary shares and no preference shares.

Holders of ordinary shares (Class A) are entitled to dividends as they are approved.

Other paid-in capital
Refers to equity contributed by owners. This includes premiums paid in connection with issues, option premiums and share buybacks. The company owned 133,000 own shares as at 31 December 2020.

Reserves
Translation reserve
The translation reserve comprises all exchange differences arising from the translation of the financial statements of foreign operations which prepare their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The consolidated financial statements are presented in Euros.

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

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

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

Share premium reserve
When shares and other equity instruments are issued at a premium, received premiums and amounts exceeding the shares' quota value are transferred to the share premium reserve. Amounts transferred to the share premium reserve with effect from 20 December 2012 are included in non-restricted equity.

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

NOTE 21 Interest-bearing liabilities

This Note contains information on the company's contractual terms and conditions concerning interest-bearing liabilities. For more information on the company's exposure to interest risk and risk of exchange rate changes, see Note 26.

	Group		Parent Company	
Non-current liabilities	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Bank loans	69,000	69,000	69,000	69,000
Lease liabilities	16,159	10,515		
	85,159	**79,515**	**69,000**	**69,000**

	Currency	Nom. interest	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Bank loans	EUR	Euribor +0.80%	30/06/2022	69,000	69,000	69,000	69,000
Total interest-bearing liabilities					**69,000**		**69,000**

The Group is financed through a bank loan. The loan is currently not subject to repayment but the Group has the facility to make repayments if it would prefer to do so. Interest is paid quarterly to the bank and the interest at the balance sheet date corresponded to EURIBOR plus 0.8%.

NOTE 22 Provisions for pensions

Overview of defined benefit plans
The Group has defined benefit plans in Sweden, Italy and France. The majority of the Swedish pension plans are defined benefit plans, which correspond to an unfunded liability to PRI Pensionsgaranti. Pension obligations in Italy and France comprise the statutory severance pay that all employees receive on retirement.

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

The information below refers to all the above plans together.

Changes in present value of obligation relating to defined benefit plans

Group	2020	2019
Obligation relating to defined benefit plans as at 1 January	5,228	4,452
Cost relating to service in the current period	362	254
Interest expense	74	104
Remeasurement		
Actuarial gains and losses on changed financial assumptions	52	643
Pensions paid	–161	–170
Exchange differences	169	–55
	5,724	**5,228**

Distribution of pension obligations

	2020	2019
Sweden	4,280	3,962
Italy	1,371	1,193
France	73	73
	5,724	**5,228**

Expense recognised through profit or loss

Group	2020	2019
Costs relating to service in the current period	–362	–254
Interest expense on the obligation	–74	–104
Total net expense in the income statement	**–436**	**–358**
Expense recognised in other comprehensive income		
Remeasurement:		
Actuarial gains (–) and losses (+)	–172	–643
Net amount recognised in other comprehensive income	**–172**	**–643**

Assumptions relating to defined benefit obligations The most significant actuarial assumptions as at the balance sheet date (expressed as weighted averages)	2020	2019
Discount rate as at 31 December	1.2%	1.60%
Future salary increases	2.2%	2.50%
Future pension increases	1.5%	3.0%
Inflation	1.5%	1.8%

Impact on future cash flows
As at 31 December 2020, the cash flow duration used for calculating the obligation was 19 years.

The Group estimates that EUR 110,000 will be allocated in 2020 to funded and unfunded defined benefit plans that are recognised as defined benefit plans. EUR 857,000 is expected to be paid in 2020 to defined benefit and defined contribution plans in Sweden that are recognised as defined contribution plans.

Obligations relating to retirement pensions and family pensions for white-collar staff in Sweden are secured through insurance with Alecta. According to the Swedish Financial Reporting Board's statement UFR 10, this is a defined benefit plan that comprises several employers. In the financial year 2020, the company did not have access to information that makes it possible to recognise this plan as a defined benefit plan. The pension plan in accordance with ITP that is secured through an insurance in Alecta is therefore recognised as a defined contribution plan. In the reporting period, annual contributions to pension insurance policies with Alecta amounted to EUR 518,000 (502,000). Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2020, Alecta's surplus in the form of the collective funding ratio was 148% (148%). The collective funding ratio comprises the market value of Alecta's assets as a percentage of insurance obligations calculated using Alecta's actuarial assumptions, which do not correspond to IAS 19.

Defined contribution plans
In Sweden, the group has defined contribution pension plans for workers that are fully paid by the company. Abroad, there are defined contribution plans which are partly paid for by the subsidiaries and partly covered through contributions paid by the employees. Payments to these plans are made on an ongoing basis in accordance with the rules of the respective plans. Next year's anticipated contributions to defined benefit plans that comprise several employers but are recognised as if the plan was a defined contribution plan, amount to EUR 41,000 (49,000).

NOTE 23 Accrued expenses and deferred income

	Group	
	31/12/2020	31/12/2019
Accrued interest expense	20	30
Accrued wages, salaries and remuneration	1,873	1,753
Accrued holiday pay	1,791	1,695
Accrued social security contributions	1,414	1,457
Audit fees	118	54
Consultancy fees	86	53
Rent	1	60
Other items	3,406	2,383
Total	**8,709**	**7,485**

NOTE 24 Other liabilities

	Group	
Other current liabilities	2020	2019
Employee-related liabilities	2,622	1,828
VAT liabilities	537	387
Fair value, currency derivatives		
Other liabilities	1,700	594
Total	**4,859**	**2,809**

NOTE 25 Non-current liabilities

Non interest-bearing non-current liabilities are distributed as follows.

	31/12/2020	31/12/2019
Contingent consideration	2,000	0
Total	**2,000**	**0**

Contingent consideration is conditional on the acquired company achieving a certain profit target in 2021. The liability recognised for contingent consideration in the balance sheet reflects management's best estimate of the outcome. Any difference between the companies' performance and management's estimate is recognised through profit or loss.

