



Invitation to acquire shares in Troax Group AB (publ)

Global Coordinator and Joint Bookrunner



Joint Bookrunner

Handelsbanken Capital Markets

IMPORTANT INFORMATION TO INVESTORS

The offering circular (the "**Offering Circular**") has been prepared in connection with the offering to the public in Sweden and listing on Nasdaq Stockholm (the "**Offering**") of shares in Troax Group AB (publ) (a Swedish public limited liability company). In this Offering Circular, "**Troax**", the "**Company**" or the "**Group**" refers to Troax Group AB (publ), the group in which Troax is the parent company or a subsidiary of the Group, as the context may indicate. The "**Principal Owner**" or "**FSN**" refers to FSN Capital III Limited Partnership, directly or indirectly through subsidiaries. The "**Joint Bookrunners**" refer to Carnegie Investment Bank AB (publ) ("**Carnegie**") and Handelsbanken Capital Markets ("**Handelsbanken**"). See section "**Definitions**" for the definitions of these and other terms in this Offering Circular.

The figures included in this Offering Circular have, in certain cases, been rounded off and, consequently, the tables contained in this Offering Circular do not necessarily add up. All financial amounts are in Swedish kronor ("**SEK**"), unless indicated otherwise. Except as expressly stated herein, no financial information in this Offering Circular has been audited or reviewed by the Company's auditor. Financial information relating to the Company in this Offering Circular that is not part of the information audited or reviewed by the Company's auditor as outlined herein originates from the Company's internal accounting and reporting systems.

The Offering is not directed to the general public in any country other than Sweden. Nor is the Offering directed to such persons whose participation requires additional offering circulars, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden, that would allow any offer of the shares to the public, or allow holding and distribution of this Offering Circular or any other documents pertaining to the Company or shares in such jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession this Offering Circular comes are required by the Company and the Joint Bookrunners to inform themselves about and to observe such restrictions. Neither the Company nor either of the Joint Bookrunners accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. The shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States. The shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or under any U.S. state securities laws. The information contained in this Offering Circular has been provided by the Company and other sources identified herein. Distribution of this Offering Circular to any person other than the offeree specified by the Joint Bookrunners or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Circular is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire shares in the Offering.

A Swedish prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:1980) (Sw. *lagen (1991:1980) om handel med finansiella instrument*). This Offering Circular is a translation into English of the Swedish prospectus approved and registered by the Swedish Financial Supervisory Authority. In the event of discrepancies between this Offering Circular and the Swedish prospectus, the Swedish prospectus shall prevail. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or this Offering Circular.

Stabilization

In connection with the Offering, the Joint Bookrunners may carry out transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter. The Joint Bookrunners are, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. Within one week of the end of the stabilization period, the Joint Bookrunners will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

Forward-looking statements

This Offering Circular contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in this Offering Circular concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read this Offering Circular, including the following sections: "Summary", "Risk factors", "Business overview" and "Operating and financial review", which include more detailed descriptions of factors that might have an impact on the Company's business and the market in which it operates. None of the Company, the Principal Owner or any of the Joint Bookrunners can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in this Offering Circular may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in this Offering Circular may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages.

After the date of this Offering Circular, none of the Company, the Principal Owner or any of the Joint Bookrunners assume any obligation, except as required by law or Nasdaq Stockholm's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Business and market data

This Offering Circular includes industry and market data pertaining to Troax's business and markets. Such information is based on the Company's analysis of multiple sources, including a report from a leading independent consultancy firm.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in this Offering Circular that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

None of the Company, the Principal Owner or any of the Joint Bookrunners assumes responsibility for the correctness of any business or market data included in this Offering Circular. Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Important information about the selling of shares

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 27 March 2015. After payments for the allocated shares have been processed by Carnegie and Handelsbanken, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in Troax means that these acquirers will not have shares available in the specified securities depository account or the securities account until 31 March 2015, at the earliest. Trading in Troax's shares on Nasdaq Stockholm is expected to commence on or around 27 March 2015. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until 31 March 2015 at the earliest, the acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.

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Summary of the Offering

Number of shares offered

The Offering comprises 10,713,507 shares. No shares are issued by Troax in connection with the Offering. The Principal Owner has undertaken to, at the request of the Joint Global Coordinators, sell up to 1,607,026 additional existing shares to cover possible overallotments in connection with the Offering.

