»EVERY INNOVATION STARTS WITH THE SEARCH FOR A BETTER FUTURE«

TROAX GROUP AB – ANNUAL REPORT 2018

MAKING YOUR WORLD SAFE
PROTECTING PEOPLE, PROPERTY, AND PROCESSES.

TROAX – THE ORIGINAL
OUR PRODUCTS ARE BASED ON HARD WORK, GOOD IDEAS AND VALUES THAT ARE SOFTER THAN STEEL. WE HAVE BEEN WORKING ON MAKING YOUR WORLD SAFE SINCE 1955.

TROAX GROUP AB

Financial Calendar 2019

Interim Report Q1, **14 May**

Interim Report Q2, **14 August**

Interim Report Q3, **7 November**

Year-end Report 2019, **February 2020**

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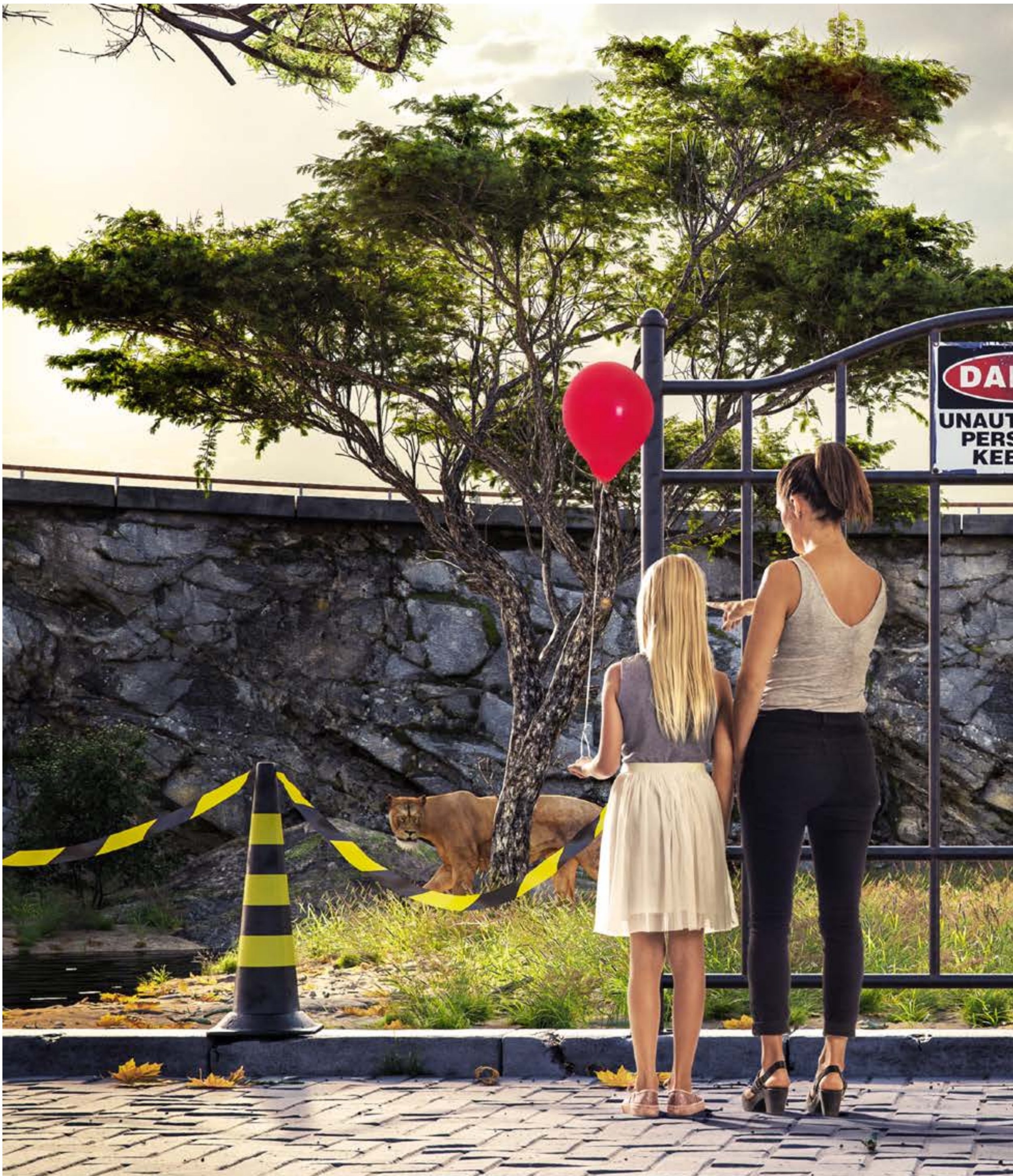
FOR INFORMATION ABOUT THE BUSINESS,
MARKETS AND CORPORATE RESPONSIBILITY,
PLEASE SEE WWW.TROAX.COM

THERE ARE NO SHORTCUTS WHEN IT COMES TO SAFETY.



Some dangers are obvious. Others appear unexpectedly, or when your turn our back. We believe there are no shortcuts when it comes to safety. On the contrary, to achieve an appropriate level of safety, you need top-notch quality, a high level of skill and a well-thought-out solution. For us, safety is about always being one step ahead and testing our products to make sure that they stand up to the task – regardless of the form the danger takes.

» SAFETY IS A
ONE STE

ABOUT BEING
P AHEAD«

THOMAS WIDSTRAND
CEO and Group Chief Executive,
Troax Group AB (publ)

THE YEAR IN BRIEF

2018 I EUR MILLION	2018	YEAR-ON-YEAR CHANGE
Orders received	165.0	+9%
Net sales	161.0	+6%
Operating profit	32.9	+7%
Operating margin	20.4%	+1.5%
Earnings per share (EUR)	1.22	+43%
Proposed dividend per share (SEK)	5.00	+18%

42 COUNTRIES

For more than 60 years, Troax has been developing metal-based mesh panel solutions for different applications. Today, we have a total of 707 staff and are represented in 42 countries. Our vision, which guides our day-to-day work, is to make the world a safer place by offering safety solutions that protect people, property and processes.

SPEED AND CERTIFICATION

Our development work is to a large extent carried out in close cooperation with our customers all over the world. In 2018, we launched Troax Speed Bolt: a new type of fixing that is used to assemble our anti-collapse systems for warehouses. This innovation meets both customers' requirements concerning efficiency and our shared commitment to high safety standards. Troax Speed Bolt also offers better ergonomics for fitters and improves the safety of the overall solution.

Another important milestone was that our Smart Fix system was certified and approved by TÜV Rheinland according to ISO 14120:2015. This certification is the first within the Machine Guarding sector.

FOLDING GUARD

We made good progress on our work to integrate Folding Guard into the Group during the year. Overall, the work is proceeding to plan, with specific focus on developing the production, delivery service and logistics of the business. The plant has also began production for Troax Inc. In 2019, the plant will increase investment in sales and marketing.

INVESTMENTS IN HILLERSTORP

A new production line has been launched at our Hillerstorp unit. The total investment amounted to EUR 6 million. We have also invested in two new manufacturing cells: one robot cell for posts and one for doors. The expansion makes it possible to increase the rate of production even with a smaller workforce.

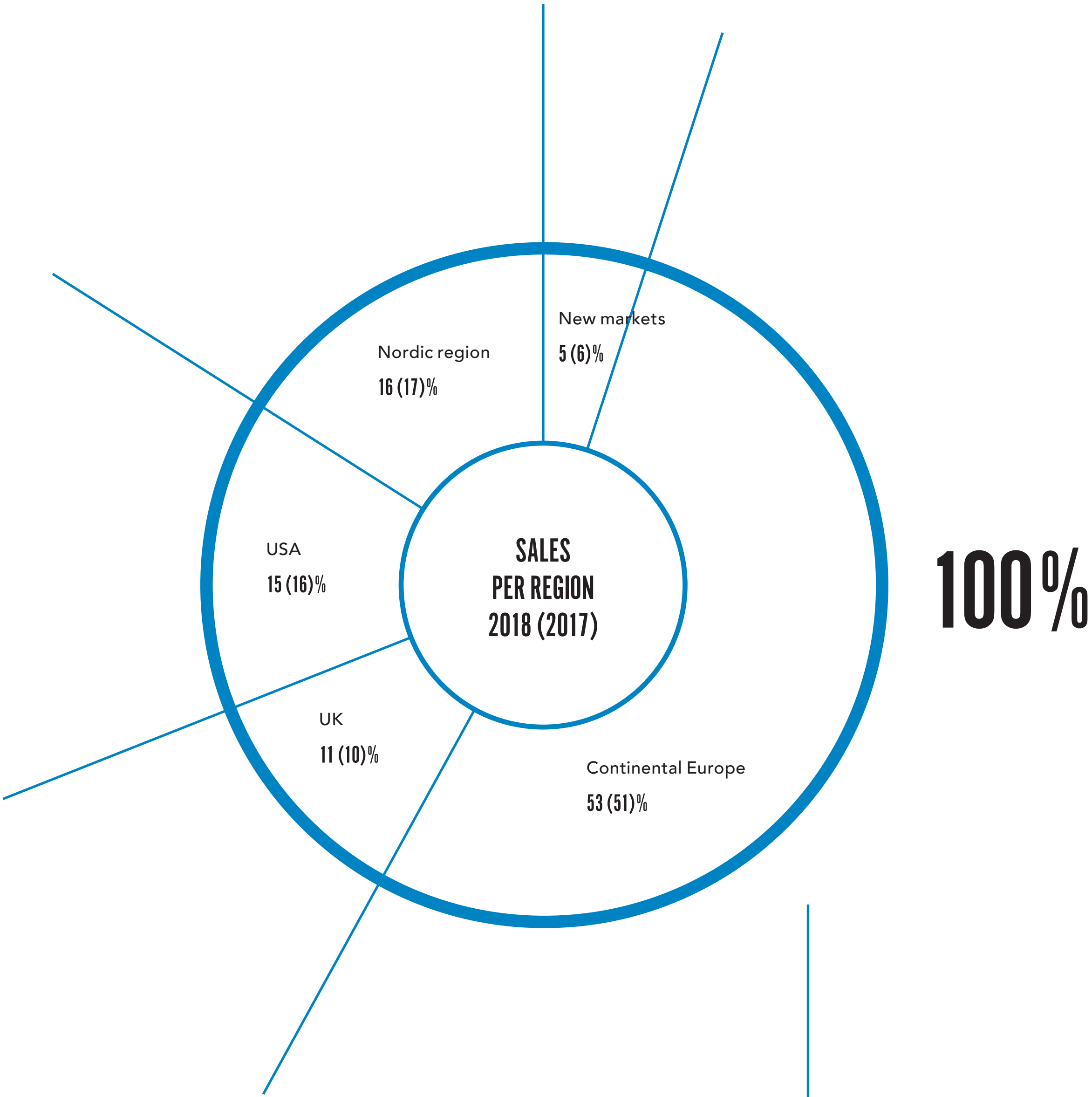
TROAX ON NASDAQ

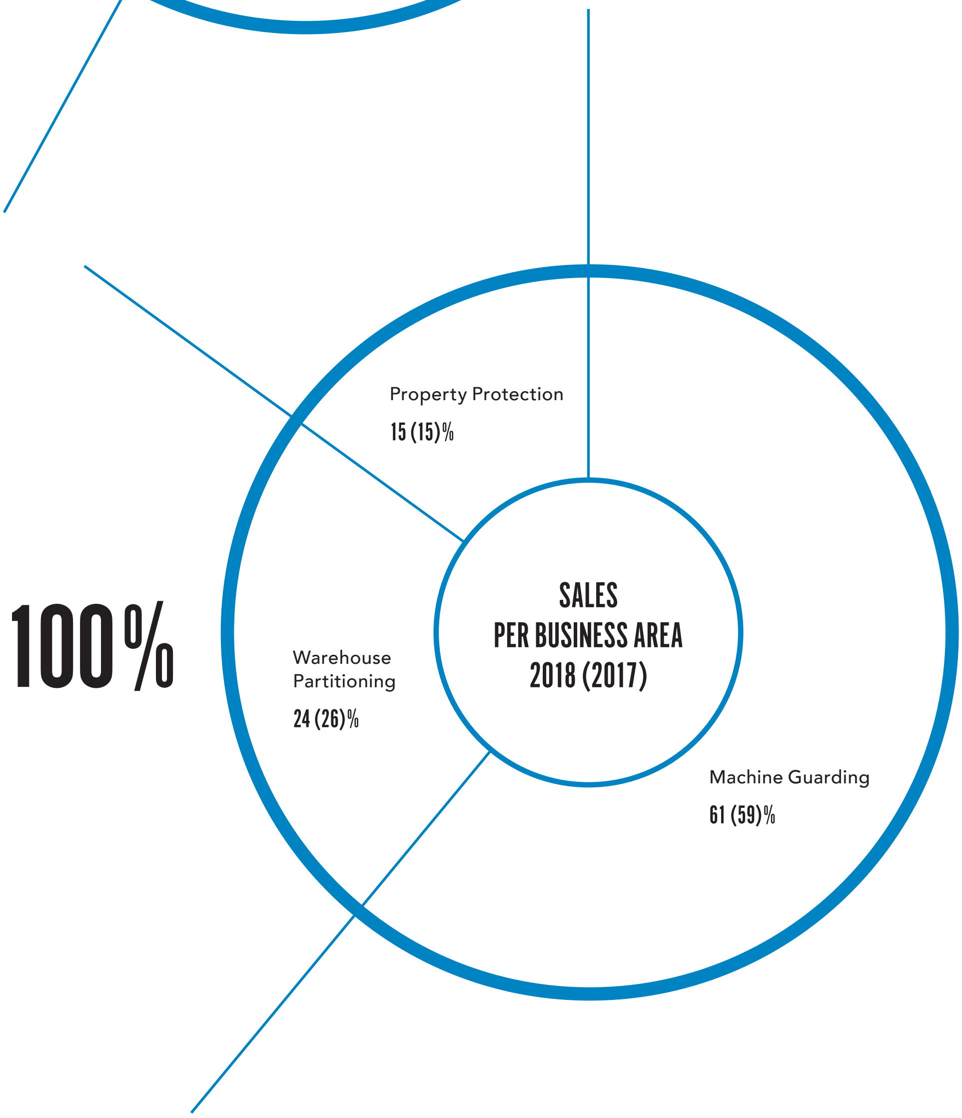
The Troax share has been listed on Nasdaq Stockholm since March 2015. In 2018, the share price fell by 9%. At the end of the year, Troax had a total of 3,753 shareholders and interest in the share is growing, primarily among residents in Sweden.

TROAX IS WORKING TOWARDS MAKING YOUR WORLD SAFE BY DEVELOPING INNOVATIVE SAFETY SOLUTIONS.

FOR MORE THAN 60 YEARS, TROAX HAS BEEN DEVELOPING HIGH-QUALITY, METAL-BASED MESH PANEL SOLUTIONS, AND ITS VISION IS TO MEET DEMAND FOR SAFE AND SECURE STORAGE, MACHINE GUARDING AND WAREHOUSE PARTITIONING. TODAY, TROAX IS THE MARKET LEADER IN THIS FIELD, AND ITS PRODUCTS PROTECT PEOPLE, PROPERTY AND PROCESSES ALL OVER THE WORLD.

TROAX HAS A BROAD AND DIVERSE CUSTOMER BASE OF AROUND 9,000 CUSTOMERS, WHICH INCLUDE SEVERAL GLOBAL CORPORATIONS. OUR CUSTOMERS INCLUDE RETAILERS, SYSTEM INTEGRATORS, OEMS AND END-CUSTOMERS.
READ MORE ON PAGE 13.


SALES
PER REGION
2018 (2017)
Nordic region
16 (17)%
New markets
5 (6)%
USA
15 (16)%
UK
11 (10)%
Continental Europe
53 (51)%
100%


SALES
PER BUSINESS AREA
2018 (2017)
Property Protection
15 (15)%
Warehouse
Partitioning
24 (26)%
Machine Guarding
61 (59)%
100%

SALES EUR million

SALES
EUR million

TROAX 2014
84.5

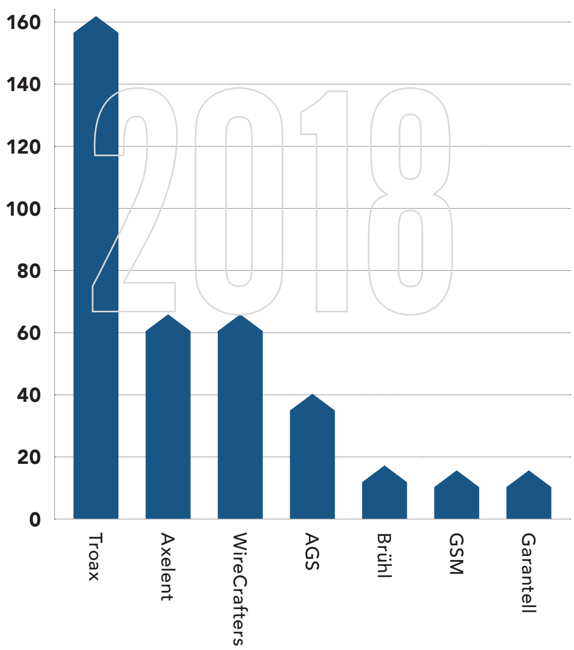
TROAX 2015
103.7

TROAX 2016
115.8

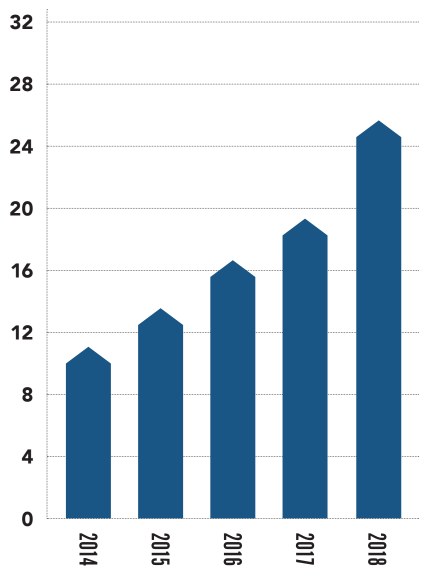
TROAX 2017
152.1

TROAX 2018
161.0

THE COMPANY'S ASSESSMENT OF THE COMPETITIVE SITUATION IN 2018 EUR million



CASH FLOW FROM OPERATING ACTIVITIES EUR million



OPERATING PROFIT EUR million

2014	13.8 EUR million
2015	22.4 EUR million
2016	25.3 EUR million
2017	30.6 EUR million
2018	32.9 EUR million

01.