NOTE 26 Financial risk management and financial instruments

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

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

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

According to the financial policy, 60–80% of projected net inflows or outflows in currencies that have a material impact on the Group must be hedged. Hedging should be done on an ongoing basis over a time horizon of 12 to 24 months into the future. The currencies to which the Group primarily has transaction exposure are SEK, USD and GBP against EUR. The Group has positive net inflows in these currencies. Transaction exposure to USD, GBP, SEK and other currencies is estimated to have only a minor impact on the Group's financial performance and position.

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

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

The fair value of net outstanding currency derivatives as at the balance sheet date was EUR 786,000 (86,000). In the financial year, net gains (+) / net losses (–) on futures amounted to EUR 700,000 (246,000) before tax.

Translation exposure
Translation exposure occurs as a result of the translation of the balance sheets and income statements of subsidiaries that do not use the EUR as their functional currency, since the group uses EUR as its presentation currency. The Group's primary translation exposure is in SEK against EUR, since significant parts of the Group's net assets are in Swedish kronor. Translation exposure is not hedged.

Sensitivity analysis, currency risk
A five per cent increase in the Swedish krona against the Euro would have a negative impact on the Group's financial performance of around EUR –1,500,000 (–1,500,000).

Interest risk
Interest risk is the risk that a change in market rates will have a negative impact on performance. Since June 2017, Troax has borrowed EUR 69 million in the form of a bank loan. The loan carries a variable interest rate corresponding to the 3-month EURIBOR plus a margin of 0.80%. If the EURIBOR is negative, interest is calculated using only the margin. Changes in the EURIBOR therefore have an impact on the Group's net financial income/expense.

An increase in EURIBOR of 100 basis points would result in an increase in interest expense of EUR 690,000 (690,000) before tax, based on the company's debts on the balance sheet date and taking outstanding hedges into account.

The Group does not apply hedge accounting.

Liquidity and financing risk
Liquidity and financing risk is the risk that the Group will not have access to financing to be able meet its contractual obligations, or that this could only be obtained at a significantly increased cost. According to the financial policy, the Group's cash and cash equivalents, plus overdraft facilities, must amount to at least EUR 5 million. As at the balance sheet date, cash and cash equivalents totalled EUR 32.5 million (30.4). The Group and Parent Company have access to a central overdraft facility, which at the balance sheet date amounted to EUR 10 million (10).

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

2020	2021	2022	2023	2024 and later
Interest-bearing liabilities				
Non-current, interest-bearing liabilities		69,000		
Lease liabilities according to IFRS 16	3,357	3,010	2,713	7,079
Interest	582	306	30	75
Non-interest-bearing liabilities				
Trade payables	17,010			
Other current liabilities				
Currency derivatives				
Liabilities that are not derivatives	4,560	2,000		
Accrued expense	8,709			
Total	**34,218**	**74,316**	**2,743**	**7,154**

Interest-bearing liabilities above refer to both the Group and the Parent Company.

2019	2020	2021	2022	2023 and later
Interest-bearing liabilities				
Non-current, interest-bearing liabilities			69,000	
Lease liabilities according to IFRS 16	2,779	1,802	1,430	4,503
Interest	552	552	276	
Non-interest-bearing liabilities				
Trade payables	19,708			
Other current liabilities				
Currency derivatives	–86			
Liabilities that are not derivatives	5,559			
Accrued expense	7,485			
Total	**35,997**	**2,354**	**70,706**	**4,503**

Interest-bearing liabilities above refer to both the Group and the Parent Company.

In the financial statements we have used forecasts for Euribor for the years 2021–2022.

Year	2021	2022
Euribor	–0.55%	–0.55%

NOTE 27 Operating leases

Lease agreement where the company is lessee	Group	
Future payments for non-cancellable leases amount to, in EUR thousand:	**31/12/2020**	**31/12/2019**
Within one year	3,515	2,793
Later than one year but not later than five years	10,207	6,272
Later than five years	3,489	3,105
	17,211	**12,168**

Of the group's operating leases, the majority relate to rental agreements for properties and premises where activities are carried out.

Lease payments for operating leases recorded as expenses amounted to:		
Minimum lease payments	3,054	2,481
Total lease expenses	**3,054**	**2,481**

NOTE 28 Investment commitments

Troax is continuously investing in maintenance of production facilities and production equipment. In addition to maintenance capital expenditure, the company is investing in expanding or upgrading production facilities in order to increase productivity and/or capacity. In the reporting year 2020, investments primarily comprised structural alterations at the plant in Hillerstorp.

NOTE 29 Pledged assets, contingent liabilities and contingent assets

At the end of the reporting period the Group had no contingent liabilities or contingent assets. The Parent Company had a contingent liability in respect of a subsidiary.

Troax's previous activities have resulted in an elevated level of trichloroethylene in the groundwater at the property in Hillerstorp in Sweden. In spring 2015, an investigation that involved drilling to determine the environmental impact of the previous activities was concluded. In June 2015, the Planning and Community Committee in Gnosjö Municipality decided on a control programme regarding chlorinated solvents in the groundwater at selected test sites. Test results from the samples, which are currently carried out on a six-monthly basis, at present show levels that in normal circumstances would not give rise to further measures. The test results from the previous drillings are not sufficient to predict or determine with any certainty what the end result will be. At the time of presenting these financial statements, the company has not made any provisions as a result of this environmental issue. Based on historical data relating to the cost of decontamination and post-treatment measures, for instance on the basis of the Swedish Environmental Protection Agency's report 5663, February 2007, the company estimates that the financial risk should not exceed EUR 1.0 million. If the outcome of the above-mentioned studies is that further measures must be taken, this amount may prove too low.