Offering price

The price in the Offering is expected to be determined within the range of SEK 62-66. The final Offering price will be determined through a book-building procedure and, consequently, based on demand and the overall market conditions. The price will be set by the Principal Owner in consultation with the Joint Bookrunners. The final Offering price is expected to be announced by way of a press release on or about 27 March 2015.

Indicative timetable

Application period for the public offering in Sweden	17-25 March 2015
Application period for the institutional offering	17-26 March 2015
First day of trading on Nasdaq Stockholm	27 March 2015
Settlement date	31 March 2015

Miscellaneous

Short name (ticker) on Nasdaq Stockholm	TROAX
ISIN code	SE0006732392

Financial calendar

Interim report for the period 1 January - 31 March 2015, Q1	8 May 2015
Interim report for the period 1 January - 30 June 2015, Q2	14 August 2015
Interim report for the period 1 January - 30 September 2015, Q3	6 November 2015

Summary

The summary is drawn up in accordance with information requirements in the form of a number of “paragraphs” which should include certain information. The paragraphs are numbered in sections A-E (A.1-E.7). This summary contains all the paragraphs required in a summary for the relevant type of security and issuer. However, as certain paragraphs are not required, there may be gaps in paragraph numbering sequences. Even if it is necessary to include a paragraph in the summary for the security and issuer in question, it is possible that no relevant information can be provided for that paragraph. In such instances, the information has been replaced by a brief description of the paragraph, along with the specification “not applicable”.

Section A - Introduction and warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to the Offering Circular. Any decision to invest in the securities should be based on an assessment of the Offering Circular in its entirety by the investor. Where statements in respect of information contained in an offering circular are challenged in a court of law, the plaintiff investor may, in accordance with member states’ national legislation, be forced to pay the costs of translating the offering circular before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be enjoined, but only if the summary is misleading, incorrect or inconsistent with the other parts of the offering circular or if it does not, together with other parts of the offering circular, provide key information to help investors when considering whether to invest in the securities.
A.2	Consent for use of the Offering Circular by financial intermediaries	Not applicable. Financial intermediaries are not entitled to use the Offering Circular for subsequent trading or final placement of securities.
Section B - Issuer and any guarantor		
B.1	Company and trading name	Troax Group AB (publ) ¹⁾ , reg. no. 556916-4030. The Company’s shares will be traded on Nasdaq Stockholm under the short name (ticker) TROAX. 1) The Annual General Meeting resolved on 4 March 2015 to adopt the name Troax Group AB (publ). The name will be registered with the Swedish Companies Registration Office in connection with the listing.
B.2	Issuer’s registered office and corporate form	Troax registered office is in Gnosjö, Sweden. The Company is a Swedish public limited liability company founded in Sweden under Swedish law and operating under Swedish law. The Company’s form of association is governed by the Swedish Companies Act (SFS 2005:551).
B.3	Description of the Issuer’s operations	Troax is a leading global supplier of indoor perimeter protection (“ metal-based mesh panel solutions ”) within the business areas: Automation & Robotics (A&R), Material Handling & Logistics (MHL) and Property Protection (PP). Troax’s is a global company with a sales organization that has presence in 31 countries. Troax’s main production unit is located in Hillerstorp, Sweden. The Company also has production units in the UK, China and Italy, which together with the sales organization serves as a platform from which Troax delivers its products and solutions to customers around the world.