MACHINE GUARDING

MACHINE GUARDING

Modern industries are often highly automated and require a high degree of safety. In order to protect people from potentially dangerous machinery, and also to protect the production processes, solutions such as mesh partitions are used to separate production areas from other areas.

The market for machine guarding is expected to grow by around 7–8 %. Growth is primarily forecast for industries that are increasingly using large industrial robots, such as the automotive industry, the mining and steel industries, pharmaceuticals, foodstuffs and the general engineering sector.

CUSTOMERS

» Integrators, which in turn sell and install complete solutions for end-customers

» Automotive industry

» Manufacturers of industrial equipment (robots), such as packaging machinery and general industry. *(Some automated warehouses are included here because these customers fall into the Machine Guarding segment.)*

WAREHOUSE PARTITIONING

02.

WAREHOUSE PARTITIONING

Material handling equipment solutions include warehouse partitions, cages, wire mesh decking and anti-collapse systems. Wholly or partially automated warehouse solutions are also showing strong growth.

This market segment is expected to grow by 3–4 %, largely driven by the performance of the large retail chains and their demand for warehouses. But the e-commerce trend is also increasingly a growth factor in this sector. E-commerce is growing by more than 10 % per year.

CUSTOMERS

» Pallet racking manufacturers and other integrators

» E-commerce retailers, catalogue merchants and grocery chains

» Logistics companies, which often complement their transport solutions with warehouse solutions

» Builders of data centres and server rooms.

PROPERTY PROTECTION

03.

PROPERTY PROTECTION

Storage solutions for basement storage areas, primarily for multi-tenanted residential buildings.

This market segment is dependent on housing construction and thus to some extent on political decisions. Growth is expected to amount to around 2–3 %.

CUSTOMERS

» Municipal and private housing companies and housing cooperatives

» The construction industry

» Companies letting storage space.

GLOBAL PRESENCE & HISTORY

Representation in 42 countries
707 employees globally
7 distribution centres
5 production facilities

1955
Troax is founded by four brothers.

1972
International expansion begins.

1991
Acquisition of C. Lee Manufacturing Ltd of the UK.

1995
Certified according to ISO 9001. Troax's owner, Gnosjö-gruppen AB, becomes a wholly-owned subsidiary of Gunnebo AB, a public company listed on Nasdaq Stockholm.

1998
Certified according to ISO 14001.

2003
Shift in focus from diversified to more homogeneous product portfolio.

2008
New market-oriented management appointed and increased focus on the growing market for machine guarding. Company implements organisational changes.

2010
The company is acquired by Accent Equity and Troax's management.

2012
Acceleration of international expansion.

2013
The company is acquired by FSN Capital III and Troax's management. Start of production in China.

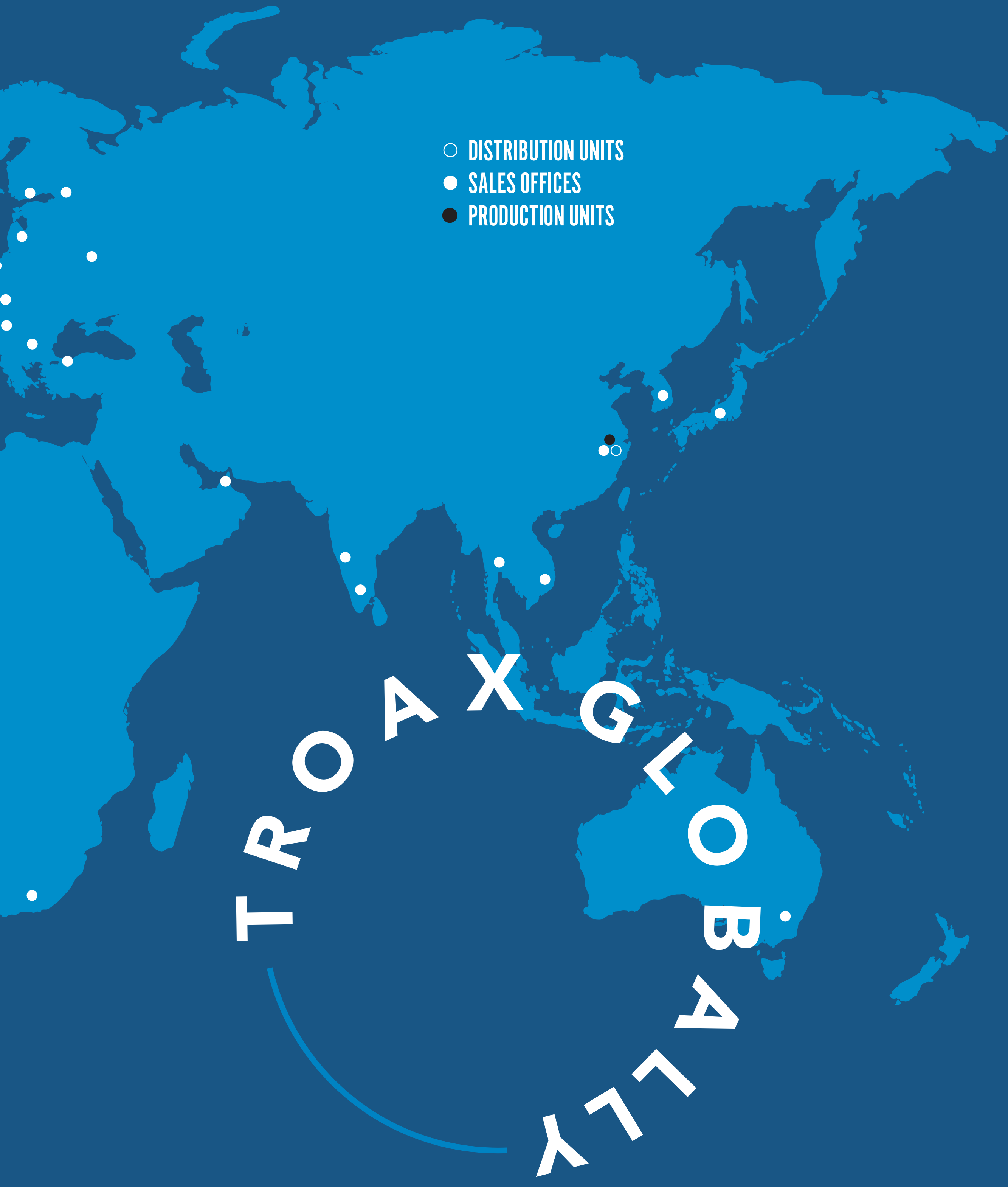
2014
Acquisition of Satech, #1 in Italy.

2015
Listing on Nasdaq Stockholm. Acquisition of Lagermix. The Company celebrates its 60th Anniversary.

2016
Acquisition of Folding Guard, #2 in the USA.

2018
Start of Troax Inc. production in the USA.

ARGENTINA, AUSTRALIA, AUSTRIA, BELGIUM, BRAZIL, CANADA, CHILE, CHINA, COLOMBIA, CROATIA, CZECH REPUBLIC, DENMARK, FINLAND, FRANCE, GERMANY, HUNGARY, INDIA, IRELAND, ITALY, JAPAN, LATVIA, MEXICO, NETHERLANDS, NORWAY, PERU, POLAND, PORTUGAL, ROMANIA, RUSSIA, SLOVAKIA, SLOVENIA, SOUTH AFRICA, SOUTH KOREA, SPAIN, SWEDEN, SWITZERLAND, THAILAND, TURKEY, UNITED ARAB EMIRATES, UNITED KINGDOM, USA & VIETNAM


DISTRIBUTION UNITS
SALES OFFICES
PRODUCTION UNITS
TROAX GLOBALLY

OUR PRODUCT

Hillerstorp, SWEDEN

Production of the entire range of panels.

Capacity (metres)
>1,200,000

Capacity utilisation
90%

Area (m²)
30,870

MAIN PRODUCTION FACILITY

Birmingham, UK

Partitions for offices and industry, to minimise noise and dust.

Capacity (panels)
~66,000

Capacity utilisation
50%

Area (m²)
4,100

ION UNITS

Shanghai,
CHINA

Mesh panels and machine guarding products.

Capacity (metres)
~100,000

Capacity utilisation
35%

Area (m^2)
3,500

Calco,
ITALY

Modular protection solutions for machine guarding.

Capacity (metres)
~350,000

Capacity utilisation
90%

Area (m^2)
10,000

Chicago,
USA

Metal mesh panel solutions for machine guarding and warehouses.

Capacity (metres)
~350,000

Capacity utilisation
60%

Area (m^2)
15,400

SATISFIES ALL CUSTOMERS' NEEDS REGARDING SAFETY AND STORAGE SOLUTIONS.

Folding Guard® is a leading manufacturer and supplier of safety solutions in the North American market. The company was established in 1962 and its head office, product development and production facility have been based in Chicago ever since. At the end of 2016, the company was acquired by Troax Group AB.

The company has 139 employees and its products are sold via the company's own sales organisation, including representatives and distributors throughout the USA.

All products are designed to be simple to plan and install and they can also be adjusted according to the customer's specific requirements.

Folding Guard® specialises in manufacture and development of safety and storage solutions, and its nationwide network of retailers offers expert advice on products as well as design and smart solutions.

A SAFE PLANT IS A PRODUCTIVE PLANT.

For two decades, Satech has focused on safety for production facilities. The company offers modular protection systems for machine guarding and is today one of the leading players in Europe.

Satech's head office and production facility is based in Calco in northern Italy and the company has been part of the Troax Group since the middle of 2014.

Today, Satech offers products that meet international standards and modular solutions for warehouses and production facilities, with a specific focus on making customers' facilities both safer and more efficient.

Satech offers a broad spectrum of products and its range includes a large assortment of high-quality accessories, assembly systems and software products that meet customers' requirements.

SATECH Modular Machine Guards

SATECH / PART OF TROAX GROUP

» ENVIRONMENTAL AND SUSTAINABILITY ISSUES HAVE ALSO COME TO THE FORE THIS YEAR AND WE CAN HONESTLY SAY, HAND ON HEART, THAT WE ARE ACTIVELY ENGAGED IN THESE ISSUES. WE NOW WANT TO BECOME BETTER AT COMMUNICATING WHAT THESE EFFORTS MEAN IN PRACTICE. «

MESSAGE FROM THE CEO

Dear shareholder! In 2018, Troax had a large number of opportunities to improve its market shares, and we made every effort to take advantage of these. Below are a few points that neatly sum up the year.

- We launched several new products and made several improvements to the existing product range.
- We acquired new distributors in a number of new countries and we expanded our sales organisation, including in more mature markets.
- Stable order intake in all our customer segments clearly shows that our offering is both strong and successful.
- The integration and restructuring of Folding Guard in the USA continued according to plan. We are now seeing signs that we have come through the first phase and we have seen some improvements at operational level. Investments in marketing and sales will be stepped up in 2019 in accordance with existing plans.
- Improved volumes in recent years have resulted in the Group taking the important decision to increase machine capacity at existing production facilities. Towards the end of the year, a completely new production line came on stream in Chicago, for the purpose of producing Troax products for the North American market. This will reduce the Group's environmental impact and also result in lower freight costs.
- At the unit in Hillerstorp we invested in two new manufacturing cells, one for posts and one for doors. The investment will enable us to increase the speed and efficiency of production, while keeping the workforce as small as possible.

Each of the above points is important and together they helped us achieve organic growth of around 11% in 2018, excluding exchange rate fluctuations in orders received. This figure is slightly above our historic average and, in view of the fact that investments by the Group's most important customer segment (automotive industry) were at a low level in 2018, must be seen as a good achievement. The relatively low level of investments in this segment is expected to start improving again in 2019 or 2020. Good performance in other customer segments compensated for this development in 2018.

Our assessment is that we gained market share in most markets in 2018 and that our share of the global market is now close to 15%. In Europe, our share is significantly higher and we expect this development to continue in 2019.

We saw good growth in all our geographic segments, except perhaps the USA. In the USA, Troax's performance was clearly positive, while Folding Guard was to some extent affected by the decrease in investments in the automotive industry and was unable to compensate

MILESTONES

FOLDING GUARD INC. INTEGRATION IS CONTINUING AND WE ARE MAKING POSITIVE INVESTMENTS FOR THE FUTURE.

NEW DECISIONS TAKEN TO INCREASE PRODUCTION AND AREA IN SWEDEN

INVESTMENT IN POST AND DOOR PRODUCTION IN HILLERSTORP COMPLETED.

11% ORGANIC GROWTH EXCL. FOREIGN CURRENCY EFFECTS ABOVE ESTIMATED MARKET GROWTH.

ORGANIC GROWTH IN ALL OPERATING SEGMENTS.

for it. In the UK, growth was positive during the year, representing a recovery from the uncertainty and subsequent downturn in the previous year due to the country's prospective exit from the EU.

The market was strong, just as it had been in 2017, and we benefited from a good economy. Our view is that this is expected to continue for at least the first six months of 2019. In the second half of 2018, we secured a number of large orders and the volume of orders received at the end of the year was larger than we are accustomed to seeing. Growth was also good within industry, warehouses and the other segments. Regarding our customers there has been a shift towards a more balanced ratio in turnover, as the automotive industry today equals 10–12%, which is a reduction compared to previous year. Our customers within construction have showed good growth, although we noticed that growth levelled off during the year, especially in the Nordic region. Competition in the market is expected to remain the same as in previous years.

In a few markets we have again seen increased activity in low-cost products. However, many of these do not meet the standards that we believe are required of a safety solution. Development is moving in the right direction, however, and standards – whether formal or informal – and products are being developed in a way that encourages safety. In 2019, ISO 13857 will be updated, which will see the introduction of stricter requirements for safety distances to protect peoples' arms and legs in risk areas. This will impact the design of machine guarding and will assist us in our efforts to develop safety solutions that make our customers feel safe and enable them to sleep well at night.

For several of our customers, the fourth industrial revolution – Industry 4.0 – is high on the agenda, and this is an area where we have made great strides. We offer proprietary configuration solutions where the customer can draw and order their own solutions, essentially without any participation from us. This development will continue, and we are now increasing our investments in this area.

Environmental and sustainability issues have also come to the fore this year and we can honestly say, hand on heart, that we are actively engaged in these issues. We now want to become better at communicating what these efforts mean in practice. All units within the Group have had refresher training about our sustainability targets and ethical guidelines and new staff are given this information as part of their induction.

Our results for the financial year were good, mostly due to a continued increase in volumes and good capacity utilisation at our production facilities. We implemented our new production line at the Hillerstorp unit in 2018. This facility will now enter test production and is expected to be fully operational in the second half of 2019.

In 2018, we achieved our target margin for the Group, which combined with growing sales resulted in an increase in the Euro-denominated result of around 7%. In terms of earnings per share, these showed a significant increase (40%), because earnings per share in 2017 were weighed down by extra costs resulting from the redemption of our bond issue. This measure therefore had a positive effect on the Group's net interest income in 2018.

EXPECTATIONS FOR 2019
We approach 2019 with the same mindset and objectives as before – to continue to grow, and we believe the industry will continue to grow by 4–6% over time.

Finally, I would like to extend my sincere thanks to all our employees around the world! You are all doing a fantastic job and together we are helping our customers create solutions within our niche of the safety sector.

THOMAS WIDSTRAND
CEO and Group Chief Executive,
Troax Group AB (publ)

MISSION:

TO DEVELOP INNOV
SAFETY SOLUTION
PROTECT PEOPLE,
AND PROCESSES.

VATIVE
S THAT
PROPERTY

VISION:
Troax should be the No. 1 choice for innovative safety solutions, the world's leading supplier of mesh panels and have a global presence in all major channels.

CUSTOMER FOCUS:
We are responsive and committed to putting our clients at the centre, and we offer solutions, products and services of the highest quality.

RESPECT:
We are dedicated and we care about people. This helps us act with high ethical standards, integrity and professionalism in everything we do.

COOPERATION:
We always have our minds set on cooperation, between colleagues, as well as with present and presumptive clients and suppliers.

SUSTAINABILITY REPORT

IN OUR SUSTAINABILITY REPORT WE PRESENT OUR SUSTAINABILITY WORK AND HOW WE MANAGE OUR COMMON RESOURCES.

METAL BECOMES ENVIRON-METAL

In 2015, the countries of the world agreed on 17 goals for a better world before 2030. The goals give us an opportunity to eliminate poverty, combat inequality and stop climate change. Taking these global goals as our starting point, it is now up to all of us: governments, industry and civil society to work together to create a better future for all.

Source: globalgoals.org

BUSINESS MODEL AND STRATEGY

SUSTAINABLE BUSINESS DEVELOPMENT

ENVIRONMENTAL IMPACT

GOOD WORKING CONDITIONS

BUSINESS ETHICS

WE MAKE YOUR WORLD SAFER.

SUSTAINABILITY REPORT TROAX 2018

TROAX'S BUSINESS MODEL AND STRATEGY
Troax is working to make your world safer by developing innovative safety solutions that protect people, property and processes.

For more than 60 years, the purpose of our high-quality, metal-based mesh panel solutions has been to meet demand for safe and secure storage and to function as machine guarding and partitions for warehouses.