Pledged assets and contingent liabilities	Group		Parent Company	
In the form of pledged assets for liabilities and provisions	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Floating charges	1,992	1,914		
Security provided for pension	516		516	
Guarantee on behalf of subsidiary			2,172	2,125
Total pledged assets and contingent liabilities	**2,508**	**1,914**	**2,688**	**2,125**

NOTE 30 Participations in Group companies

Holdings in Group companies	Group company's registered office, country	31/12/2020 Participating interest	31/12/2019 Participating interest
Troax AB	Gnosjö, Sweden	100.0%	100.0%
Troax Nordic AB	Gnosjö, Sweden	100.0%	100.0%
Troax UK Ltd	Swindon, UK	100.0%	100.0%
Troax Lee Manuf. Ltd	Swindon, UK	100.0%	100.0%
Troax Italy SRL	Genoa, Italy	100.0%	100.0%
Troax Schweiz AG	Altendorf, Switzerland	100.0%	100.0%
Troax Inc.	Nashville, USA	100.0%	100.0%
Folding Guard	Chicago, USA	100.0%	100.0%
Troax Nordic AS	Oslo, Norway	100.0%	100.0%
Troax SA	Chambèry, France	100.0%	100.0%
Troax BV	Lisse, Netherlands	100.0%	100.0%
Troax GmbH	Niedernhausen, Germany	100.0%	100.0%
Troax Güvenik Sistem	Istanbul, Turkey	100.0%	100.0%
Troax Shanghai System	Shanghai, China	100.0%	100.0%
Troax Denmark A/S	Ishöj, 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%
Satech K.K	Tokyo, Japan	100.0%	100.0%
Lagermix Rullportar AB	Gnosjö, Sweden	100.0%	100.0%
Troax Safety Systems Co., Ltd.	Tokyo, Japan	100.0%	100.0%
Troax Safety Systems India	Bangalore, India	100.0%	100.0%
Natom Logistic	Chocicza, Poland	100.0%	0%

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

	31/12/2020	31/12/2019
Opening cost	87,694	87,694
Carrying amount as at 31 December	87,694	**87,694**

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

Subsidiary / Corporate ID no. / Registered office	Number of shares	Participation	31/12/2020 Carrying amount	31/12/2019 Carrying amount
Troax AB / 556093-5719 / Gnosjö, Sweden	1,046,800	100%	87,694	87,694
			87,694	**87,694**

NOTE 31 Related parties

Related parties
The Parent Company has a related party relationship with its subsidiaries, see Note 30. The Parent Company's sales in both 2020 and 2019 exclusively comprised sales to Group companies. No purchases were made from Group companies.

Transactions with key management personnel
Wages, salaries and other remuneration to key management personnel are shown in Note 6.

NOTE 32 Untaxed reserves

	31/12/2020	31/12/2019
Tax allocation reserve	6,967	6,527
Total	**6,967**	**6,527**

NOTE 33 Analysis of the statement of cash flows

Cash and cash equivalents	**Group**		**Parent Company**	
The following sub-components are included in cash and cash equivalents:	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Cash in hand and at bank	32,494	30,374		
Total according to the cash flow statement	**32,494**	**30,374**		
Adjustments for non-cash items				
Depreciation/amortisation	7,448	6,015		
Provisions for pensions	325	187		
Other provisions	352	1,550		
Change in value, derivatives	–700	88		
Total	**7,425**	**7,840**		

NOTE 34 Information about the Parent Company

Troax Group AB (publ), corporate identity number 556916-4030, is a Swedish registered limited company whose registered office is in Gnosjö in Sweden. The address for the head office is Box 89, SE-335 04 Hillerstorp, Sweden. The consolidated financial statements for 2020 comprise the Parent Company and its subsidiaries, together known as the Group.

NOTE 35 Proposed appropriation of profits

Non-restricted equity in the Parent Company in EUR thousand:	
Share premium reserve	25,769
Retained earnings	8,103
Profit for the year	1,186
Total	**35,058**

The Board's opinion on the proposed distribution of profits

The Board of Directors proposes that a dividend of EUR 0.2 (0.1) per share, a total of EUR 12 million (EUR 6), be paid to shareholders. The proposed dividend to shareholders will reduce the company's equity/assets ratio to 25.1% and the consolidated equity/assets ratio to 43.8%. The equity/assets ratio is satisfactory in view of the fact that the operations of the company and Group remain profitable. It is estimated that liquidity in the company and Group can be maintained at an equally satisfactory level. It is the Board's view that the proposed distribution does not prevent the company, or other companies in the Group, from fulfilling their short-term or long-term obligations, nor from completing required investments. The proposed distribution is therefore justifiable with regard to what is recommended in the Swedish Companies Act, Chapter 17, Section 3, paragraphs 2–3 (the rule of caution).

The record date for dividend payments is 28 April 2021.

NOTE 36 Profit/loss from participations in Group companies

	2020	2019
Dividends	0	9,401
Total	**0**	**9,401**

ASSURANCE

We hereby confirm that to the best of our knowledge, the financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the company's financial position and results, and that the Directors' Report provides a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties facing the company.

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

HILLERSTORP 29 MARCH 2021

FREDRIK HANSSON
Board member

BENGTH HÅKANSSON
Employee representative

THOMAS WIDSTRAND
CEO

ANNA STÅLENBRING
Board member

ANDERS MÖRCK
Chairman

BERTIL PERSSON
Board member

EVA NYGREN
Board member

As stated above, the financial statements and consolidated financial statements were authorised for issue by the Board of Directors on 29 March 2021. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 26 April 2021.

We submitted out audit report on 29 March 2021.
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant

AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

OPINIONS

We have audited the financial statements and consolidated financial statements of Troax Group AB (publ) for 2020. The Company's financial statements and consolidated financial statements are included on pages 8–52 of this document.

In our opinion, the financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other parts of the financial statements and consolidated financial statements.

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

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

BASIS FOR OPINIONS

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

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

Focus and scope of the audit

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

We tailored our audit in order to perform audit procedures that were appropriate for the purpose of being able to give an opinion on the financial statements as a whole, taking into account the Group's structure, financial reporting procedures and controls, as well as the industry sector in which the Group operates.

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

Materiality

The scope of the audit was influenced by our assessment of materiality. An audit is designed to obtain a reasonable level of assurance about whether the financial statements are free from material misstatements. Misstatements can arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Measurement of intangible assets with indeterminate useful lives and goodwill Troax describes its approach to measurement of intangible assets with indeterminate useful lives and goodwill under Note 1 ***(n)*** "Accounting policies and measurement principles" and under Note 11 to the financial statements. Intangible assets with indeterminate useful lives and goodwill account for a significant proportion of the Group's total assets. Because these assets are not amortised on a continuous basis, Troax must instead test these assets for impairment on an annual basis. Troax performed impairment testing in the fourth quarter of 2020. Impairment testing must include assumptions about, among other things, future sales, margins, tied-up capital and discounting factors. The company management and Board therefore have to make complex judgements and estimates. To make judgments on measurement, Troax has also carried out simulations and sensitivity analyses in order to understand how a change in different assumptions affects impairment testing. Because the amount of the assets is significant, and because the required assumptions include judgements and estimates, each of which individually could have a significant impact on measurement, this is a key audit matter.	We found that the established impairment tests, for each cash generating unit, had been conducted in accordance with established principles and methods. We used specialists to assist us in assessing assumptions in the company's policies and methods. Key assumptions used for impairment testing by the company management and the Board concerned sales, profitability and discount rates. We assessed these assumptions by comparing them against budget and strategic plan, and also against historical performance. We also carried out an independent assessment based on the economic conditions for the cash generating units. We evaluated discount rates against observable market data. We also examined whether key assumptions were consistent with previous years. We evaluated the sensitivity analyses that have been performed and evaluated whether these analyses formed the basis for the information reported in Note 11 to the financial statements. Finally, as an overall control measure, we compared the market capitalisation of the company with the calculated recoverable value.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS
The Board of Directors and the CEO are responsible for this other information. This other information consists of the remuneration report and pages 1–7 and 64–74 of this document but does not include the financial statements, consolidated financial statements and our auditor's report in respect of these.

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

In connection with our audit of the financial statements and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the financial statements and consolidated financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed in respect of this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

The Board's Audit Committee shall, without prejudice to the Board's responsibilities and tasks in other respects, among other things, monitor the company's financial reporting.

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

A more detailed description of our responsibilities for the audit of the financial statements and consolidated financial statements is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the Auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS
In addition to our audit of the financial statements and consolidated financial statements, we audited the Board of Directors' and CEO's administration of Troax Group AB (publ) for the financial year 2020 and the proposed appropriation of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated as proposed in the Directors' Report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

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

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

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

The Board is responsible for the organisation of the company and the management of the company's affairs. Among other things, this includes continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed such that accounting, asset management and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall be responsible for day-to-day management in accordance with the Board's guidelines and directives and among other things take the measures necessary to ensure that the company's accounting is carried out according to legal requirements and that asset management is conducted in a satisfactory manner.

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

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

Our objective concerning the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this matter, is to determine with reasonable assurance whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions which may give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not consistent with the Swedish Companies Act.

A more detailed description of our responsibilities with regard to the audit of the administration is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the Auditor's report.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Troax Group AB (publ) by the Annual General Meeting on 25 June 2020 and has served as the company's auditor since 12 December 2012. In spring 2015, the company became a public interestentity.

Gothenburg, 29 March 2021
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant
Auditor in Charge

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE
Troax Group AB (publ) ("Troax" or "The Company") is a Swedish public limited company. The company's shares were admitted to trading on Nasdaq Stockholm on 27 March 2015 and since then the Company applies the Swedish Code for Corporate Governance ("the Code"). The guidelines relating to the Code can be found on the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se). The Code is based on the principle "comply or explain", which means that companies applying the Code may deviate from individual rules provided they give an explanation for the deviation. In 2020 Troax deviated from rule 2.3 of the Code because the CEO, in his capacity as a shareholder in the company, was a member of the Nomination Committee.

SHARE CAPITAL AND SHAREHOLDERS
The share capital at year-end amounted to EUR 2,574,618, comprising 60,000,000 shares. All shares carry the same number of votes. At the end of 2020, Investmentaktiebolaget Latour owned 18,060,000 shares (18,060,000), corresponding to 30.1% (30.1%) of the equity and votes. The ten largest shareholders together owned 72.8% (74.4%) of the shares in the company. For further information about the share and shareholders, see www.troax.com.

ANNUAL GENERAL MEETING
According to the Swedish Companies Act (2005:551), the General Meeting of shareholders is the company's highest decision-making body. At General Meetings shareholders exercise their voting rights on key issues such as adoption of the income statement and balance sheet, appropriation of the Company's profit or loss, discharge from liability of the members of the Board and the CEO, election of Board members and auditors and remuneration of the Board and auditors. The Articles of Association do not contain any separate restrictions on the appointment or removal of a Board member or amendment of the Articles of Association. Nominations of Board members comply with the instructions issued by the Annual General Meeting in 2020.

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

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

SHAREHOLDER INITIATIVES
Shareholders who wish to have a matter considered by the meeting must submit a written request to the Board. Such a request must normally be received by the Board not later than seven weeks before the general shareholders' meeting.

ANNUAL GENERAL MEETING 2020
The 2020 Annual General Meeting was held on 25 June. The Annual General Meeting elected six Board members, including Chairman of the Board, Anders Mörck, and appointed a Nomination Committee, see below under "Nomination Committee". At total of 56.93% (60.49%) of the shares and votes in the company were represented at the Annual General Meeting. The financial statements and accompanying Auditor's report were presented to the Annual General Meeting and adopted, while the Board and CEO were granted discharge from liability. The Annual General Meeting also decided that fees totalling SEK 1,540,000 (SEK 1,540,000) will be paid to the Board, plus SEK 250,000 (SEK 250,000) for committee work, and that the elected auditors will receive payment against an approved invoice. A decision was taken on a share option scheme directed at senior executives.

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

The Nomination Committee for the 2021 Annual General Meeting comprises Anders Mörck (Chairman of the Board), Johan Hjertonsson (representing shareholder Latour and Chairman of the Nomination Committee), Louise Hedberg (representing shareholder SEB Investment management) and Thomas Widstrand (personal shareholding). The composition of the Nomination Committee deviated from rule 2.3 of the Swedish Corporate Governance Code, which states that the CEO or other member of the Group management must not be a member of the Nomination Committee. The Nomination Committee's mandate shall remain in force until a new Nomination Committee has been appointed.