Today we are the market leader in our industry. Troax is represented in 42 countries around the world and employs around 700 people.

EVERYTHING WE DO IS BASED ON OUR BUSINESS CONCEPT
Our business concept incorporates three areas in which the focus is on development and quality. Specific objectives have been defined for each area, which correspond to our three business areas:

- Machine guarding: Products and solutions that protect people from machinery and robots in industrial environments, and guard automated manufacturing processes from unauthorised persons.
- Warehouse partitioning: A wide range of protection solutions that are used for conventional and automated logistics handling, such as, for example, storage cages, warehouse partitions and anti-collapse panels for pallet racks.
- Property protection: Customised mesh panel solutions for basements, attics and self-storage facilities.

Our mission is to exceed our customer's expectations when it comes to innovative safety products that protect people, property and processes. Our vision is to be the first choice in innovative safety solutions – and the leading global supplier of mesh panels, with a global presence in all important areas.

In our work to make everyday life safer we follow three core values, both from a long-term perspective and on a daily basis:

- Customer focus. We are responsive, committed and put the customer first to be able to offer the highest quality solutions, products and services.
- Respect. We are dedicated and we care about people. This is why we demonstrate ethical principles, integrity and professionalism in everything we do.
- Cooperation. We always collaborate, both between colleagues and with current and future customers and suppliers.

FOCUS ON SUSTAINABLE BUSINESS DEVELOPMENT
Our stakeholders are the groups that are able to influence, and are affected by, the company's operations. The most important stakeholders include owners, employees, customers, suppliers and society at large.

The Group's companies interact with their respective stakeholders in several ways. Our ambition is to manage the business in a responsible way and to promote sustainable development that benefits all our stakeholders. We have selected a few of the UN's global sustainable development goals and these are the areas on which we are focusing our sustainability efforts:

- Health and wellbeing
- Equality
- Sustainable energy
- Decent working conditions
- Sustainable production
- Peaceful and inclusive societies.

On the basis of this, we have identified three focus areas, which we believe are also important to our stakeholders. They also support Troax's strategic goals and focus:

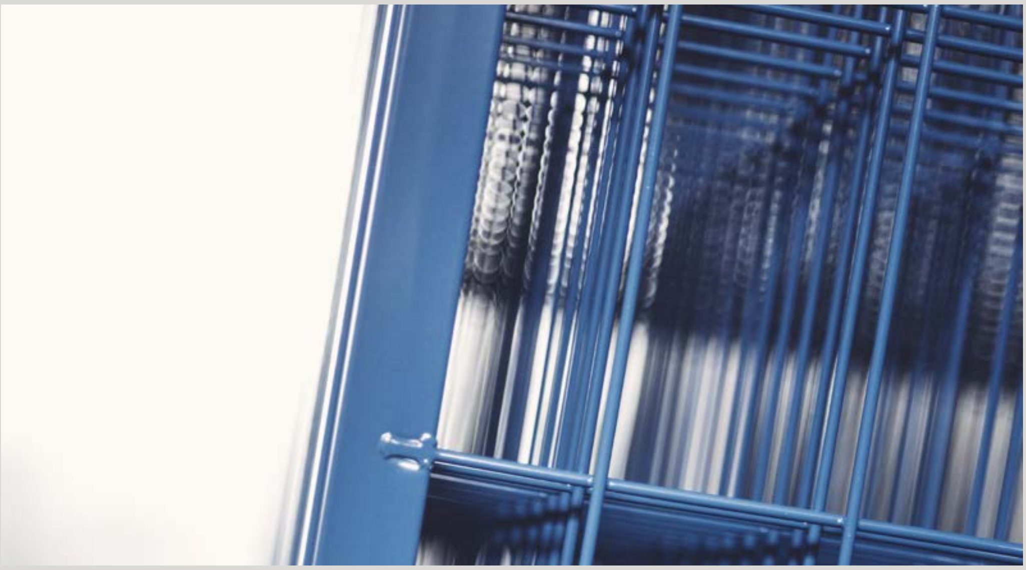
- Environmental impact
- Good working conditions
- Business ethics.

We have been working on sustainability issues for many years and have integrated them as a natural part of our operations. This has been implemented partly through the introduction of various policies relating to sustainability, and partly by ensuring active sustainability work in accordance with ISO 14001.

Troax's global policies relating to sustainability apply to all companies within the Group and consist of:

- Ethical guidelines for Troax Group
- Whistle blowing policy
- Financial guidelines
- Quality and environmental policy
- HR policy
- Equality policy.

We follow the development of sustainability work by following-up the goals set within each area. Our ambition is to continue to develop our internal sustainability programme, for instance through continued investment in training and through additional goals that are regularly followed up within the business.



FOCUS AREA 1: ENVIRONMENTAL IMPACT

Sustainable, reliable and renewable energy and clean fuels are a prerequisite in order to be able to meet many of the challenges facing the world. A large proportion of our emissions of greenhouse gases come from extraction, transformation and use of fossil energy. However, renewable energy solutions are becoming cheaper, more reliable and more efficient day by day.

We manage our business according to applicable laws and regulations and work both internally and externally on taking measures that are aimed at improving the environment. It is also important that our employees are engaged in helping us to continuously improve our environmental efforts.

We monitor and measure our environmental performance and we seek to eliminate or reduce pollution, unnecessary material consumption and emissions to air and water.

- We have prepared an overarching action plan as a result of examining environmental aspects.
- Active environmental work is carried out in all projects involving new or processed products.
- We are actively working on ensuring that our internal work environment maintains a high standard from a social and health perspective.
- We are actively working on implementing internal fire safety inspections to prevent damage to property and personal injury.

We submit reports on our work on increasing energy efficiency to management on a monthly basis and to the authorities on an annual basis. We have had notifiable activities in Sweden since 2015. Our manufacturing units in China, Italy, the UK and the United States comply with national laws and regulations.

Troax AB has been certified according to ISO 14001 since 1998. Our mesh panels have minimal environmental impact because the product is to a large extent made from recyclable steel. The new end-product is 99% recyclable, which means that an end-of-life product from Troax is returned to the recycle loop to be made into new steel products.

Activities previously conducted by Troax AB have had some impact on the groundwater – see section "Risks and uncertainties – Environmental risks" in the Annual Report's Directors' Report. Factors in Troax AB's operations that have an impact on the environment include energy consumption, emissions to air and water, waste, contaminated water from washing processes, noise and transportation.

We are continually working on reducing material use – steel and energy consumption – by optimising the manufacturing process. The 2016 energy survey forms the basis for further improvements in our energy consumption.

We have previously used both electricity and natural gas in our operations, where the electricity supplier supplies carbon dioxide-free electricity, which is a mix of electricity from nuclear power and hydropower. Natural gas has been used for production and heating of properties. In late 2018, the Hillerstorp unit made the transition from natural gas to biogas, which will have a positive impact on the environment.

Examples of other environmental measures include heat recovery from air and hot water from compressors, as well as adjustment of the general ventilation operating hours. As armatures are replaced, we have introduced energy saving LED strip lights. Troax has for many years been a partner in a local wind farm.

In the reporting year the Group began production of Troax panels at the plant in Chicago. This will result in a significant decrease in carbon dioxide emissions in the future, because the number of goods transports from Sweden to North America is expected to decline significantly.

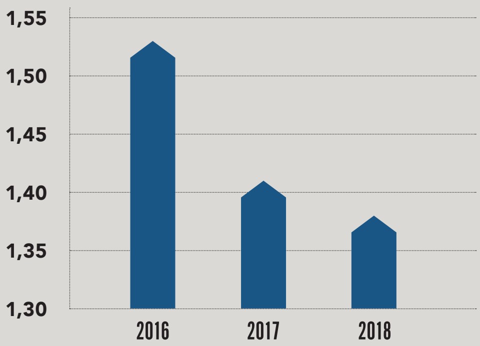
Waste sorting is an important part of the operations. Cardboard and plastic is recycled, wood and combustible waste is reused to create energy and smaller residual metal waste is transported directly to the smelters for recycling.

Environmentally-hazardous waste from the processes mainly consists of contaminated washing water from vacuum evaporators and residual powder from painting. Water is taken from our own source and waste water is cleaned in our own treatment plant before it is released to the recipient.

Dust from metal machining and welding is cleaned in two stages via compressed air cleaning cartridge filters and bag filters before the clean air goes to ventilation with heat recovery. Water vapour from pre-treatment is routed out to the surrounding area via internal heat exchangers. Air from paint booths is cleaned via cyclones and porous layer filters, after which it is returned to the production hall. The vacuum evaporator cleans contaminated water from pre-treatments and it is reused in the process, which is a closed system.

Noise from transport and operations – primarily from supply and exhaust air fans – stays within approved limits. In the last three financial years, energy consumption for Troax AB in Kwh per kg of production has been as follows:

ENERGY CONSUMPTION, kWh/kg

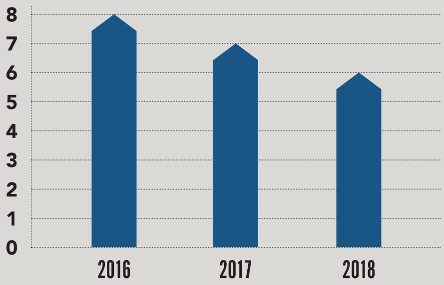


FOCUS AREA 2: GOOD WORKING CONDITIONS

Good health is a fundamental requirement for people to be able to achieve their full potential and contribute to the development of society. Troax companies work to offer a healthy and safe working environment. As manfacturing companies, we feel it is important to reduce the risk of accidents and work-related injuries. Within the Troax group, each company is responsible for ensuring a safe workplace that meets the local regulations. The Group's manufacturing companies continuously prepare reports based on employee statistics that include absence due to sickness, incidents and accidents. Abnormal absence due to sickness and incidents are investigated. Accidents are reported to the authorities in accordance with applicable legislation.

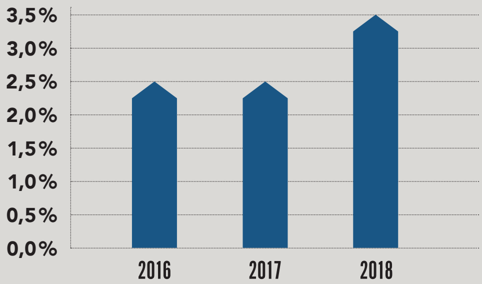
For Troax AB, the following accident statistics have been reported to the Swedish Social Insurance Agency in the last three financial years. All cases involved minor accidents.

REPORTED ACCIDENTS TO THE SWEDISH SOCIAL INSURANCE AGENCY



Absence statistics for Troax AB for the last three financial years are as follows:

AVERAGE SICKNESS ABSENCE



We have noted that absence within a specific department within the company was higher in the financial year than in previous years and we are now implementing measures to halt this negative trend.

The prospect of building a career and receiving further training and education is crucial to attracting and retaining employees. In the Troax Group, employee performance appraisals are conducted by the relevant managers. Internal and external training is offered and the group usually recruits internally for new positions.

Gender equality is a prerequisite for sustainable development. The Group's view is that there should be no difference in pay between men and women who perform similar jobs. Troax Group AB's Board of Directors promotes gender equality and diversity in its recruitment process for new board members. The part of the Board of Directors elected by the Annual General Meeting currently comprises 33% women.

We want to be an attractive and responsible employer whose staff are keen to stay. Good working conditions in both our own companies and in our suppliers are therefore essential. Our approach to good working conditions includes:

- We follow local legislation regarding employment of people under the age of 18, according to ILO convention no. 138 on minimum age. We will cancel all collaborations with those parties who repeatedly violate existing child labour laws.
- We respect human rights, which means that we support, follow and respect international conventions in this area. All direct and indirect employees must be treated with respect according to basic human values.
- We do not accept the use of forced labour or unregistered labour. It is completely unacceptable for workers to be subjected to physical or psychological punishment or harassment.
- No employee may be discriminated against because of age, race, gender, religion, sexual orientation, marital status, parental status, political view or ethnicity.
- The companies in the Group respect the right of employees to organise themselves and to negotiate collective agreements, but also respect the right of employees to refrain from joining a trade union if they wish. Troax is open to offering collective agreements to employees in markets where this is possible.
- The Group pays fair salaries and benefits in accordance with relevant standards in the countries where the Group has operations.

For Troax as a manufacturing company it is important that sustainability aspects are taken into consideration throughout the entire value chain. Our responsibility for safeguarding good conditions therefore also extends to the supply chain.

The Group's companies have suppliers operating in Europe and the USA, which reduces the risk of child labour, for example. Currently, each company has its own guidelines and policies that regulate the requirements placed on suppliers. Troax AB maintains a regular dialogue with the most important suppliers, who are required to provide information on where all parts are produced, or will be produced.

Troax AB reserves the right to make unannounced visits to sites and factories where individuals work for Troax, directly or indirectly. Troax AB also reserves the right to allow independent parties to carry out inspections, which is a condition of our agreements.

For 2018, Troax has not followed areas related to social issues and human rights through special CPIs.

FOCUS AREA 3: BUSINESS ETHICS

Peaceful societies and freedom from violence are a goal and a means of sustainable development. Inclusive, responsible and fair institutions form the basis for good governance free from conflict, corruption and violence.

Troax's view of business ethics is summarised in two documents: The group's ethical guidelines and the Whistle blower policy. Our activities are based on nine central values, which are both ethical and moral. To simplify things for our staff, suppliers, cooperation partners and other stakeholders, we have collected our thoughts and views on the values in the document Troax's Ethical Guidelines. When the policy was introduced, the Group's employees were invited to look at and discuss the contents thereof. In the reporting year 2018, all the Group's employees undertook refresher training in the ethical guidelines, a process that will repeated on an annual basis. Training in the ethical guidelines is also a natural part of the introduction process for new employees.

» For Troax employees and representatives, honesty, integrity and legal compliance are an important part of the company culture.

The guidelines require high business and personal ethical standards of Troax employees, and include the following:

- For Troax employees and representatives, honesty, integrity and legal compliance are an important part of the company culture.
- Troax expects employees to avoid contact with persons whose private activities may lead to, or may represent, a conflict of interest with the employee's professional role at Troax.
- Troax has zero tolerance regarding all forms of bribes and corruption. This includes undue gifts or payments to or from employees.
- It is the responsibility of each subsidiary's manager to ensure that local legislation is adhered to and respected.

Employees must carry out their work with a high level of business morals and ethical conduct, in accordance with the internal ethical guidelines. The term employee also applies to Troax representatives. Everyone is therefore expected to act with honesty, integrity and in accordance with applicable legislation.

All employees are responsible for reporting violations, or suspected violations, of the internal ethical guidelines. If a business ethical issue arises in one of the Group's companies, a system is in place for how to report these issues – either directly to the Group management or to a member of the board. Practical advice on how to report such issues is provided in the Whistleblowing Policy.

No cases of corruption or fraud were discovered in the Group in the reporting year.

The Group has a system for evaluating each subsidiary's internal controls regarding financial reporting which has become increasingly comprehensive in recent years. We value our good reputation, which should apply to all our units and companies, both internally and externally.

It is important for employees to understand how their actions both within and outside the business reflect on Troax. Our employees must therefore take responsibility for their personal beliefs and views.

We have already started work on creating a common code of conduct within the group, which is based on our ethical guidelines and core values. In 2017 we worked on developing the code and in 2018, we have implemented processes for informing all staff about the code on an annual basis. We have started to incorporate the code in the induction process for new employees.

The code is based on the Group's ethical guidelines, as well as our core values: customer focus, respect and cooperation. Our corporate governance rests on fundamentals such as the business plan, financial management and environmental and quality work, and our goal is that the code of conduct will have a place alongside these. It is therefore the responsibility of the management to back up the values underpinning the code – and to monitor how these are complied with and respected.

AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

ENGAGEMENT AND RESPONSIBILITIES
The Board of Directors is responsible for the Sustainability Report for the financial year 2018 on pages 32–39 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 recommendation RevR 12 Auditor's review of the Statutory Sustainability Report. This means that our review of the Sustainability 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 opinion.

OPINION
A Sustainability Report has been prepared.

Gothenburg, 2 April 2019
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant
Auditor in Charge

THREE AREAS THAT MAKE YOUR WORLD SAFE

01.

MACHINE GUARDING

WAREHOUSE PARTITIONING

02.

PROPERTY PROTECTION

03.


TROAX
TROAX

01. MACHINE GUARDING

Modern industrial processes are safe only when authorised staff are the only ones who have access to the company's machines. Troax's panel solutions comprise mesh, steel and PC panels for machine guarding and offer maximum protection for machines and increased safety for people.

MULTIPLE COMBINATIONS

Panels, posts and fixings can be combined to create flexible and unique solutions that meet your requirements and help create an optimal safety solution.

MAXIMUM SAFETY

Both panels and posts can be customised to create the required applications. The standard heights of our posts and panels have been designed to meet the requirements for safety distances according to standard ISO 13857. Our machine guarding solutions are designed to meet the requirements of standard ISO 14120:2015 – Safety of machinery – Guards – General requirements for the design and construction of fixed and movable guards.

CHOICE OF COLOURS

Our panels are available to order in RAL colours according to the customer's wishes. Our grey standard colour (RAL 7037) for mesh panels was chosen because it is easy to see through. We also keep black (RAL 9005) in stock for immediate delivery.

CERTIFIED BY TÜV

Our Smart Fix system has been certified and verified by TÜV Rheinland according to ISO 14120:2015. This certification is the first in the sector.

TÜVRheinland CERTIFIED

Type Approved
Safety
Regular Production
Surveillance

www.tuv.com
ID 1111214984


1
2
3
4
5
6

02. WAREHOUSE PARTI-TIONING

Troax mesh panels, mesh decking and anti-collapse systems are used to ensure safe and secure material handling. Here you can find world-leading solutions for your entire logistics flow, from the off-the-shelf Troax box to partitioning for large warehouses.