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

Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board must, to the extent it is elected by the Annual General Meeting, comprise at least four members and not more than eight members, with up to four deputy members. In accordance with the Code, the Chairman of the Board must be elected by the Annual General Meeting and have special responsibility for management of the Board's work and for ensuring that the Board's work is well-organised and performed in an effective manner. The persons elected to the Board of Directors at the Annual General Meeting in 2020 are shown on pages 64–65. It is the Nomination Committee's opinion that the composition of the Board of Directors is appropriate in view of the company's business, financial position, stage of development and other circumstances. An important basis for nomination of board members is that the composition of the board must reflect and accommodate the various skills and experiences that may be required for the company's strategic development and governance. In particular, the Nomination Committee has taken into account the requirement for diversity and breadth on the board, as well as the need to strive for equal gender distribution. According to the Nomination Committee, the composition is appropriate for the purpose of meeting such requirements in the company's business. The Nomination Committee has chosen to apply rule 4.1 of the Corporate Governance Code as its diversity policy.

The Board of Directors adheres to written rules of procedure that are revised annually and established at the first scheduled board meeting following election. The rules of procedure govern such matters as board practices, functions and the division of responsibilities between Board members and the CEO. In connection with the board meeting following election, the Board shall establish the terms of reference for the CEO relating to financial reporting.

The Board meets in accordance with an annually established schedule. In addition to these board meetings, additional board meetings can be convened in order to deal with matters that cannot be referred to an ordinary board meeting. In addition to board meetings, the Chairman of the Board and the CEO maintain a continuous dialogue concerning management of the company.

During the reporting year the Board met nine times. For attendance in 2020, see separate table. Agendas for board meetings, 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 financial performance and other relevant information.

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

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

AUDIT COMMITTEE

The Board has decided to work via an Audit Committee chaired by chairman Anna Stålenbring, and this Committee held three meetings in 2020. The primary duties of the Audit Committee include:

- overseeing the company's financial reporting
- overseeing the effectiveness of the company's internal control, internal audit and risk management
- keeping informed about the audit of the financial statements and the consolidated financial statements
- reviewing and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with other services than audit services
- assisting with preparing proposals to the Annual General Meeting for the election of auditors.

REMUNERATION COMMITTEE

The Board decided to appoint a Remuneration Committee for 2020, and to appoint Anders Mörck chairman of the Committee. The Remuneration Committee met twice in 2020. In terms of remuneration issues for 2020, this meant that the Committee:

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

EVALUATION OF THE BOARD'S WORK

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

CEO AND OTHER SENIOR EXECUTIVES

The CEO is subordinate to the Board of Directors and is responsible for the company's ongoing management and day-to-day operations. The division of responsibilities between the Board of Directors and the CEO is set out in the rules of procedures for the Board and the terms of reference issued to the CEO. The CEO is also responsible for preparing reports and compiling information from management ahead of board meetings, and for presentation of the material at board meetings.

In accordance with the instructions for financial reporting, the CEO is responsible for the company's financial reporting and must consequently ensure that the Board receives correct information in order to be able to evaluate the company's financial position.

The CEO must continuously keep the Board informed about the development of the company's operations and sales, results and financial position, cash flows, credit status, significant business events and all other events, circumstances or conditions that can be assumed to be important to the company's shareholders.

The CEO and the senior executives are presented in the section "Board of Directors, senior executives and auditors".

REMUNERATION OF BOARD MEMBERS, THE CEO AND SENIOR EXECUTIVES

REMUNERATION FOR BOARD MEMBERS

Decisions on fees and other remuneration for Board members, including the chairman, are taken by the Annual General Meeting. Remuneration of the Chairman of the Board was determined at SEK 540,000, with a fee of SEK 250,000 to be paid to each of the Board members Bertil Persson, Anna Stålenbring, Eva Nygren and Fredrik Hansson. Thomas Widstrand does not receive remuneration in his capacity as an employee of the company. Board members are not entitled to benefits after the end of their appointment.

GUIDELINES FOR REMUNERATION OF THE CEO AND OTHER SENIOR EXECUTIVES

The Annual General Meeting in June 2020 passed resolutions on guidelines for remuneration of the CEO and other senior executives.

REMUNERATION IN THE FINANCIAL YEAR 2020

Remuneration to the company's management comprises basic salary, variable compensation, pension benefits and other benefits. The table below shows an overview of remuneration of Board members and senior executives in the financial year 2020. The amounts are shown in EUR thousand.

	Attendance			Remuneration			
GROUP	Board meetings	Audit Committee	Remuneration Committee	Fee/Basic salary	Variable remuneration	Other benefits	Pension
Anders Mörck (chair)	5/9		1/1	28			
Jan Svensson (out. chair)	4/9		1/1	28	–	–	–
Anna Stålenbring	9/9	3/3		33	–	–	–
Eva Nygren	9/9		2/2	26	–	–	–
Bertil Persson	9/9	3/3		31	–	–	–
Fredrik Hansson	9/9			24	–	–	–
Bength Håkansson (empl)	9/9			–	–	–	–
Thomas Widstrand (CEO)	9/9			320	0	12	122
Other senior executives, 6 persons				1,004	42	104	232
Total				**1,494**	**42**	**116**	**354**

CURRENT EMPLOYMENT CONTRACTS FOR THE CEO AND OTHER SENIOR EXECUTIVES

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

The CEO is entitled to a fixed annual salary of EUR 320,000 and a variable salary linked to certain key performance indicators which corresponds to a maximum of EUR 160,000. In 2020, total remuneration, including pension provisions, to the CEO amounted to EUR 453,700. The CEO falls within the scope of both the Swedish National Insurance Act and the so-called basic level in accordance with the ITP plan on salary components of up to 7.5 income base amounts. In addition to this, a premium increment applies that replaces the opt-out premium for alternative ITP pension. The CEO's employment contract runs until 31 May 2024.

At the end of the financial year, the senior management comprised six senior executives in addition to the CEO. In 2020, total remuneration to senior executives amounted to EUR 1,382,000. Senior executives resident in Sweden are subject to a period of notice of 3–6 months in case of resignation by the employee, and 6–12 months in the case of termination by the employer. Senior executives fall within the scope of both the Swedish National Insurance Act and the ITP plan, including the right to a pension scheme for high earners.