MULTIPLE COMBINATIONS

Our panel systems are designed to meet your warehouse requirements. We offer many different levels of protection in order to be able to meet all safety requirements. You can combine panels, posts and fixings to create flexible and unique solutions that meet your requirements.

0–100 MM

Every installation is unique and we have therefore developed smart accessories to ensure that all components and systems fit together. One example of flexibility is that floor gaps can be adjusted from 0 to 100 mm.

SAFE AND SIMPLE

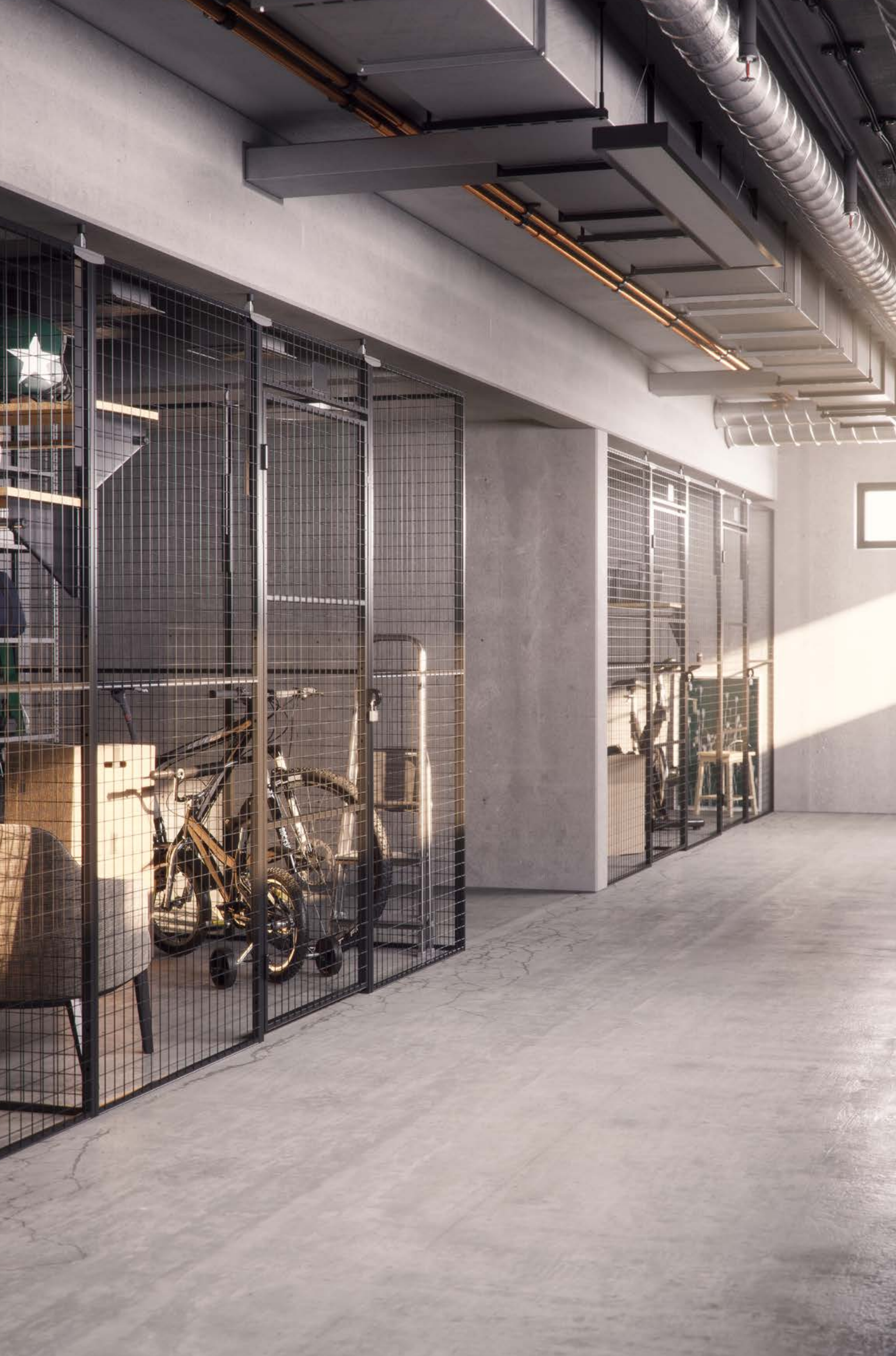
Our systems create a light and airy environment, and also allow water from sprinkler systems to reach through the mesh panels in the event of fire.

SMART SOLUTIONS

Speed Bolt has been designed to replace loose nuts and bolts, thereby simplifying assembly in the installation of anti-collapse systems. Our telescopic posts in combination with top fixings mean that the wall can reach all the way to the ceiling.

CERTIFIED BY TÜV

Our test method is certified and verified by TÜV Rheinland. This certification is the first standard in the sector for anti-collapse systems.



03. PROPERTY PROTECTION

Mesh panels have many advantages and property owners have long chosen to use Troax property protection, partly because it lets light through and offers good ventilation, but mostly in order to achieve a high level of safety against vandalism and break-ins. We also offer panels made from solid steel, which offer added privacy.

FLEXIBLE SAFETY SYSTEMS
Our property protection solutions are available in three levels of safety, with each level having specific features: Classic, Medium and Safe.

MULTIPLE COMBINATIONS
The three storage systems can be combined to create flexible and unique solutions that meet your requirements in a cost-efficient and future-proof way.

SMART FIXINGS
We offer well-designed wall, floor and ceiling fixings for simple assembly and good safety.

SELF STORAGE
We also offer solutions for self storage facilities based on both mesh and solid steel panels.

SIMPLE ACCESS
Our safe and threshold-free doors facilitate access.

GOOD VISIBILITY AND HIGH LEVEL OF SAFETY
Mesh panels let through light and allow water from sprinkler systems to penetrate the panels, should a fire occur.

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 2018. 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 mainly take place via own companies in Europe, the USA and China, and via a smaller 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 of which is reflected in Troax's cooperation with a number of 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 (the UK), Shanghai (China), Calco (Italy) and Chicago (the USA). Troax reported increased volumes and improved financial performance in 2018.

GROUP STRUCTURE
Troax Group AB (publ) is the Parent Company of the Group with 22 directly and indirectly wholly-owned subsidiaries, as shown in Note 28. 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
Just as in 2017, a lot of time and effort was spent on continuing to integrate and improve operations in Folding Guard. The focus of these measures were primarily production, delivery service and logistics, but towards the end of the year the measures also started to include marketing and sales. During the year, major investments were made in Hillerstorp in a new automation cell for doors and a new production line for posts. A completely new line for production of prefabricated panels is under construction and is expected to come on stream in the first half of 2019. At the unit in Chicago (USA), a new production line for production of prefabricated panels has come on stream. This means that the Group can now produce Troax products in North America, which was not possible before. This will of course reduce customer lead time and improve customer service, while also lessening the environmental impact thanks to reduced need for transportation between Sweden and the USA.

ORDERS RECEIVED AND NET SALES
The Group's order intake in 2018 amounted to EUR 165 million, corresponding to an increase of 9% compared with the previous year. Adjusted for currency effects, the increase was 11%. Net sales in 2018 amounted to EUR 161 million, up by 6% compared with reported net sales in 2017. Adjusted for currency effects, the increase was 8%. All markets reported increased sales, adjusted for currency effects, compared with the previous year. The low growth rate in North America was wholly attributable to the fact that Folding Guard's customer segment automotive sharply reduced its investments in 2018.

FINANCIAL PERFORMANCE
Operating profit (EBIT) in 2018 totalled EUR 32.9 million, which was an improvement of EUR 2.3 million on the previous year. No one-time adjustment items were recorded during the year. The improvement in operat-

ing profit compared with the previous year was due to increased volumes together with good cost management. Troax continued to invest in developing New Markets in 2018, and this area is expected to contribute to Troax's long-term growth. The operations in North America and China helped boost the Group's results. Profit after tax in 2018 amounted to EUR 24.8 million, a significant improvement on the previous year. As well as the improvement in operating profit, the Group's net profit improved compared with 2017 due to the fact that the 2017 result was weighed down by EUR 2.3 million as a result of the redemption of an earlier bond issue and EUR 2.2 million due to a tax rate change in the USA.

INVESTMENTS

Troax is continually 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.

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow from operating activities in 2018 amounted to EUR 26.1 million. Net cash flow for the year amounted to EUR 9.0 million, which was due to large investments for the purpose of increasing machine capacity. These investments together with continued investments in production improvements and machinery amounted to EUR 8.9 million in the reporting period. Cash and cash equivalents as at 31 December 2018 amounted to EUR 22.7 million and net interest-bearing liabilities totalled EUR 46.3 million. The ratio of net interest-bearing liabilities to adjusted EBITDA was 1.3. For comparison, the Group's financial goal is a target of less than 2.5. The Group's equity as at 31 December 2018 amounted to EUR 82.6 million and the equity/assets ratio was 43.1%.

FIVE-YEAR SUMMARY

Group, EUR million	2018	2017	2016	2015	2014
Net sales	161.0	152.1	115.8	103.7	84.5
Gross profit	63.6	60.0	48.7	44.6	34.7
Operating profit before depreciation/ amortisation (EBITDA)	35.6	33.7	28.0	24.6	16.9
Operating profit (EBIT)	32.8	30.6	25.3	22.4	13.8
Profit after tax	24.4	17.0	16.3	13.7	8.7
Equity	82.6	69.2	65.9	60.0	43.2
Total assets	191.5	172.3	172.5	144.2	136.4

EMPLOYEES

At the end of 2018, Troax had 707 employees, up from 673 at the end of 2017. The increase in the number of staff employees was largely attributable to an increase in the sales workforce and larger production volumes. Other personnel information is reported under Note 6.

ENVIRONMENT, HEALTH AND SAFETY

Troax has implemented comprehensive measures aimed at minimising the company's environmental impact and is constantly working on further reducing 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 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 Troax are environmentally friendly because they are a pure steel product that is 99% recyclable. Past activities at the Hillerstorp plant have had an adverse effect on groundwater, see the Section "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 introductory programme for new and temporary staff. Local subsidiaries are responsible for implementing adapted programmes that ensure health and safety conditions adhere to local rules and regulations. All incidents and near misses must be reported, measures taken and follow-up carried out in order to minimise the risk of accident and injury.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Troax's opinion on CSR is summarised in two documents: The Group's Ethical Guidelines and the 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 ethical standards in the performance of their duties. For employees and other representatives of Troax, honesty, integrity and legal compliance form an important part of Troax's corporate culture and day-to-day activities.

SUSTAINABILITY REPORT

Sustainability has always been a central issue in Troax. Sustainability work continued in 2018 and information on this can be found in Troax's Sustainability Report on pages 32–39. The Auditor's Statement on the Statutory Sustainability Report can be found on page 39.

OUR SHARES

At the end of 2018, there were 20,000,000 shares in the company. The share price at year-end stood at SEK 254.50. The number of shareholders at the end of 2018 was 3,753. See Note 18 for further information about the shares.

OWNERSHIP STRUCTURE

On 31 December 2018, Investment AB Latour owned 30.1% of the shares, making it 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 activities within the Troax Group. The Parent Company's activities comprise Group functions. The Parent Company's net sales amounted to EUR 1.3 million (EUR 1.3 million) and the Parent Company reported an operating loss of EUR –0.7 million (EUR –0.6 million). The Parent Company recorded a profit after net financial income/ expense of EUR 9.7 million (EUR –8.2 million). Profit after tax totalled EUR 15.4 million (EUR 1.2 million).

RISKS AND UNCERTAINTIES

MACROECONOMIC FACTORS

The end-customers for Troax's products are usually 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 macro-economic 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. Should these circumstances occur, this 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, in Calco in Italy and in Chicago in the USA. 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 and mesh solutions and motion sensors that register when a person is in the vicinity of machinery. In addition, there may be alternative products or production technologies that have been developed or are under development that the company is not yet aware of. 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 is currently in a strong position as the leading company in its main markets, and such a leading position always poses an inherent risk. If the company is unable to compete successfully, it could result in a deterioration in market position, which could have a significant adverse effect on the Group's activities, financial position or performance.

PRODUCT LIABILITY AND OTHER PRODUCT-RELATED CLAIMS

Troax 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, Troax is normally responsible for rectifying and replacing the defective products. This occasionally occurs in both the consumer and commercial markets. Due to the above risk, Troax may be subject to product liability and other claims if the products manufactured by Troax or the products purchased from external suppliers are defective, cause production stoppages or cause personal injury or damage to property.

INTEGRATION OF FOLDING GUARD

In December 2016, Troax acquired the US company Folding Guard and Troax has since embarked on coordination and integration of Folding Guard's activities. These efforts have focused on production, delivery service and logistics. The Group is increasing its efforts to boost sales in the USA and hired an experienced CEO/Sales Director in 2017. In 2018, additional members of the US management team were replaced.

ENVIRONMENTAL RISKS

Troax's operations take place in properties where industrial activities have been taking place for a long time, particularly at the plant in Hillerstorp. Troax's previous activities have resulted in an elevated level of trichloroethylene in the groundwater at the property in Hillerstorp, Sweden. In spring 2015, the 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 has been reported to Gnosjö Municipality. The Municipality's general assessment of the results is that there is contamination primarily with trichloroethylene 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 drinking water well. 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 ongoing controls 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 ground water monitoring because this is unlikely to provide any new information. However, test samples from the well will continue to be taken according to the previous schedule in order to monitor levels before and after charcoal filtering.

FINANCING OF THE GROUP

Troax's principal debt previously comprised a bond issue. Financing changed in summer 2017 when Troax redeemed the bonds and obtained a bank loan. The level of debt has consequences for shareholders, partly because Troax has to set aside a significant proportion of the cash flow in the business towards its financial obligations. This could lead to reduced resources for Troax's business, and also for investments, working capital, dividends, etc. Troax's ability to handle its liabilities is dependent on future performance, which in turn is affected by prevailing economic conditions, as well as financial, commercial, regulatory and other factors. If this means that Troax is unable to generate sufficient cash flow to meet its financial obligations, this could have a significant adverse effect on Troax'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 currency of the respective subsidiaries (transaction exposure) and in the translation of income statements and balance sheets of subsidiaries from foreign currency into EUR (translation exposure). The Company's global business gives rise to significant cash flows in foreign currency. Troax is primarily exposed to changes in the SEK/EUR, USD/EUR and GBP/EUR exchange rates.

ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the general meeting of shareholders. The Board of Directors' principal role is to decide on the company's business strategy, resources and capital structure, as well as the company's organisation and management of the company's affairs. The 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 issues such as the company's strategy, acquisitions, major investments, divestments, submissions of annual reports and interim reports, appointment of the CEO, etc. The Board of Directors adheres to written rules of procedure that are established annually at the first scheduled board meeting following election. The rules of procedure set out the obligations and decision-making powers of the Board of Directors, the division of responsibilities between the Board of Directors and the CEO, etc. The Board of Directors meets according to an annual schedule decided 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 duties between the Board of Directors and the CEO is governed by the Board of Directors' rules of procedure and in an instruction 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 activities. This means that the CEO has the right to take decisions in matters which can be seen as falling 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 activities, is of an unusual nature or of significant importance and which cannot await a decision by the Board of Directors without having a material adverse impact on the company's business. The instruction to the CEO also governs the CEO's responsibility for reporting to the Board of Directors. The Board of Directors held five meetings at which minutes were taken in 2018, while one meeting at which minutes were taken has been held so far in 2019. In 2018, Troax's Board of Directors primarily comprised six ordinary members elected by the Annual General Meeting in May 2018, as well as employee members. The Chairman of the Board of Directors does not participate in the operational management of the company.

GUIDELINES FOR REMUNERATION OF THE CEO AND OTHER SENIOR EXECUTIVES

The Annual General Meeting in May 2018 passed a resolution on guidelines for remuneration of the CEO and other senior executives and this included proposals for supplementing remuneration with share-based incentives on condition that these promote long-term commitment to the business and on condition that they are issued on market terms. The guidelines are expected to remain unchanged for the AGM in 2019.

OUTLOOK FOR THE FUTURE

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	20,262
Profit for the year	15,388
Total	**35,650**

THE BOARD'S OPINION ON THE PROPOSED DISTRIBUTION OF PROFITS

The Board of Directors proposes that a dividend of SEK 5.00 (SEK 4.25) per share, a total of SEK 100 million (SEK 85 million), be paid to shareholders. The proposed dividend to shareholders will reduce the company's equity/assets ratio to 23.8% and the consolidated equity/assets ratio to 39.7%. The equity/assets ratio is satisfactory in view of the fact that the company's and Group's business remains profitable. It is estimated that liquidity in the company and Group can be maintained at an equally satisfactory level. It is the Board's view that the proposed distribution does not prevent the company, or other companies in the Group, from fulfilling their short-term or long-term obligations, nor from completing required investments. The proposed 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 16 May 2019.

CONSOLIDATED INCOME STATEMENT

	Note	2018	2017
Net sales	2	161,042	152,114
Cost of goods sold		–97,463	–92,075
Gross profit		**63,579**	**60,039**
Selling expenses		–21,364	–20,296
Administrative expenses		–9,077	–8,447
Other operating income	4	102	187
Other operating expenses	5	–387	–888
Operating profit	6, 7, 8	**32,853**	**30,595**
Financial income		23	64
Financial expenses		–818	–5,219
Net financial income/expense	9	**–795**	**–5,155**
Profit before tax		**32,058**	**25,440**
Taxes	10	–7,678	–8,402
Profit for the year		**24,380**	**17,038**
Earnings per share	19		
Basic (EUR)		1.22	0.85
Diluted (EUR)		1.22	0.85
Consolidated statement of comprehensive income			
Profit for the year		**24,380**	**17,038**
Other comprehensive income	18		
Items that are or may be reclassified to profit or loss			
Translation differences for the year		–2,690	–5,784
Tax attributable to items that are or may be reclassified to profit or loss		0	3
		–2,690	**–5,781**
Items that cannot be reclassified to profit or loss			
Remeasurement of defined benefit pension plans		–326	–228
Tax attributable to items that cannot be reclassified to profit or loss		41	50
		–285	**–178**
Other comprehensive income for the year		**–2,975**	**–5,959**
Comprehensive income for the year		**21,405**	**11,079**

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

CONSOLIDATED BALANCE SHEET

	Note	31/12/2018	31/12/2017
Assets	3, 27		
Non-current assets			
Intangible assets	11	87,937	89,978
Property, plant and equipment	12	26,160	20,145
Non-current financial assets	13	1,022	949
Deferred tax asset	10	4,457	3,740
Total non-current assets		**119,576**	**114,812**
Current assets			
Inventories	14	11,897	10,649
Trade receivables	15	32,472	30,856
Other receivables	17	2,129	964
Prepaid expenses and accrued income	16	2,682	867
Cash and cash equivalents	31	22,731	14,107
Total current assets		**71,911**	**57,443**
Total assets		**191,487**	**172,255**
Equity and liabilities	18, 19, 33		
Share capital		2,574	2,574
Other paid-in capital		30,893	30,792
Reserves		–15,276	–12,586
Retained earnings including profit for the year		64,396	48,387
Total equity		**82,587**	**69,167**
Non-current liabilities	3		
Non-current, interest-bearing liabilities	20, 24	69,000	69,000
Provisions for pensions	21	4,452	4,026
Other provisions		256	307
Deferred tax liabilities	10	4,393	3,754
Total non-current liabilities		**78,101**	**77,087**
Current liabilities			
Trade payables		15,886	13,411
Tax liabilities	10	3,692	1,750
Other liabilities	22	4,138	3,801
Accrued expenses and deferred income	23	7,083	7,039
Total current liabilities		**30,799**	**26,001**
Total liabilities		**108,900**	**103,088**
Total equity and liabilities		**191,487**	**172,255**

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 01/01/2017		**2,574**	**35,332**	**−6,805**	**−270**	**35,052**	**65,883**
Comprehensive income for the year							
Profit for the year		–	–	–	–	17,038	17,038
Other comprehensive income for the year		–	–	−5,781	−178	–	−5,959
Total comprehensive income		**0**	**0**	**−5,781**	**−178**	**17,038**	**11,079**
Transactions with owners of the Group							
Dividends		–	−4,540	–	–	−3,255	−7,795
Total transactions with owners of the Group		0	−4,540	0	0	−3,255	−7,795
Closing balance of equity 31/12/2017		**2,574**	**30,792**	**−12,586**	**−448**	**48,835**	**69,167**
Opening balance of equity 01/01/2018		**2,574**	**30,792**	**−12,586**	**−448**	**48,835**	**69,167**
Comprehensive income for the year							
Profit for the year		–	–	–	–	24,380	24,380
Other comprehensive income for the year		–	–	−2,690	−285	–	−2,975
Total comprehensive income		**0**	**0**	**−2,690**	**−285**	**24,380**	**21,405**
Transactions with owners of the Group							
Option premiums		–	101	–	–	–	101
Dividends		–	–	–	–	−8,086	−8,086
Total transactions with owners of the Group		0	101	0	0	−8,086	−7,985
Closing balance of equity 31/12/2018		**2,574**	**30,893**	**−15,276**	**−733**	**65,129**	**82,587**

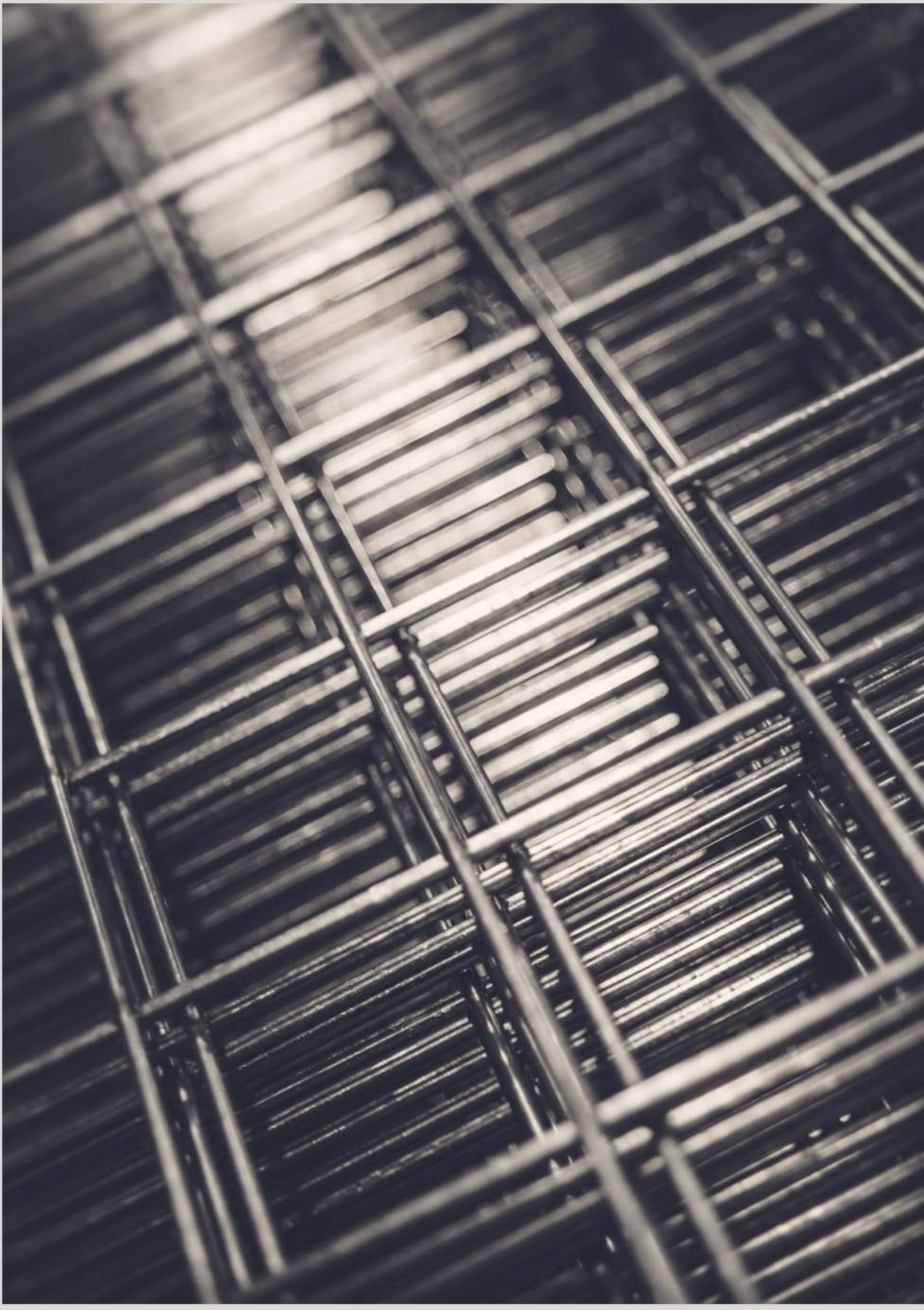
The full amounts of all components of equity are attributable to the Parent Company's shareholders
1) This item is recorded under retained earnings in the balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2018	2017
Cash flow from operating activities	31		
Operating profit before financial items		32,853	30,595
Adjustments for non-cash items		2,683	324
Interest received		23	65
Interest paid		–818	–5,034
Income taxes paid		–5,814	–3,772
Cash flow from operating activities before changes in working capital		**28,927**	**22,178**
Cash flow from changes in working capital			
Increase/decrease in inventories		–1,248	–31
Increase/decrease in trade receivables		–1,616	–4,403
Increase/decrease in other current receivables		–2,800	–101
Increase/decrease in trade payables		2,475	744
Increase/decrease in other current operating liabilities		381	785
Cash flow from operating activities		**26,119**	**19,172**
Investing activities			
Investments in intangible assets		0	–18
Investments in property, plant and equipment		–8,982	–2,987
Proceeds from sale of property, plant and equipment		0	96
Investments in non-current financial assets		–73	–361
Cash flow from investing activities		**–9,055**	**–3,270**
Financing activities			
Option premiums received		100	0
Borrowings		0	69,000
Repayment of borrowings		0	–76,102
Dividends paid		–8,086	–7,796
Cash flow from financing activities		**–7,986**	**–14,898**
Cash flow for the year		9,078	1,004
Cash and cash equivalents at the beginning of the financial year		14,107	12,229
Translation difference		–454	874
Cash and cash equivalents at the end of the year		**22,731**	**14,107**

INCOME STATEMENT / Parent Company

	Note	2018	2017
Net sales		1,202	1,254
Gross profit		**1,202**	**1,254**
Administrative expenses		–1,796	–1,808
Other operating income	4	0	6
Other operating expenses	5	–125	–16
Operating profit	6, 7	**–719**	**–564**
Net financial items			
Profit/loss from participations in Group companies	34	9,596	0
Profit/loss from other securities and receivables accounted for as non-current assets		971	–3,265
Interest income and similar items		527	511
Interest expense and similar items		–634	–4,870
Total net financial items	9	**10,460**	**–7,624**
Profit/loss after net financial items		**9,741**	**–8,188**
Appropriations	17	7,282	9,835
Tax on profit for the year	10	–1,635	–426
Profit for the year		**15,388**	**1,221**
Statement of comprehensive income, Parent Company			
Profit for the year		15,388	1,221
Other comprehensive income for the year		0	0
Comprehensive income for the year		**15,388**	**1,221**



BALANCE SHEET / Parent Company

	Note	31/12/2018	31/12/2017
Assets	27		
Non-current assets			
Non-current financial assets			
Participations in Group companies	28	87,694	87,694
Receivables from Group companies	29	22,736	21,765
Total non-current assets		**110,430**	**109,459**
Current assets			
Current receivables			
Receivables from Group companies		7,594	10,356
Other current receivables	17	0	0
Prepaid expenses and accrued income	16	3	3
		7,597	**10,359**
Cash and cash equivalents		5,751	2,295
Total current assets		**13,348**	**10,359**
Total assets		**123,778**	**119,818**

BALANCE SHEET / Parent Company

	Note	31/12/2018	31/12/2017
Equity and liabilities			
Equity	18, 33		
Restricted equity			
Share capital		2,574	2,574
Non-restricted equity			
Share premium reserve		27,125	27,026
Retained earnings		−6,864	0
Profit for the year		15,388	1,221
Total non-restricted equity		**35,650**	**28,247**
Total equity		**38,224**	**30,821**
Untaxed reserves	30	**4,327**	**1,877**
Non-current liabilities			
Liabilities to other credit institutions	20, 27	69,000	69,000
Total non-current liabilities		**69,000**	**69,000**
Current liabilities			
Trade payables		55	17
Liabilities to Group companies		10,866	18,931
Current tax liabilities		730	773
Other current liabilities		58	56
Accrued expenses and deferred income		518	637
Total current liabilities		**12,227**	**18,120**
Total equity and liabilities		**123,778**	**119,818**

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 01/01/2017		**2,574**	**31,565**	**3,256**	**37,395**
Comprehensive income for the year		**–**	**–**	**–**	**–**
Profit for the year		–	–	1,221	1,221
Total comprehensive income		**2,574**	**31,565**	**4,477**	**38,616**
Transactions with owners of the Group					
Dividends to the Parent Company's owners		–	−4,540	−3,255	−7,795
Closing balance of equity 31/12/2017		**2,574**	**27,025**	**1,222**	**30,821**
Opening balance of equity 01/01/2018		**2,574**	**27,025**	**1,222**	**30,821**
Comprehensive income for the year					
Profit for the year		–	–	15,388	15,388
Total comprehensive income		**0**	**0**	**15,388**	**15,388**
Transactions with owners of the Group					
Option premiums		–	101	–	101
Dividends to the Parent Company's owners		–	–	−8,086	−8,086
Closing balance of equity 31/12/2018		**2,574**	**27,126**	**8,524**	**38,224**

CASH FLOW STATEMENT / Parent Company

	Note	2018	2017
Cash flow from operating activities	31		
Operating profit before financial items		–719	–564
Interest received		527	511
Dividends received		9,596	0
Interest paid		–634	–4,870
Income taxes paid		–1,635	–474
Cash flow from operating activities before changes in working capital		**7,135**	**–5,397**
Cash flow from changes in working capital			
Increase/decrease in accounts receivable		12,495	–4,243
Increase/decrease in accounts payable		–8,185	1,085
Cash flow from operating activities		**11,445**	**–8,555**
Financing activities			
Option premiums received		101	0
Borrowings		0	69,000
Repayment of liabilities		0	–76,959
Increase/decrease in current financial liabilities		0	16,637
Group contribution received/paid		0	8,885
Dividends paid		–8,086	–7,795
Cash flow from financing activities		**–7,985**	**9,768**
Cash flow for the year		**3,460**	**1,213**
Cash and cash equivalents at the beginning of the year		2,291	1,078
Cash and cash equivalents at the end of the year		**5,751**	**2,291**

NOTES

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

NOTE 1 Accounting policies

(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 financial statements and consolidated financial statements were authorised for issue by the Board of Directors and the CEO on 1 April 2019. 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 14 May 2019.

(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 the senior management to make judgements, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgements.

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

Judgements used by senior management in applying IFRS that have a substantial impact on the financial statements, and estimates made that may result in material adjustment of the financial statements for the subsequent financial year are described in detail in Notes 10 and 11.

(e) New and amended standards effective in 2019 or later

The following new standards will be effective for annual periods beginning on or after 1 January 2019.

IFRS 16 "Leasing"
IFRS 16, Leasing, requires assets and liabilities attributable to all leases, with a few exceptions, to be recognised on the balance sheet. This view is based on lessees having the right to use an asset and simultaneously an obligation to pay for this right. The exception for short-term contracts and contracts of low value may apply to some of the Group's commitments. Implementation of IFRS 16 will result in changes to the Group's accounting policies, which will be applied retrospectively using a cumulative

catch-up approach. This means that the opening balance will be restated as at 1 January 2019. The change in accounting policies will result in an increase in property, plant and equipment and non-current and current liabilities of around EUR 6.7 million as at 1 January 2019, corresponding to 3.5% of total assets. As a result of the introduction, the equity/assets ratio will fall from 43.1% to 41.7% and the introduction will have a marginal impact on future EBIT.

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

(g) Segment reporting
An operating segment is a part of the Group that is involved in business activities that generate revenue and incur costs and for which stand-alone financial information is available. An operating segment's performance is followed up further by the company's chief operating decision makers in order to evaluate performance and to be able to allocate resources to the operating segment. See Note 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. 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 surpluses and deficits, 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 influence ceases for a foreign operation, the accumulated translation differences attributable to the operation are realised and they are reclassified from the translation reserve in 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 should be 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. Under previously implemented accounting policies, revenue from sales of goods relating to contracts that include installation service is accounted for when the obligations under the contract have been fully performed, that is, when the installation service has been performed. As of 1 January 2018, IFRS 15 is applied, under which sale of goods attributable to contracts that include installation will be accounted for as revenue when the goods have been delivered to a third party, normally in connection with delivery to the customer.

Implementation of IFRS 15 has resulted in changes to the Group's accounting policies, which have been applied retrospectively using a cumulative catch-up approach. This means that the opening balance was restated as at 1 January 2018 and that no changes were made to the opening balance as at 1 January 2017 or the income statement for 2017. The changed accounting policy has had a positive impact on the opening balance of equity as at 1 January 2018 of EUR 0.7 million, or 0.9%.

(k) Leases
Expenses relating to operating leases are recognised on a straight-line basis in profit or loss over the lease term. Rewards received in conjunction with signing an agreement are recognised in profit or loss as a linear reduction in lease payments over the term of the lease. Variable fees are written off in the periods they occur.

(l) 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.

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

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

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

Deferred tax assets 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.

(n) Financial instruments
IFRS 9 is applied with effect from 1 January 2018 and covers classification, measurement and recognition of financial assets and liabilities. It replaces those parts of IAS 39 that deal with classification and measurement of financial instruments. Early adoption of the standard was not implemented and the transition did not have a significant impact on the Group's financial statements.

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

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

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

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

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

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

Financial assets 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.

Other financial liabilities
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.

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or retirement, or when no future economic benefits are expected from the use or disposal/retirement 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.

Assets are depreciated on a straight-line basis over their estimated useful lives; 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) Intangible assets
(i) Goodwill
Goodwill is measured at cost less 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 amortised on a straight-line basis over the useful life pursuant to contractual provisions of 5 years. Amortisation is included in the cost of goods sold.

(iii) Trademarks
Acquired trademarks are recognised at cost less any impairment 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. Trademarks that are to be phased out are amortised, however.

(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.

(q) 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.

(r) 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 IAS 39.

(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 2018 and 31 December 2017 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 established based on historical experience of customer losses on similar receivables. Trade receivables for which impairment losses have been identified are recognised at the present value of estimated future cash flows. Receivables with short maturities are not discounted.

(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.

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

(t) 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 dilutive potential ordinary shares either for the year just ended or the previous financial year. Therefore, no dilutive effect exists.

(u) Warrants programme
The company set up a subscription warrants programme for senior executives in August 2018. The programme comprises 37,000 warrants and each warrant gives the right to subscribe for one new share at a subscription price of SEK 362.34 per share in the period 20 May 2022 to 30 June 2022. The programme will result in dilution of not more than 0.2%. On the allotment date, the participants in the subscription programme paid a fair value for the subscription warrants which had been calculated using an adjusted version of the Black-Scholes pricing model.

(v) 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. 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 on the defined benefit obligation is accounted for in net interest income/expense. The net interest cost is based on the interest that arises when discounting the net obligation, that is, the interest on the obligation. Other components are recognised under their respective functions in the income statement.