AUDIT

The auditor must audit the Company's financial statements and accounts and the Board's and CEO's administration. After each financial year the auditor must submit an Auditor's report and a consolidated Auditor's report to the Annual General Meeting. In 2020, the auditor participated in one board meeting in order to provide comments on continuous auditing and the general approach to the accounting year. Auditors are elected until the Annual General Meeting in 2021.

In accordance with the company's Articles of Association, the company must have a minimum of one and not more than two auditors and up to two deputy auditors. The Company's auditor is Öhrlings

PricewaterhouseCoopers AB, with Johan Palmgren as auditor in charge. The company's auditor is presented in more detail in the section "Board of Directors, senior executives and auditors". In 2020, total remuneration to the Group's auditors amounted to EUR 318,000 (EUR 245,000).

INFORMATION POLICY, INSIDER POLICY AND LOGBOOK INSTRUCTIONS

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

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

CONTROL ENVIRONMENT

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

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

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

RISK ASSESSMENT AND CONTROL ACTIVITIES

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

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

FOLLOW-UP

The Group applies IFRS. Financial data is reported monthly from 27 reporting entities in accordance with standardised reporting procedures. The reporting constitutes the basis for the Group's consolidated financial reporting. Consolidation is done from a legal and operational perspective, resulting in statutory quarterly reporting and monthly operating reports.

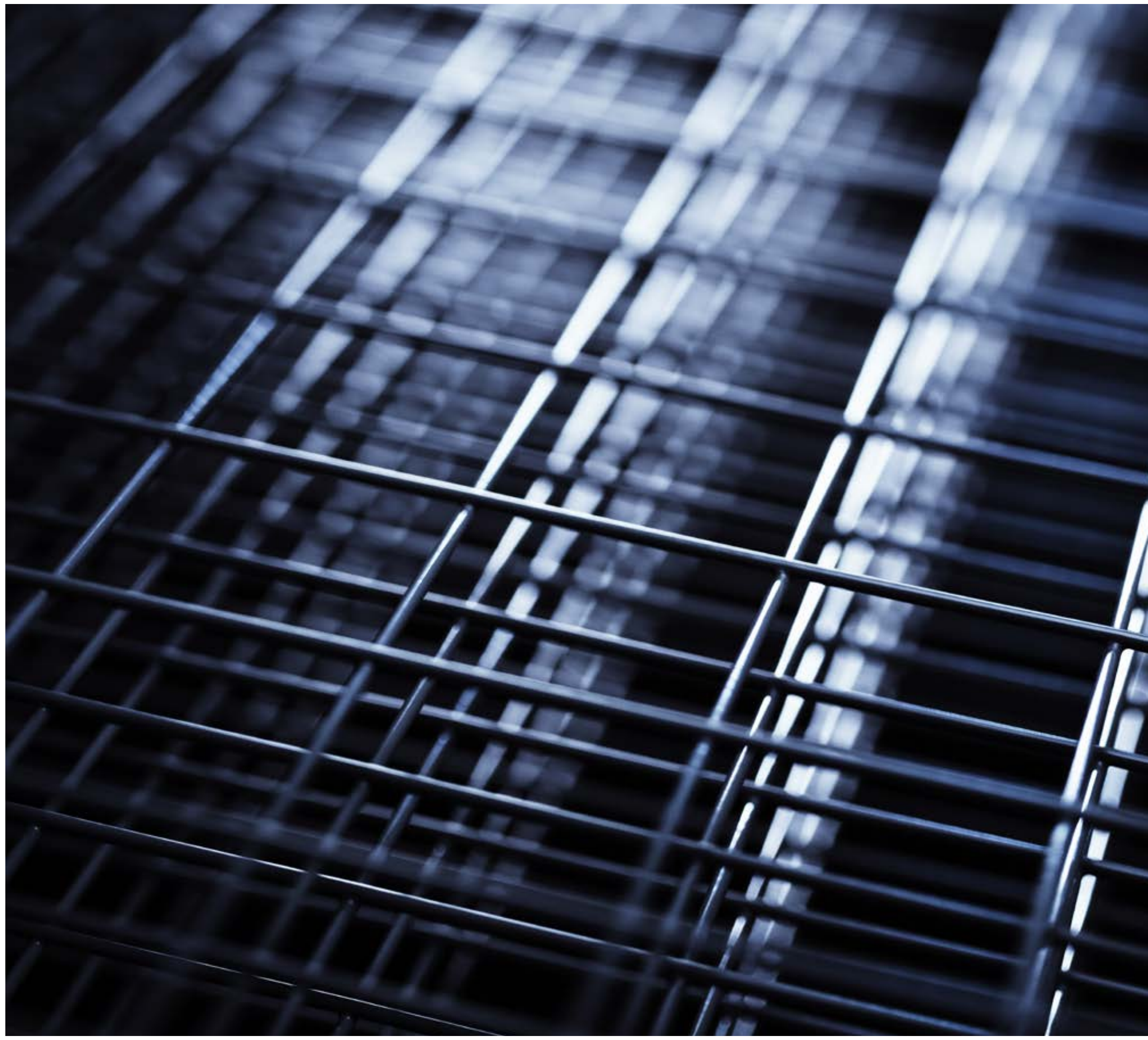
INTERNAL AUDIT

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

The Company has not established a separate internal audit function with regard to financial reporting. This function is performed by the Board in its entirety. The issue is also reviewed annually by the Audit Committee. Efficient work by the Board therefore forms the basis for good internal control. Troax's Board has established rules of procedure and clear instructions for its work.

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

The size of the company, combined with the activities described above relating to internal governance and control, mean that the Board has not found it necessary to establish a separate internal audit function. The matter of a separate internal audit function will be assessed annually, however.



AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

ENGAGEMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report for 2020 on pages 58–62 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

FOCUS AND SCOPE OF THE AUDIT

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

OPINION

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6, paragraph 2, items 2–6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, paragraph 2 of the same Act are consistent with the financial statements and consolidated financial statements and are in accordance with the Swedish Annual Accounts Act.