The effects of revaluation 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 employer's contributions 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.

(x) 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.

(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 according to the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. 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 2018 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 used for the format of the consolidated financial statements, primarily comprises recognition of financial income and expense, fixed 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. All development and the majority of production takes place at the Group's head office in Hillerstorp, Sweden.

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	31/12/2018	31/12/2017
Nordic region	25,792	25,693
UK	17,222	15,943
Continental Europe	84,948	77,796
North America	24,065	24,997
New markets	9,015	7,685
Total	**161,042**	**152,114**

No single customer contributes 10% or more of the Group's net sales.
Sweden, where the company is domiciled, accounted for EUR 13,849,000 (14,560,000) of sales in the Nordic region.
Net sales above are based on customers' domicile.

Business areas		
Property Protection	24,600	23,100
Machine Guarding	98,442	90,205
Warehouse Partitioning	38,000	38,809
Total	**161,042**	**152,114**

Intangible and tangible assets		
Nordic region	76,189	75,734
UK	537	596
Continental Europe	22,114	21,228
North America	15,094	0
New markets	163	12,565
Total	**114,097**	**110,123**

Sweden, where the company is domiciled, accounted for EUR 76,145,000 (75,684,000) of fixed assets in the Nordic region. Contract assets amounted to EUR 1,759,000 (0). There were no contract liabilities in the reporting period or the previous financial year.

NOTE 3 Business combinations

Acquisitions
No acquisitions took place in 2018 or 2017.
No adjustments of historic acquisition analyses took place in the reporting period.

NOTE 4 Other operating income

	Group		Parent Company	
	2018	**2017**	**2018**	**2017**
Capital gain/loss on the sale of property, plant and equipment	7	24	0	6
Other	95	163	0	0
Total	**102**	**187**	**0**	**6**

NOTE 5 Other operating expenses

	Group		Parent Company	
	2018	**2017**	**2018**	**2017**
Change in fair value of currency derivatives	205	–209	0	0
Currency losses on receivables/liabilities relating to operations	–592	–679	–125	–16
Total	**–387**	**–888**	**–125**	**–16**

NOTE 6 Employees and employee benefit expenses

	Group		Parent Company	
Wages, salaries, other remuneration and social security contributions	**2018**	**2017**	**2018**	**2017**
Wages, salaries, other remuneration and social security contributions	29,444	28,232	803	988
Social security contributions	7,152	6,141	283	306
Pension costs, defined benefit (also see Note 21)	116	233	0	0
Pension costs, defined contribution plans	1,117	1,068	174	194
Total	**37,829**	**35,674**	**1,260**	**1,488**

Of the Parent Company's pension expenses, EUR 105,000 (42,000) was attributable to the Group's Board of Directors and CEO. There are no outstanding pension obligations to the Group's Board of Directors and CEO.

Average number of employees

Parent Company	**2018**	**Of which men**	**2017**	**Of which men**
Sweden	3	100%	3	100%
Total, Parent Company				
Subsidiaries				
Sweden	214	76%	233	79%
Norway	3	33%	3	67%
Denmark	9	77%	8	88%
Finland	4	100%	4	100%
UK	69	87%	57	84%
Benelux	17	76%	16	81%
France	24	71%	22	73%
Germany	45	74%	43	74%
Switzerland	1	100%	1	100%
Italy	93	64%	84	67%
Spain	18	61%	17	65%
China	17	84%	16	81%
USA	177	82%	160	78%
Other	8	62%	6	67%
Total, subsidiaries	**699**	**0**	**670**	**0**
Total, Group	**702**	**76%**	**673**	**77%**

Gender ratio in senior management

Parent Company	**31/12/2018 Proportion women**	**31/12/2017 Proportion women**
Board of Directors	33.0%	33.0%
Other senior executives	0.0%	0.0%
Group		
Board of Directors	33.0%	33.0%
Other members of the Group management	0.0%	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 applies. There are no agreements on severance pay or other benefits for either the Chairman of the Board or the other members of the Board, other than the CEO. 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 the 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 Annual General Meeting in 2018 decided that the fees for the Board of Directors for work performed in 2018/19 until the next AGM should be EUR 48,000 (45,000) for the Chairman of the Board and EUR 22,000 (23,000) for each of the Board members. The chairs of the Remuneration Committee and Audit Committee receive an additional fee of EUR 5,000 (5,000), and EUR 8,000 (8,000) respectively. The members of the Remuneration Committee and Audit Committee receive a further EUR 3,000 (3,000) and EUR 5,000 (5,000) 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 remuneration. In 2018, the basic salary was EUR 280,000 (257,000). Variable remuneration must not exceed 6 monthly salaries. Any bonus payments will be determined on the basis of the Troax Group's financial performance and tied up capital.

In 2018, remuneration to the CEO and President amounted to EUR 373,000 (391,000), including benefits, of which EUR 83,000 (124,000) consisted of a bonus for the financial year 2018.

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 2018, premium contributions in respect of the CEO amounted to EUR 105,000 (42,000).

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 tied up capital. In 2018, remuneration for other members of the Group management totalled EUR 1,246,000 (1,246,000), of which EUR 201,000 (265,000) comprised bonuses for the financial year 2018.

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.

Pension remuneration

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 2018, premium contributions attributable to other members of the Group management amounted to EUR 211,000 (212,000).

Note 6 cont.

Remuneration and other benefits in the financial year 2018	Basic salary Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chairman of the Board Jan Svensson	54				54
Board member Curt Germundsson	5				5
Board member Anna Stålenbring	30				30
Board member Per Borgvall	7				7
Board member Eva Nygren	25				25
Board member Bertil Persson	20				20
Board member Fredrik Hansson	17				17
CEO Thomas Widstrand	281	83	9	106	479
Other members of the Group management (6 individuals)	933	202	112	211	1,458
Total	**1,371**	**285**	**121**	**317**	**2,095**
Of which from the Parent Company	**713**	**129**	**32**	**189**	**1,063**

Remuneration and other benefits in the financial year 2017	Basic salary Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chairman of the Board Jan Svensson	51				51
Board member Curt Germundsson	23				23
Board member Anna Stålenbring	31				31
Board member Per Borgvall	28				28
Board member Eva Nygren	25				25
CEO Thomas Widstrand	257	124	10	42	433
Other members of the Group management (6 individuals)	922	265	59	212	1,458
Total	**1,337**	**389**	**69**	**254**	**2,049**
Of which from the Parent Company	**712**	**210**	**34**	**127**	**1,083**

NOTE 7 Fees and reimbursement of costs to auditors

	Group		Parent Company	
PwC	**2018**	**2017**	**2018**	**2017**
Audit assignment	89	116	64	31
Auditing services other than the audit assignment	26	0	21	0
Total	**115**	**116**	**85**	**31**
Other auditors				
Audit assignment	77	59	0	0
Other services	44	73	0	9
Total	**121**	**132**	**0**	**9**

Of the fees and remuneration paid in 2018 to the auditors of the Group, payments to the accounting firm Öhrlings PricewaterhouseCoopers AB were as follows: Audit assignment EUR 62,000 and auditing services other than the audit assignment EUR 20,000.

NOTE 8 Operating expenses by type of expense

	Group	
	2018	**2017**
Material costs	–40,308	–37,735
Changes in inventories, finished goods and work in progress	449	110
Employee benefits expenses	–39,139	–37,899
Other external costs	–46,136	–42,197
Depreciation	–2,770	–3,097
Total expenses	**–127,904**	**–120,818**

NOTE 9 Net financial income/expense

	Group		Parent Company	
	2018	**2017**	**2018**	**2017**
Dividends	0	0	9,596	0
Interest income from cash at bank	23	64	0	0
Interest income, Group companies	0	0	527	511
Financial income	**23**	**64**	**10,123**	**511**
Interest expense, bond	0	–1,928	0	–1,928
Interest expense, credit institutions	–670	–796	–623	–630
Interest expense, other	–148	–186	–11	–3
Net exchange rate changes	0	0	971	–3,265
Redemption of bond	0	–2,309	0	–2,309
Financial expenses	**–818**	**–5,219**	**337**	**–8,135**
Net financial income/expense	**–795**	**–5,155**	**10,460**	**–7,624**

NOTE 10 Taxes

Recognised in the income statement and statement of other comprehensive income

	Group		Parent Company	
Current tax expense (–)/tax income (+)	**2018**	**2017**	**2018**	**2017**
Tax expense for the period	–7,741	–5,685	–1,635	–426
	–7,741	**–5,685**	**–1,635**	**–426**
Deferred tax expense (–)/tax income (+)				
Deferred tax on revaluation of carrying amount of deferred tax assets	63	–2,717	0	0
	63	**–2,717**	**0**	**0**
Total recognised tax expense	**–7,678**	**–8,402**	**–1,635**	**–426**

Reconciliation of effective tax

Group	**%**	**2018**	**%**	**2017**
Profit before tax		32,058		25,440
Tax in accordance with the applicable tax rate for the Parent Company	22.0	–7,053	22.0	–5,597
Effect of other tax rates for foreign subsidiaries	2.9	–950	2.0	–513
Effect of reduced tax rate in the USA			9.0	–2,296
Non-deductible expenses	0.1	–34	0.2	–50
Non-taxable revenue	0.0		0.0	1
Recognition of previously unrecognised tax losses	–1.0	317	–0.2	57
Other effects	–0.1	44		
Standardised income on tax allocation reserve	0.0	–2	0.0	–4
Recognised effective tax	**23.9**	**–7,678**	**33.0**	**–8,402**

Parent Company				
Profit before tax		17,023		1,647
Tax in accordance with the applicable tax rate for the Parent Company	22.0	–3,745	22.0	–362
Non-deductible expenses			0.7	–12
Dividends received	–12.4	2,111	0.0	
Translation difference, Group contributions paid			3.1	–51
Standardised income on tax allocation reserve		–1		–1
Recognised effective tax	**9.6**	**–1,635**	**25.8**	**–426**

Group		
Tax attributable to other comprehensive income	**2018**	**2017**
Tax attributable to remeasurement of defined benefit pension plans	41	50
Total	**41**	**50**

Recognised in the balance sheet

Change in deferred tax in temporary differences and loss carryforwards

	Balance as at 01/01/2018	Recognised through profit or loss	Recognised in other comprehensive income	Acquisition/ disposal of business	Balance as at 31/12/2018
Property, plant and equipment	–1,274	112			–1,162
Intangible assets	2,521	–136			2,385
Pension provisions	107		–9		98
Untaxed reserves	–1,999	–532			–2,531
Loss carryforwards	360	836			1,196
Other	271	–194			77
Total	**–14**	**86**	**–9**	**0**	**63**

	Balance as at 01/01/2017	Recognised through profit or loss	Recognised in other comprehensive income	Acquisition/ disposal of business	Balance as at 31/12/2017
Property, plant and equipment	–1,455	181			–1,274
Intangible assets	5,880	–3,359			2,521
Pension provisions	9	45	53		107
Untaxed reserves	–1,779	–220			–1,999
Loss carryforwards	303	57			360
Other	298	–27			271
Total	**3,256**	**–3,323**	**53**	**0**	**–14**

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 2018			Deferred tax 2017		
	Asset	**Liability**	**Net**	**Asset**	**Liability**	**Net**
Property, plant and equipment	116	–1,278	–1,162	144	–1,418	–1,274
Intangible assets	3,100	–715	2,385	3,236	–715	2,521
Pension provisions	98		98	107		107
Untaxed reserves		–2,531	–2,531		–1,999	–1,999
Loss carryforwards	1,196		1,196	360		360
Other	77		77	271		271
Tax assets/liabilities	**4,587**	**–4,524**	**63**	**4,118**	**–4,132**	**–14**
Set-offs	–130	130		–378	378	
Tax assets/liabilities, net	**4,457**	**–4,394**	**63**	**3,740**	**–3,754**	**–14**

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 1,196,000 (360,000), which can be offset against future taxable profits.

NOTE 11 Intangible assets

Group	Licences	Trademarks	Customer relationships	Goodwill	Total
Accumulated cost					
Opening balance 01/01/2017	279	3,632	1,800	89,478	95,189
Business acquisitions					
Other investments	18				18
Reclassifications	–85	513		–1,582	–1,154
Exchange differences for the year		–11	–218	–2,882	–3,111
Closing balance 31/12/2017	**212**	**4,134**	**1,582**	**85,014**	**90,942**
Accumulated amortisation and impairment					
Opening balance 01/01/2017	–114	–239		–205	–558
Amortisation for the year	–57	–245	–112		–414
Reclassifications		–205		205	
Exchange differences for the year		1	7		8
Closing balance 31/12/2017	**–171**	**–688**	**–105**	**0**	**–964**
Carrying amounts					
At 01/01/2017	165	3,393	1,800	89,273	94,631
At 31/12/2017	**41**	**3,446**	**1,477**	**85,014**	**89,978**
Accumulated cost					
Opening balance 01/01/2018	212	4,134	1,582	85,014	90,942
Business acquisitions					
Other investments					
Reclassifications					
Exchange differences for the year			71	–1,884	–1,813
Closing balance 31/12/2018	**212**	**4,134**	**1,653**	**83,130**	**89,129**
Accumulated depreciation and impairment					
Opening balance 01/01/2018	–171	–688	–105		–964
Depreciation for the year	–11	–102	–109		–222
Reclassifications					
Exchange differences for the year			–6		–6
Closing balance 31/12/2018	**–182**	**–790**	**–220**	**0**	**–1,192**
Carrying amounts					
At 01/01/2018	41	3,446	1,477	85,014	89,978
At 31/12/2018	**30**	**3,344**	**1,433**	**83,130**	**87,937**

The Group had no internally generated intangible assets.

Depreciation is included in the following lines in the income statement

Group	01/01/2018 – 31/12/2018	01/01/2017 – 31/12/2017
Selling expenses	–102	–254
Administrative expenses	–120	–160
Total	**–222**	**–414**

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	**2018**	**2017**
Troax	53,842	56,169
Satech	18,932	18,932
Folding Guard	10,355	9,913
Total	**83,129**	**85,014**
Trademarks		
Troax	2,793	2,793
Satech	551	653
Total	**3,344**	**3,446**

Of the Group's trademarks, trademarks worth EUR 3,250,000 are not subject to amortisation.

The value of recognised goodwill and trademarks with an indefinite useful life is 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:

- if the discount rate before tax were to be 2 percentage points higher
- if the estimated rate of growth during the forecast period were to halve.

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	2018	2017
Troax	8.5%	8.5%
Satech	8.5%	8.5%
Folding Guard	10.5%	10.5%

NOTE 12 Property, plant and equipment

Group	Buildings and land	Machinery	Equipment	In progress	Total
Accumulated cost					
Opening balance 01/01/2017	12,018	9,931	2,353	239	24,541
Capital expenditure during the year	45	544	949	1,449	2,987
Disposal and retirement		–289	–744		–1,033
Reclassifications		1,069	155		1,224
Exchange differences for the year	–560	–815	–243	–50	–1,668
Closing balance 31/12/2017	**11,503**	**10,440**	**2,470**	**1,638**	**26,051**
Accumulated depreciation and impairment					
Opening balance 01/01/2017	–2,355	–1,638	–882	0	–4,875
Depreciation for the year	–637	–1,562	–581		–2,780
Disposal and retirement		216	721		937
Reclassifications			–132		–132
Exchange differences for the year	275	470	199		944
Closing balance 31/12/2017	**–2,717**	**–2,514**	**–675**	**0**	**–5,906**
Carrying amounts					
At 01/01/2017	9,663	8,293	1,471	239	19,666
At 31/12/2017	**8,786**	**7,926**	**1,795**	**1,638**	**20,145**
Accumulated cost					
Opening balance 01/01/2018	11,503	10,440	2,470	1,638	26,051
Capital expenditure during the year		1,929	281	6,772	8,982
Disposal and retirement		–39	–483		–522
Reclassifications		1,083	117	–1,200	
Exchange differences for the year	–765	–586	–156	–16	–1,523
Closing balance 31/12/2018	**10,738**	**12,827**	**2,229**	**7,194**	**32,988**
Accumulated depreciation and impairment					
Opening balance 01/01/2018	–2,717	–2,514	–675	0	–5,906
Depreciation for the year	–451	–1,370	–591		–2,412
Disposal and retirement		28	483		511
Exchange differences for the year	375	477	127		979
Closing balance 31/12/2018	**–2,793**	**–3,379**	**–656**	**0**	**–6,828**
Carrying amounts					
At 01/01/2018	8,786	7,926	1,795	1,638	20,145
At 31/12/2018	**7,945**	**9,448**	**1,573**	**7,194**	**26,160**

Depreciation and impairment

Depreciation is included in the following lines in the income statement

Group	2018	2017
Cost of goods sold	–1,987	–2,313
Selling expenses	–52	–52
Administrative expenses	–373	–318
Total	**–2,412**	**–2,683**

NOTE 13 Non-current financial assets

Group		
Non-current receivables classified as non-current assets	**2018**	**2017**
Pension investment	853	765
Other	168	184
Total	**1,021**	**949**

NOTE 14 Inventories

Group	2018	2017
Raw materials and consumables	3,685	2,826
Work in progress	3,521	4,746
Finished goods and goods for resale	4,691	3,077
Total	**11,897**	**10,649**

Cost of goods sold for the Group includes inventory write-offs of EUR 509,000.
The closing balance of the inventory reserve in the balance sheet was EUR 988,000 (479,000).

NOTE 15 Trade receivables

Trade receivables were recognised after taking into account credit losses incurred during the financial year, which amounted to EUR 159,000 (125,000) for the Group. The credit losses arose as a result of managing the losses in accordance with the group's credit policy and were recognised as an expense in the income statement for the reporting period.

Credit risks in trade receivables
The risk that the group's customers will not fulfil their obligations, that is, default, represents a customer credit risk. The group's customers are credit checked, whereby information about customers' financial position is obtained from a credit reference agency. The group has drawn up a credit policy on how to manage customer credit. 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 that are past due but not impaired

Group	31/12/2018	31/12/2017
Trade receivables not past due	25,556	23,887
Trade receivables past due 1–30 days	5,309	4,906
Trade receivables past due 31–90 days	1,268	1,902
Trade receivables past due >90 days	1,069	1,314
Credit loss provisions	–730	–1,153
Total	**32,472**	**30,856**

Change in provisions for loan allowance

Group	31/12/2018	31/12/2017
Opening loss allowance	–1,153	–1,194
Realised losses	159	125
Reversal of unutilised loss allowance	628	307
Loss allowance for the year	–375	–391
Translation differences	11	
Closing loan allowance	**–730**	**–1,153**

Concentration of credit risk in trade receivables
The company's credit risk at individual level is low. The average purchase per customer and event amounts to EUR 3,000 and the total per year is approximately EUR 10,000.

NOTE 16 Prepaid expenses and accrued income

Group	31/12/2018	31/12/2017
Prepaid rent/leases	160	219
Insurance	60	89
Energy tax	58	165
Accrued income	1,759	
Other items	645	394
Total	**2,682**	**867**

NOTE 17 Appropriations

	31/12/2018	31/12/2017
Group contributions	9,732	10,458
Change in tax allocation reserve	–2,450	–623
Total	**7,282**	**9,835**

NOTE 18 Equity

Details of equity line item reserves	**Group**	
Translation reserve	**31/12/2018**	**31/12/2017**
Opening translation reserve	–12,586	–6,805
Translation reserve for the year	–2,690	–5,781
Closing translation reserve	**–15,276**	**–12,586**

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

As at 31 December 2018, the registered share capital comprised 20,000,000 (20,000,000) ordinary shares and no preference shares. Holders of ordinary shares (Class A shares) are entitled to dividends as determined in due course.

Other paid-in capital
Refers to equity contributed by owners. This includes premiums paid in connection with issues and warrant premiums.

Reserves
Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations which have prepared 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 19 Earnings per share

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

	Group	
	31/12/2018	31/12/2017
Profit for the year attributable to the Parent Company's shareholders	24,380	17,038
Earnings per share	1.22	0.85
Weighted average number of outstanding shares		
Total number of shares, 1 January	20,000,000	20,000,000
Total number of shares before and after dilution	**20,000,000**	**20,000,000**

NOTE 20 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 24.

	Group		Parent Company	
Non-current liabilities	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Bank loans	69,000	69,000	69,000	69,000
	69,000	**69,000**	**69,000**	**69,000**

	Currency	Nom. interest %	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Bank loans	EUR	Euribor +0.90	30/06/2020	69,000	69,000	69,000	69,000
Total interest-bearing liabilities					**69,000**		**69,000**

On 12 June 2014, Troax Group AB (publ) issued a six-year "senior secured" bond worth a total of EUR 70.0 million. Interest is paid quarterly and the coupon corresponds to EURIBOR plus 5.5%. In December 2016, Troax Group AB (publ) issued bonds worth EUR 19.4 million. In connection with the tap issue, the company sold its own holding of bonds, resulting in a capital gain of EUR 0.9 million. This gain was recognised in other income under consolidated operating profit. The bond was redeemed in 2017, resulting in a non-recurring expense of EUR –2.3 million, which was recognised under net financial income/expense. The Group is now 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 corresponds to EURIBOR plus 0.9%.

NOTE 21 Provisions for pensions

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

The defined benefit plans are exposed to actuarial risks such as life span, 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	2018	2017
Obligation relating to defined benefit plans as at 1 January	4,026	3,623
Cost relating to service in the current period	116	233
Interest expense	100	96
Remeasurement		
– Actuarial gains and losses on changed demographic assumptions		
– Actuarial gains and losses on changed financial assumptions	418	228
Pensions paid	–73	–67
Exchange differences	–135	–87
	4,452	**4,026**

Distribution of pension obligations

	2018	2017
Sweden	3,339	3,259
Italy	1,024	689
France	89	78
	4,452	**4,026**

Expense recognised through profit or loss

Group	2018	2017
Costs relating to service in the current period	–116	–233
Interest expense on the obligation	–100	–97
Total net expense in the income statement	**–216**	**–330**
Expense recognised in other comprehensive income		
Remeasurement:		
Actuarial gains (–) and losses (+)	–418	–228
Net amount recognised in other comprehensive income	**–418**	**–228**

Note 21 cont.

Assumptions relating to defined benefit obligations The most significant actuarial assumptions as at the balance sheet date (expressed as weighted averages)	2018	2017
Discount rate as at 31 December	2.50%	2.60%
Future salary increases	2.50%	2.50%
Future pension increases	2.0%	1.50%
Inflation	2.0%	1.85%

Impact on future cash flows

As at 31 December 2018, the obligation calculated using cash flow duration was 19 years.

The Group estimates that EUR 108,000 will be allocated in 2019 to funded and unfunded defined benefit plans that are recognised as defined benefit plans. EUR 785,000 is expected to be paid in 2019 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. The company has not had access to any information for the financial year 2018 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. The annual contributions for pension insurance policies with Alecta in the reporting period amounted to EUR 460,000 (364,000). Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2018, Alecta's surplus in the form of the collective funding ratio was 142% (154). 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 48,000 (46,000).

NOTE 22 Other liabilities

	Group	
Other current liabilities	**2018**	**2017**
Employee-related liabilities	2,452	2,287
VAT liabilities	1,277	1,149
Fair value, currency derivatives	160	365
Other liabilities	249	0
Total	**4,138**	**3,801**

NOTE 23 Accrued expenses and deferred income

	Group	
	31/12/2018	31/12/2017
Accrued interest expense	26	35
Accrued wages, salaries and remuneration	1,914	1,669
Accrued holiday pay	1,316	1,440
Accrued social security contributions	1,226	1,391
Audit fees	119	76
Consultancy fees	52	86
Rent	234	107
Other items	2,196	2,235
Total	**7,083**	**7,039**

NOTE 24 Financial risk management and financial instruments

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

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

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

According to the financial policy, 60–80% of projected net inflows or outflows must be hedged in currencies that have a material impact on the Group. 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 –160,000 (–365,000). Net gains (+)/net losses (–) on futures in the financial year amounted to EUR 205,000 (–209,000) 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 (–1,400,000).

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 coupon corresponding to the 3-month EURIBOR plus a margin of 0.90%. 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 to handle its contractual obligations, or that this could only be

Note 24 cont.

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 22.7 million (14.1). 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.

	2019	2020	2021	2022 and later
Interest-bearing liabilities				
Non-current, interest-bearing liabilities		69,000		
Interest	621	311		
Non interest-bearing liabilities				
Trade payables	15,886			
Other current liabilities	160			
Currency derivatives	7,670			
Liabilities that are not derivatives				
Accrued expense	7,057			
Total	**31,394**	**69,311**	**0**	**0**

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

	2018	2019	2020	2021	2022 and later
Interest-bearing liabilities					
Non-current, interest-bearing liabilities			69,000		
Interest	656	661	473		
Non interest-bearing liabilities					
Trade payables	13,411				
Other current liabilities					
Currency derivatives	365				
Liabilities that are not derivatives	5,186				
Accrued expense	2,902				
Total	**22,520**	**661**	**69,473**	**0**	**0**

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 2018–2020.

Year	2019	2020
Euribor %	–0.24	–0.33

NOTE 25 Operating leases

Lease agreement where the company is lessee	Group	
Future payments for non-cancellable leases amount to, in EUR thousand:	**31/12/2018**	**31/12/2017**
Within one year	2,793	2,575
Later than one year but not later than five years	6,270	2,389
Later than five years	3,105	104
	12,168	**5,068**

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	2,481	2,693
Total lease expenses	**2,481**	**2,693**

NOTE 26 Investment commitments

In 2018, a decision was taken to invest EUR 4–5 million in expanding machine capacity at the plant in Calco in Italy. The investment is expected to come on stream in early 2020. A decision has been taken to invest EUR 6.5 million in expanding warehouse capacity and improving inventory management at the plant in Hillerstorp, and the investment is expected to come on stream in 2019. The above investments had an impact on the balance sheet and cash flow in 2018 of approx. EUR 1.3 million.

NOTE 27 Pledged assets, contingent liabilities and contingent assets

Neither the Group nor the Parent Company had any contingent liabilities in either 2018 or 2017.

Troax's previous activities have resulted in an elevated level of trichloroethylene in the ground-water at the property in Hillerstorp in Sweden. In spring 2015, the investigation that involved drilling to determine the environmental impact of the previous activities was concluded. In June 2015, the Environment and Town Planning Committee in Gnosjö Municipality took a decision on a parallel programme regarding chlorinated solvents in the groundwater at selected test sites. The results of the samples that were taken were presented in a written report, which was submitted to the Environment and Town Planning Committee in Gnosjö Municipality not later than 2018. Test results from the samples, which are currently carried out on a quarterly basis, currently 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	**Group**		**Parent Company**	
In the form of pledged assets for liabilities and provisions	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Floating charges	20,000	20,000	0	0
Total pledged assets	**20,000**	**20,000**	**0**	**0**

NOTE 28 Participations in Group companies

Holdings in Group companies	Group company's registered office, country	31/12/2018 Participating interest, %	31/12/2017 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 Group AB (publ) owns all the shares in Troax AB.
Other Group companies are directly or indirectly owned by Troax AB.

	31/12/2018	31/12/2017
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, %	31/12/2018 Carrying amount	31/12/2017 Carrying amount
Troax AB, 556093-5719, Gnosjö	1,046,800	100.0%	87,694	87,694
			87,694	**87,694**

NOTE 29 Related parties

Related parties
The Parent Company has related party transactions with its subsidiaries, see Note 28. The Parent Company's sales in both 2018 and 2017 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 30 Untaxed reserves

	31/12/2018	31/12/2017
Tax allocation reserve	4,327	1,877
Total	**4,327**	**1,877**

NOTE 31 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:	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Cash in hand and at bank	22,157	14,107	0	0
Total according to the cash flow statement	**22,157**	**14,107**	**0**	**0**
Adjustments for non-cash items				
Depreciation	2,634	3,194	0	0
Provisions for pensions	100	403	0	0
Other provisions	–51	21	0	0
Other items	0	–29	0	0
Total	**2,683**	**3,589**	**0**	**0**

NOTE 32 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, Sweden. The address for the head office is P.O. Box 89, SE-335 04 Hillerstorp, Sweden. The consolidated financial statements for 2018 comprise the Parent Company and its subsidiaries, together known as the Group.

NOTE 33 Proposed appropriation of profits

Non-restricted equity in the Parent Company in EUR thousand:	
Share premium reserve	20,262
Profit for the year	15,388
Total	**35,650**

The Board's opinion on the proposed distribution of profits
The Board of Directors proposes that a dividend of SEK 5.00 (SEK 4.25) per share, a total of SEK 100 million (SEK 85 million), be paid to shareholders. The proposed dividend to shareholders will reduce the company's equity/assets ratio to 23.8 % and the consolidated equity/assets ratio to 39.7 %. The equity/assets ratio is satisfactory in view of the fact that the company's and Group's business remains profitable. It is estimated that liquidity in the company and the 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 16 May 2019.

NOTE 34 Profit/loss from participations in Group companies

	2018	2017
Dividends	9,596	0
Total	**9,596**	**0**

ASSURANCE

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

HILLERSTORP, 1 APRIL 2019

FREDRIK HANSSON
Board member

BENGTH HÅKANSSON
Employee representative

THOMAS WIDSTRAND
CEO

ANNA STÅLENBRING
Board member

JAN SVENSSON
Chairman

BERTIL PERSSON
Board member

EVA NYGREN
Board member

MILENKO SIMIC
Employee representative

As stated above, the financial statements and consolidated financial statements were authorised for issue by the Board of Directors on 1 April 2019. 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 14 May 2019.

We submitted our audit report on 2 April 2019.
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant

AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

OPINIONS

We have audited the annual financial statements and consolidated financial statements of Troax Group AB (publ) for 2018. The Company's financial statements and consolidated financial statements are included on pages 48–90 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 2018, and its financial performance and its cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2018, 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.

Taking the nature and risks of the business as our starting point, we decided, in consultation with the Board of Directors and senior management, that a complete audit would be conducted for the largest manufacturing companies and sales companies, while in the case of less significant companies, we instructed the auditors of the respective components to perform separately defined audit procedures. For remaining entities that were deemed to be individually non-significant, analytical procedures were performed by the group team.

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 misstatement. Misstatement can arise due to fraud or error. They are considered to be material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these financial reports.

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

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 (p) "Accounting policies" and under Note 11 in 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 2018.

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 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.

HOW OUR AUDIT ADDRESSED THE 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 in 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

This document also contains information other than that in the financial statements and consolidated financial statements and which can be found on pages 1–47 and 102–111. The Board of Directors and the CEO are responsible for this other information.

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, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the financial statements and consolidated financial statements. In this review we also take into account the knowledge we have obtained in the audit and assess whether the information otherwise appears to contain material misstatements.

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

THE BOARD OF DIRECTORS' AND CEO'S RESPONSIBILITY

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 International Standards on Auditing (ISAs) 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 with regard to the audit of the administration can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the Auditor's report.

REPORT ON OTHER STATUTORY AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the 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 2018 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 its affairs. Among other things, this includes continuously assessing the financial position of the company and the Group and ensuring that the company's organisation is designed such that controls of accounting records, asset management and the company's financial circumstances in general are performed in a satisfactory manner. The CEO must take charge of the day-to-day management in accordance with the Board's guidelines and directives, including taking the necessary measures to ensure that the company's accounting records are complete according to law and that asset management is conducted satisfactorily.

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 for 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 result in a claim for compensation being brought against the company, or that a proposal for appropriation of the company's profit or loss is inconsistent with the Swedish Companies Act.

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

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Troax Group AB (publ) by the Annual General Meeting on 2 May 2018 and has acted as the company's auditor since 12 December 2012. In spring 2015 the company became a public interest entity.

Gothenburg, 2 April 2019
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant
Auditor in Charge

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE
Troax Group AB (publ) ("Troax" or "The Company") is a Swedish public limited company. The company's shares were listed on Nasdaq Stockholm on 27 March 2015 and since then the Company applies the Swedish code for corporate governance ("the Code"). The guidelines 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 "follow or explain", which means that companies which apply the Code can deviate from individual rules if they provide an explanation for the deviation. Troax did not deviate from the Code in 2018.

SHARE CAPITAL AND SHAREHOLDERS
The share capital at the end of the year amounted to EUR 2,574,618, comprising 20,000,000 shares.

All shares have equal voting rights. At the end of 2018, Investmentaktiebolaget Latour owned 6,020,000 shares (6,020,000), corresponding to 30.1% (30.1%) of the equity and votes. The ten largest shareholders together owned 70.0% (68.6%) 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 Annual General Meeting is the company's highest decision-making body. At the Annual General Meeting shareholders exercise their voting rights on key issues such as adoption of the income statement and balance sheet, allocation of the Company's profit, granting of discharge from liability for members of the Board and the CEO, election of Board members and auditors and remuneration for 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 2018.

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

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

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

ANNUAL GENERAL MEETING 2018
The 2018 Annual General Meeting was held on 2 May. The Annual General Meeting elected six Board members, including Chairman of the Board, Jan Svensson, and appointed a nomination committee, see below under "Nomination Committee". At total of 66.06% (64.43%) 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 1,420,000 (SEK 1,320,000) will be paid to the Board, plus SEK 200,000 (SEK 200,000) for committee work, and that the elected auditors will receive payment against an approved invoice. The Annual General Meeting also authorised the Board to take a decision on one or more occasions in the period until the next Annual General Meeting on purchase of own shares, and also passed a resolution on a warrants programme for senior executives. Shareholders representing 3.0% of the votes opposed the decision on election of Board members and shareholders representing 5.1% of the votes opposed the decision on the warrants programme.

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

The Nomination Committee for the 2019 Annual General Meeting comprises Jan Svensson (Chairman of the Board), Anders Mörck (representing shareholder Latour and Chairman of the Nomination Committee), Jan Särlvik (representing shareholder Nordea Funds) and Ulf Hedlundh (representing shareholder Svolder). The Nomination Committee's mandate remains in force until a new Nomination Committee has been appointed.

THE BOARD OF DIRECTORS
The Board of Directors is the company's next highest decision-making body after the Annual General Meeting. In accordance with the Swedish Companies Act, the Board is responsible for the company's administration and organisation, which means that the Board is responsible for, among other things, establishing goals and strategies, safeguarding procedures and systems for evaluation of established goals, continuously evaluating the company's performance and financial position, as well as evaluating the operational management. The Board is also responsible for ensuring that the annual financial statements 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 the Board's work being well organised and performed in an effective manner. The persons elected to the Board of Directors at the Annual General Meeting in 2018 are shown on pages 102–103. 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 instruction 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 year the Board convened five times. For attendance in 2018, 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 two employee representatives, who are presented in the section "Board, senior executives and auditors".

AUDIT COMMITTEE

The Board has decided to work via an Audit Committee chaired by Anna Stålenbring, and this committee held four meetings in 2018. The primary duties of the Audit Committee include:

» overseeing the Company's financial reporting,
» monitoring 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, and
» 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 2018, chaired by Jan Svensson. The Remuneration Committee met twice in 2018. In terms of remuneration issues for 2018, this meant that the committee:

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

EVALUATION OF THE BOARD'S WORK

The Chairman of the Board 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 remuneration for the board.

CEO AND OTHER MEMBERS OF THE GROUP MANAGEMENT

The CEO is subordinate to the Board of Directors and is responsible for ongoing management of the company 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 instruction for the CEO. The CEO is also responsible for preparing reports and compiling information from the 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, performance 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 Group management are presented in the section "Board, senior executives and auditors".