Gothenburg, 29 March 2021
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant

BOARD OF DIRECTORS

SHAREHOLDING AT THE DATE OF ADOPTION OF THIS ANNUAL REPORT

ANDERS MÖRCK
Chairman of the Board since 2020.

BORN: 1963

EDUCATION: MSc in Business and Economics from Växjö Univerity.

PROFESSIONAL EXPERIENCE: CFO of Investment AB Latour.

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

SHAREHOLDING: 2,000

ANNA STÅLENBRING
Board member since 2015.

BORN: 1961

EDUCATION: MSc from Växjö University.

PROFESSIONAL EXPERIENCE: 30 years of experience of management of industrial companies, mostly within the Nefab group.

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

SHAREHOLDING: 9,000

THOMAS WIDSTRAND
CEO since 2008 and Board member since 2014.

BORN: 1957

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

PROFESSIONAL EXPERIENCE: Managing Director of Borås Wäfveri AB and Cardo Pump AB.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Profilgruppen AB.

SHAREHOLDING: 3,447,780 shares and 19,948 share options giving the right to buy 26,844 shares.

EVA NYGREN
Board member since 2016.

BORN: 1955

EDUCATION: Architecture at Chalmers University of Technology.

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

OTHER SIGNIFICANT BOARD APPOINTMENTS: Chairman of the Board of Brandkonsulten AB, Board member of JM AB, Swedavias AB, Ballingslöv International AB, Diös AB och NRC Group ASA.

SHAREHOLDING: 1,500

FREDRIK HANSSON
Board member since 2018.

BORN: 1971

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

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

OTHER SIGNIFICANT BOARD APPOINTMENTS: Chairman of the Board of Scanbox Thermoproducts AB and Hedson International AB. Board member of HMS Networks AB, NordLock Group AB and Anocca AB.

SHAREHOLDING: 0

BERTIL PERSSON
Board member since 2018.

BORN: 1961

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

PROFESSIONAL EXPERIENCE: CEO of Beijer Alma group, senior positions at LGP Telecom, Scania AB and Investor AB.

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

SHAREHOLDING: 4,500

BENGTH HÅKANSSON
Board member (employee representative) since 2010.

BORN: 1957

EDUCATION: Technical college graduate.

PROFESSIONAL EXPERIENCE: Business area manager for the Stockholm region at Troax Nordic AB.

SHAREHOLDING: 4,125

MANAGEMENT

SHAREHOLDING AT THE DATE OF ADOPTION OF THIS ANNUAL REPORT

THOMAS WIDSTRAND
CEO since 2008 and Board member since 2014.

BORN: 1957

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

PROFESSIONAL EXPERIENCE: Managing Director of Borås Wäfveri AB and Cardo Pump AB.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Profilgruppen AB.

SHAREHOLDING: 3,447,780 shares and 19,948 share options giving the right to buy 26,844 shares.

ANDERS EKLÖF
CFO since 2017.

BORN: 1970

EDUCATION: MSc in Business and Economics from Växjö University.

PROFESSIONAL EXPERIENCE: Finance Director of Strömsholmen AB, authorised public accountant and director of PwC.

SHAREHOLDING: 0 shares and 7,200 share options giving the right to buy 10,800 shares.

DAVID TEULON
Managing Director and Regional Manager for UK/Ireland since 2008.

BORN: 1953

EDUCATION: Education in politics and economics.

PROFESSIONAL EXPERIENCE: Sales management and marketing of engineering and building products.

SHAREHOLDING: 30,000 shares and 9,100 share options giving the right to buy 15,700 shares.

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

BORN: 1962

EDUCATION: Degree in business management, Commercial College DAG.

PROFESSIONAL EXPERIENCE: Sales Director at Chubb Locks & Safes.

SHAREHOLDING: 16,215 shares and 3,300 share options giving the right to buy 9,900 shares.

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

BORN: 1972

EDUCATION: MBA Business Administration, IESE Business School and BSc in Data Systems Engineering from Politécnica Catalunya University in Spain.

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

SHAREHOLDING: 40,000

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

BORN: 1972

EDUCATION: Certified Market Economist.

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

SHAREHOLDING: 5,000 shares and 7,000 share options giving the right to buy 10,400 shares.

CHRISTIAN HELLMAN
Supply Chain Manager since 2017.

BORN: 1976

EDUCATION: Within technology, management, logistics and finance.

PROFESSIONAL EXPERIENCE: Site Manager/Factory manager at Expert's Nordic region warehouse and AQ Enclosures Systems AB.

SHAREHOLDING: 0

AUDITORS
Öhrlings PricewaterhouseCoopers AB (PwC)

Johan Palmgren (born 1974)

Öhrlings PricewaterhouseCoopers AB

Torsgatan 21, SE-113 21 Stockholm, Sweden

GROUP HIGHLIGHTS

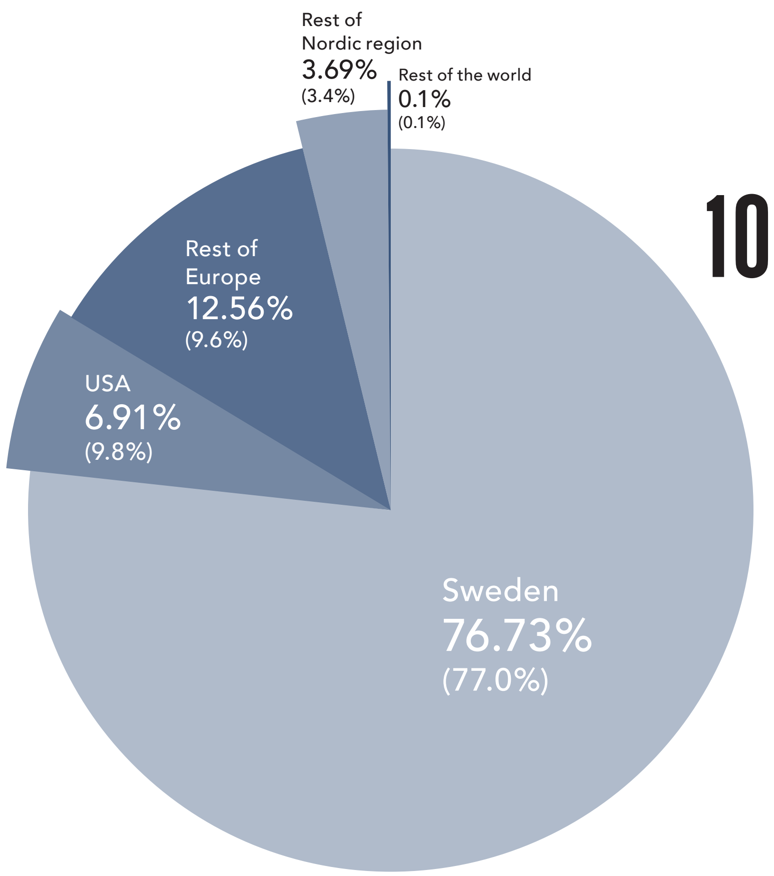
Income statement, EUR million	2020	2019	2018	2017	2016[1]	2015	2014[2]
Net sales	163.6	168.0	161.0	152.1	115.8	103.7	91.2
Operating expenses	−132.8	−135.0	−128.1	−121.5	−90.5	−81.3	−76.3
Operating profit	30.8	33.0	32.9	30.6	25.3	22.4	14.9
Net financial income/expense	−0.7	−0.9	−0.8	−5.2	−3.9	−4.1	−4.4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