REMUNERATION FOR 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 for the Chairman of the Board was set at SEK 500,000, with SEK 230,000 payable 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 TO THE CEO AND OTHER MEMBERS OF THE GROUP MANAGEMENT

The Annual General Meeting in May 2018 passed resolutions on guidelines for remuneration of the CEO and other senior executives.

REMUNERATION IN THE FINANCIAL YEAR 2018

Remuneration to the company's management comprises a basic salary, variable remuneration, pension benefits and other benefits. The table below shows an overview of remuneration of Board members and senior executives in the financial year 2018. The amounts are shown in EUR thousand.

	Attendance			Remuneration			
GROUP	**Board meetings**	**Audit Committee**	**Remuneration Committee**	**Fee/Basic salary**	**Variable remuneration**	**Other benefits**	**Pension**
Jan Svensson (chair)	5/5		2/2	53.7	-	-	-
Anna Stålenbring	5/5	4/4		29.8	-	-	-
Eva Nygren	5/5		2/2	24.9	-	-	-
Curt Germundsson	2/2			5.6	-	-	-
Per Borgvall	0/2	0/1		6.8	-	-	-
Bertil Persson	3/3	3/3		20.5	-	-	-
Fredrik Hansson	2/3			16.8	-	-	-
Bength Håkansson (empl.)	4/5			-	-	-	-
Milenko Simic (empl.)	4/5			-	-	-	-
Thomas Widstrand (CEO)	5/5			280.5	83.2	9.4	105.5
Other senior executives (6)				932.5	201.5	111.9	211.3
Total				**1 371.1**	**284.7**	**121.3**	**316.7**

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

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

The CEO is entitled to a fixed annual salary of EUR 268,000 and a variable salary that is linked to certain key performance indicators which corresponds to a maximum of EUR 134,000. In 2018, total remuneration, including pension provisions, for the CEO amounted to EUR 478,600. The CEO falls within the scope of both the Swedish National Insurance Act and the so-called basic level in accordance with the ITP plan on salary components up to 7.5 income base amounts. In addition to this, a premium increment applies that replaces the opt-out premium for alternative ITP pension.

At the end of the financial year, the Group management comprised six persons in addition to the CEO. In 2018, total remuneration to senior executives amounted to EUR 1,407,700. Members of the Group management resident in Sweden are subject to a period of notice of 3–6 months in case of resignation by the employee, and 6–12 months in the case of termination by the employer. Members of the Group management fall within the scope of both the Swedish National Insurance Act and the ITP plan, including the right to a pension scheme for high earners.

AUDIT

The auditor must audit the Company's financial statements and accounts and the Board's and CEO's administration. After each financial year the auditor must submit an auditor's report and a consolidated auditor's report to the Annual General Meeting. In 2018, the auditor participated in one board meeting in order to provide comments on continuous auditing and the general approach to the accounting year. The auditors are elected until the Annual General Meeting in 2019.

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 2018, total remuneration to the Group's auditors amounted to EUR 254,000 (EUR 248,000).

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 the management use the internal control systems to monitor operations and the group's financial position.

CONTROL ENVIRONMENT

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

Troax maintains a clear division of roles and responsibilities in order to ensure effective management of the company's risks, for example, through rules of procedure for the Board and committees and through the instruction for the CEO. In the continuing operations, the CEO is responsible for the system of internal controls that is required to create a control environment for material risks. Troax also has guidelines and policies on financial governance and follow-up, issues concerning communication and business ethics. 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. Each year, Troax's finance function carries out a risk analysis with regard to the group's balance sheet and income statement based on qualitative and quantitative risks.

Standard control activities include account reconciliation and supporting controls. The purpose of all control activities is to prevent, detect and correct any errors or 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 22 reporting entities in accordance with standardised reporting procedures. This reporting constitutes the basis for the Group's consolidated financial reporting. Consolidation is done from a legal and operative perspective, which results in quarterly legal reports and monthly operating reports.

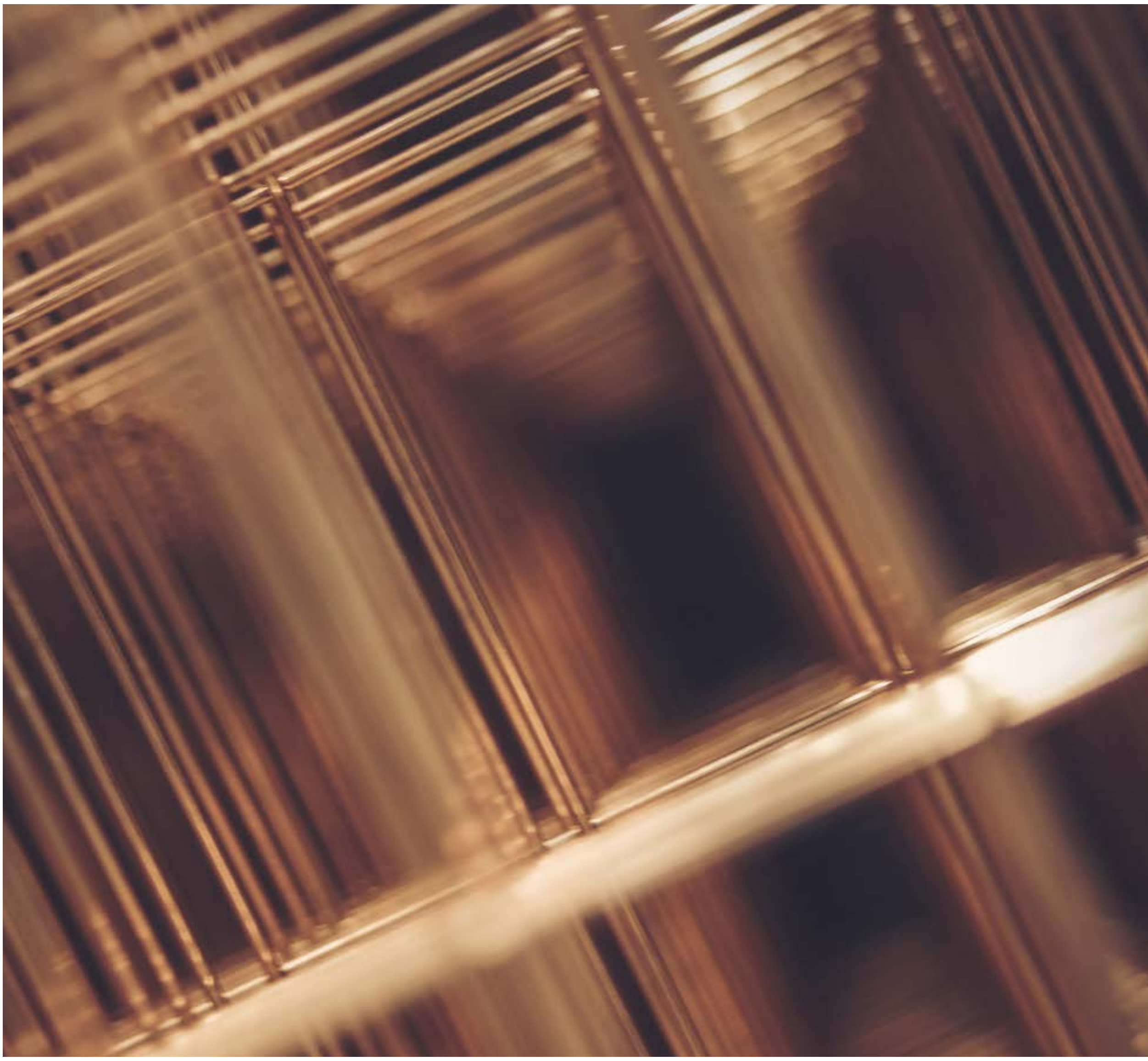
INTERNAL AUDIT

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 followed. 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, means 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 2018 on pages 96–100 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 standard RevU 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, 2 April 2019
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN
Authorised Public Accountant
Auditor in Charge

BOARD OF DIRECTO

SHAREHOLDING AS AT 31 DECEMBER 2018

JAN SVENSSON
Chairman of the Board since 2016.

BORN: 1956

EDUCATION: Mechanical engineer and MSc in Business and Economics.

PROFESSIONAL EXPERIENCE: Group CEO and CEO of Investment AB Latour.

OTHER SIGNIFICANT BOARD APPOINTMENTS: Chairman of AB Fagerhult, Nederman Holding AB, Tomra Systems ASA and Alimak Group AB.
Board member of Investment AB Latour, Assa Abloy AB, Oxeon AB and Loomis AB.

SHAREHOLDING: 5,000

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 (publ), OEM International AB (publ) and OnePartner Group AB.

SHAREHOLDING: 3,000

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

BORN: 1957

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

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

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Profilgruppen AB and San Sac AB.

SHAREHOLDING: 1,149,260

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, Uponor OY, Ballingslöv International AB, Diös AB and NRC Group ASA.

SHAREHOLDING: 500

ORS

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: Board member of HMS Networks AB, Scanbox Thermoproducts AB, Hedson International 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 and Nobina AB.

SHAREHOLDING: 0

MILENKO SIMIC
Board member (employee representative) since 2016.

BORN: 1967

EDUCATION: Production manager, Higher Vocational Training.

PROFESSIONAL EXPERIENCE: Industrial production. Employed by Troax AB since 2001.

SHAREHOLDING: 101

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: 1,375

MANAGEMENT

SHAREHOLDING AS AT 31 DECEMBER 2018

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

BORN: 1957

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

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

OTHER SIGNIFICANT BOARD APPOINTMENTS: Board member of Profilgruppen AB and San Sac AB.

SHAREHOLDING: 1,149,260

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

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: 45,000

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: 12,405

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: 46,000

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: 3,049

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

GROUP HIGHLIGHTS

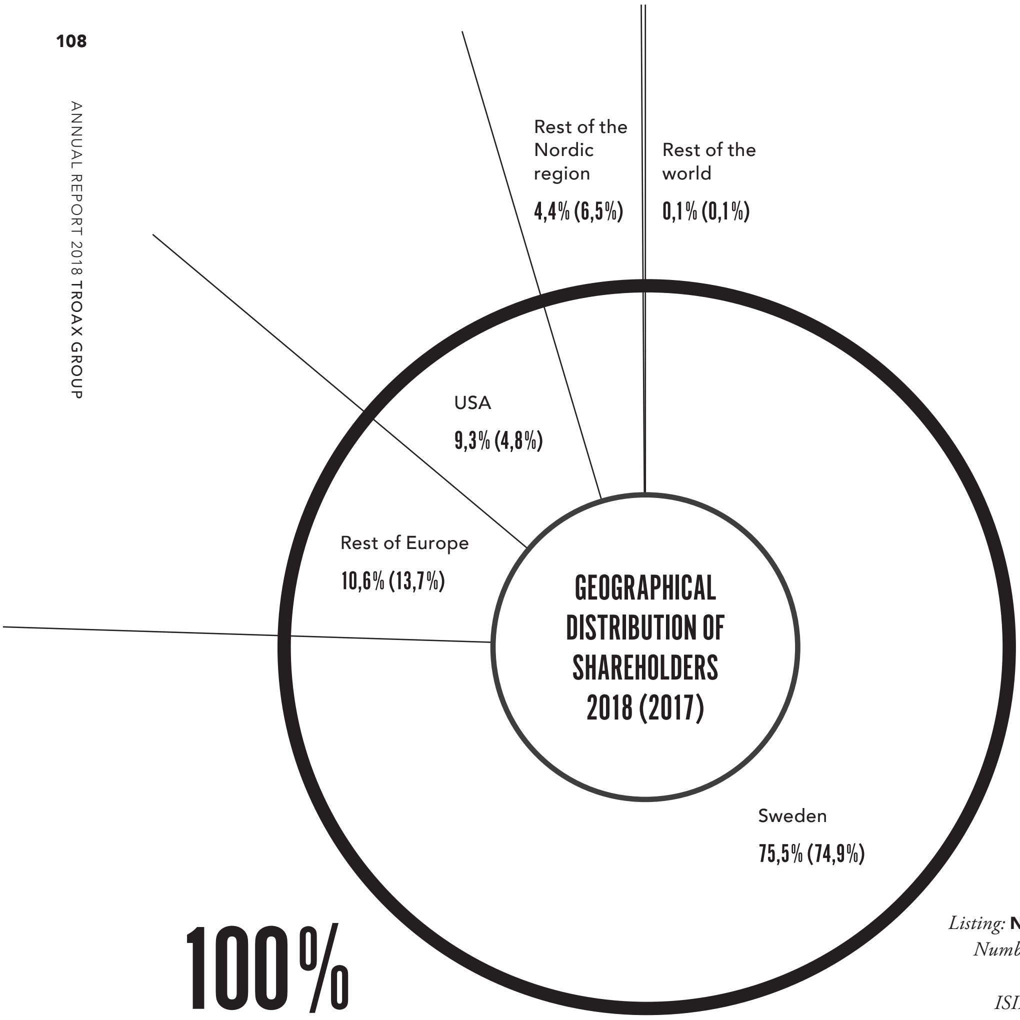
Income statement, EUR million	2018	2017	2016 [1]	2015	2014 [2]
Net sales	161.0	152.1	115.8	103.7	91.2
Operating expenses	–128.1	–121.5	–90.5	–81.3	–76.3
Operating profit	32.9	30.6	25.3	22.4	14.9
Net financial income/expense	–0.8	–5.2	–3.9	–4.1	–4.4
Profit before tax	32.1	25.4	21.4	18.3	10.5
Taxes	–7.7	–8.4	–5.1	–4.6	–1.8
Profit for the year	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	2018	2017	2016	2015	2014
Non-current assets	119.6	114.8	121.5	102.5	96.7
Other current receivables	49.2	43.4	38.8	30.8	26.5
Cash and cash equivalents	22.7	14.1	12.2	10.8	13.2
Total assets	**191.5**	**172.3**	**172.5**	**144.1**	**136.4**
Equity	82.6	69.2	65.9	60.0	43.2
Non-current liabilities and provisions	78.1	77.1	83.4	64.5	73.2
Other current liabilities	30.8	26.0	23.2	19.6	20.0
Total equity and liabilities	**191.5**	**172.3**	**172.5**	**144.1**	**136.4**

Cash flow, EUR million	2018	2017	2016	2015	2014
Cash flow from operating activities	26.1	19.2	16.1	13.2	11.2
Cash flow from investing activities	–9.0	–3.3	–27.3	–5.6	–18.2
Cash flow from financing activities	–8.0	–14.9	12.9	–10.0	5.7
Cash flow for the period	**9.1**	**1.0**	**1.7**	**–2.4**	**–1.3**

TROAX ON THE STOCK EXCHANGE



Listing: **NASDAQ STOCKHOLM**
Number of shares: **20,000,000**
Ticker code: **TROAX**
ISIN code: **SE000673 2392**

DIVIDENDS AND DIVIDEND POLICY

The Board is proposing a dividend to shareholders of SEK 5.00 per share (previous year SEK 4.25). Total SEK 100 million. The dividend corresponds to 40% of profit after tax. The record date for dividend payments is 16 May 2019.

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	%
Investment AB Latour	30,1%
Nordea Investment Funds	7,4%
Thomas Widstrand	5,7%
Svolder AB	5,5%
State Street Bank and Trust Co, W9	4,8%
Bny Mellon SA/NV (Former Bny), W81MY	4,6%
Spiltan Fonder AB	4,5%
Catella Fondförvaltning	2,6%
Handelsbanken fonder	2,4%
Ola Österberg	2,3%
KBC Equity Fund (UCITS)	0,0%
Bnymsanv RE Bnymsanvlux RE SLI	0,0%
State Street Bank Client Omnibus	0,0%
Total, ten largest shareholders	**70,0%**
Other shareholders	30,0%
Total	**100,0%**

Shareholding	Number of shareholders	%
1–500	3 303	1,26%
501–1,000	174	0,71%
1,001–5,000	151	1,78%
5,001–10,000	33	1,17%
10,001–15,000	12	0,76%
15,001–20,000	8	0,70%
20,001–	72	93,62%
	3 753	**100,00%**

Share data	2018	2017
Earnings per share, EUR	1,22	0,85
Exchange rate on balance sheet date, SEK/EUR	10,28	9,85
Proposed dividend, SEK	5	4,25
Dividend as proportion of profit, %	40	51
Share price at end of year, SEK	254,4	278,5
Dividend yield on closing price, %	2,0	1,5
Highest share price in 2018 (21 May)	321,5	
Highest share price in 2017 (20 Nov)		307
Lowest share price in 2018, (23 March)	223,5	
Lowest share price in 2017 (2 Feb)		177
Number of shareholders:	3753	3211
Market capitalisation at end of year, SEK million	5088	5570

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 current non interest-bearing 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 ACCORDING TO IFRS

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

NET BORROWINGS/EBITDA
Net borrowings in relation to EBITDA.

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

NET DEBT
Outstanding loans less cash and cash equivalents.

ANNUAL GENERAL MEETING 2019

The Annual General Meeting in Troax Group AB (publ) will be held on Wednesday 14 May at 15:00 at the company's office, Tyngel, 335 04 Hillerstorp, Sweden. 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. Notice of the summons will be published in Svenska Dagbladet. The information below regarding the meeting does not constitute a legal summons.

NOTICE OF ATTENDANCE

Shareholders who wish to attend the Annual General Meeting must:

» be recorded in the share registered maintained by Euroclear Sweden AB on 8 May 2019,

» notify the company not later than 8 May 2019 using the address Troax Group AB (publ), PO Box 89, SE-335 04 Hillerstorp, Sweden, or by telephone on +46 (0)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 2019.

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 registered their shares with a nominee through a bank or other nominee must temporarily register the shares in their own name in order to be entitled to participate in the Annual General Meeting. In order for this registration to be entered in the share register on 8 May 2019, shareholders must ask the nominee to carry out such a registration in good time before this date.

SALES OFFICES/ DISTRIBUTORS

SALES OFFICES

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Austria
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