[1] The column for 2016 does not include the acquisition of Folding Guard.
[2] The column for 2014 includes Satech as if the acquisition had taken place as at 1 January 2014.

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

Cash flow, EUR million	2020	2019	2018	2017	2016	2015	2014
Cash flow from operating activities	26.3	29.4	26.1	19.2	16.1	13.2	11.2
Cash flow from investing activities	−14.8	−8.7	−9.0	−3.3	−27.3	−5.6	−18.2
Cash flow from financing activities	−9.5	−12.7	−8.0	−14.9	12.9	−10.0	5.7
Cash flow for the period	**2.0**	**8.0**	**9.1**	**1.0**	**1.7**	**−2.4**	**−1.3**

TROAX ON THE STOCK EXCHANGE



100%

SHAREHOLDER DISTRIBUTION
Geographical breakdown 2020 (2019)

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

DIVIDENDS AND DIVIDEND POLICY
The Board is proposing a dividend to shareholders of EUR 0.2 per share (previous year EUR 0.1). Total dividend of EUR 12 million. The dividend corresponds to 52% of profit after tax. The record date for dividend payments is 28 April 2020.

Troax's goal is to pay around 50% of net profits in dividends. The dividend proposal must take into account Troax's long-term development potential, financial position and investment needs.

Shareholders	Proportion
Investment AB Latour	30.1%
SEB Investment Management	6.37%
State Street Bank and Trust Co, W9	5.78%
Widstrand, Thomas	5.75%
Svolder Aktiebolag	5.02%
Spiltan Fonder	4.65%
Handelsbanken Fonder AB	4.61%
Bny Mellon SA/NV (Former Bny), W81MY	4.42%
Nordea Investment Funds	3.17%
Enter fonder	2.97%
Total, ten largest shareholders	**72.84%**
Other shareholders	27.16%

Shareholding	Number of shareholders	Proportion
1–500	3,617	0.63%
501–1,000	324	0.40%
1,001–5,000	336	1.27%
5,001–10,000	56	0.68%
10,001–15,000	28	0.60%
15,001–20,000	13	0.37%
20,001–	96	96.05%
	4,470	**100%**

Share data	2020	2019
Earnings per share, EUR	0.39	0.41
Exchange rate on balance sheet date, SEK/EUR	10.04	10.45
Proposed dividend, EUR	0.2	0.19
Dividend as proportion of profit	52%	46%
Share price at end of year, SEK	192.2	120.8
Dividend yield on closing price	1%	1.6%
Highest share price in 2020 (27 December)	205	
Highest share price in 2019 (21 May)		124.8
Lowest share price in 2020 (4 January)	71.9	
Lowest share price in 2019 (23 March)		83.16
Number of shareholders	4,470	4,971
Market capitalisation at end of year, SEK million	11,532	7,248

DEFINITIONS OF KEY PERFORMANCE INDICATORS

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

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

EBITDA
Operating profit before amortisation/depreciation and impairment.

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

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

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

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

DEBT/EQUITY RATIO, %
Net borrowings divided by equity, as at the end of the period.

WORKING CAPITAL
Total current assets less cash and cash equivalents less non-interest-bearing current liabilities, excluding liabilities relating to additional consideration, as at the end of the period.

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

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

KEY PERFORMANCE INDICATORS

NOT DEFINED IN IFRS

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

NET DEBT/EBITDA
Ratio of net debt to EBITDA.

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

NET DEBT
Interest-bearing loans excluding provisions for pensions less cash and cash equivalents.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting in Troax Group AB (publ) will be held on Monday 26 April. Notice of the Annual General Meeting is given, in accordance with the Articles of Association, via an announcement in the gazette Post- och Inrikes Tidningar and on the company's website not more than six weeks and not less than four weeks before the Annual General Meeting. An advertisement of the notice will be published in Svenska Dagbladet. The information below relating to the meeting does not constitute a legal notice.

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

- » be recorded in the share registered maintained by Euroclear Sweden AB on 16 April 2021
- » notify the company not later than 20 April 2021 using the address Troax Group AB (publ), Box 89, SE-335 04 Hillerstorp, Sweden, or by telephone on +46 370 828 00, or via email to arsstamma@troax.com, and must also notify the company of the number of assistants attending.

When giving notice of attendance, shareholders must state their name, personal or corporate identity number, address and telephone number. The personal data provided will be processed and used only for the Annual General Meeting 2021.

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

Shareholders who have had their shares registered in the name of a nominee must, to be entitled, to participate in the Meeting re-register such shares in their own name so that the shareholder is entered into the share register as of the record date 16 April 2021. Such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such time in advance as decided by the nominee. Voting rights registration that has been requested by shareholders at such time that the registration has been completed by the nominee no later than 20 April 2021, will be taken into account in the preparation of the share register.

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