B.4a	Trends influencing the issuer and the industries in which it is active	<p>Increasing automation in manufacturing and logistics handling</p> <p>Automation and the use of robots has become a key priority in industrialized countries ensuring competitiveness from manufacturing industries in response to e.g. threats posed by cheap labor in other parts of the world. Continuous modernization of factories and an strive for increased production efficiency drives automation of production set-ups and the market for metal based mesh panel solutions, The purpose of mesh panel solutions is to protect people from dangerous machines in automated areas and to protect fine-tuned production processes from human tampering causing expensive interruptions and down-time in the production process.</p> <p>Furthermore, the significant growth in recent years in online retail has increased the need for large logistics and distribution properties e.g. mega e-fulfillment centers, parcel hubs and delivery centers and returns processing centers, etc. to meet rapid order fulfilment and large storage volumes. These state of the art logistics and distribution properties are, to a much higher and increasing degree, dependent on automated logistics handling which must operate in a safe manner.</p> <p>Increased safety awareness and safety regulations</p> <p>In Europe, several important directives and regulations have been implemented to protect humans from robots, such as the European machinery directive (2006/42/EC) (the “EU Machinery Directive”). One of the main purposes with the EU Machinery Directive is to harmonize the protective requirements applicable to machinery among different countries. The EU Machinery Directive has contributed, and will continue to contribute, to the growth of the European market for metal-based mesh panel solutions.</p> <p>Outside of Europe, the world’s largest market for industrial robots, China, is currently implementing guidelines based on the EU Machinery Directive, and is thereby increasing the regulatory burden for local manufacturers. As a consequence, it is expected that the manufacturing industry in China will eventually have to implement safety installations, such as mesh panel solutions.</p> <p>On-shoring of manufacturing returning from Asia to Europe and the US</p> <p>Manufacturing is moving back to Europe and the US from Asia, inter alia, due to eroding cost advantage for Asian manufacturers. The re-shored investments in production in Europe and the US are highly automated which Troax believes will increase the demand for mesh panel solutions due to i) higher machine safety standards in Europe and the US, and ii) higher degree of automation compared to Asia.</p> <p>Furthermore, wages have increased in Asia’s developing countries parallel with an increasing shortage of labor. Together this is expected to lead to a growing need for automation in manufacturing.</p> <p>Increased property development and demand for storage solutions</p> <p>In the Nordics, residential construction is increasing at the same time as an increasing focus is placed on security solutions for storage space in both commercial and residential properties. Furthermore, there is a continuous exchange of existing properties’ storage solutions against mesh panel solutions. These trends are expected to drive growth and demand for property protection.</p>
B.5	Description of the Group and the issuer’s position within the Group	The Group comprises the parent company Troax Group AB (publ) and 20 directly and indirectly owned subsidiaries.
B.6	Major shareholders, control over the Company and notifiable individuals, larger shareholders and control	<p>The largest shareholders in Troax are FSN Capital III Limited Partnership, directly or indirectly through subsidiaries, (the “Principal Owner” or “FSN”) (74.3 percent of the total amount of shares) and the Company’s management and board members (14.2 percent of the total amount of shares)¹⁾. As of the date of this Offering Circular there is a shareholders’ agreement in place between FSN and the other shareholders of the Company. This agreement will be terminated upon listing of Troax’s shares on Nasdaq Stockholm.</p> <p>Investment AB Latour and Svolder AB (“Cornerstone Investors”) have separately agreed to acquire 6,020,000 and 1,980,000 shares in the Offer. Cornerstone Investors will therefore, after completion of the Offer, separately hold 30.1 and 9.9 percent of the shares and votes in the Company.</p> <p>Investment AB Latour, which will be the Company’s largest shareholder at the listing date, has announced that the company will request that Troax’s board of directors convenes an Extraordinary General Meeting after the listing to enable Investment AB Latour to propose board representatives.</p> <p><small>1) The ownership structure assumes the registration of a share conversion and a bonus issue (estimated to take place in connection with the listing) and is based on the Offer Price representing the average price in the price range.</small></p>

B.7	Financial information in summary	<p>The tables below present selected historical financial information derived from (i) the Group's¹⁾ audited consolidated financial statements for the years ended 31 December 2013²⁾ and 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). During 2012, Troax Group AB (reg. no. 556823-2531) was the parent company of the Group. The financial information for 2012 is presented in accordance with the Annual Accounts Act (Sw. <i>Årsredovisningslagen (SFS (1995:1554))</i>) and general recommendations issued by Swedish Accounting Standards Board (Sw. <i>Bokföringsnämndens allmänna råd</i>) and FAR SRS (“Swedish GAAP”). The primary material difference which has been identified in connection with the Group's transition to IFRS is that goodwill is not written off, instead, a yearly write-down test is made. The goodwill write-downs of the Group for 2012 (when Troax Group AB, 556823-2531 was the parent company) were MEUR 0.9. Taking this adjustment into account, the operating profit of the old group, although different parent companies were in place in 2013 and 2014 compared to 2012, is comparable to the statements prepared in accordance with IFRS of the current Group, disregarded for the acquisition of Satech. See B.8 on page 8 for a pro forma statement regarding the acquisition of Satech. The average conversion rate which has been used for income statement and cash flow is 1 EUR = 8.71 SEK while the conversion rate for the balance sheet on 31 December 2012 was 1 EUR = 8.94 SEK.</p> <p>SUMMARY OF CONSOLIDATED INCOME STATEMENT</p> <table border="1"> <thead> <tr> <th rowspan="2">MEUR</th> <th colspan="3">January 1-December 31</th> </tr> <tr> <th>IFRS 2014</th> <th>IFRS 2013</th> <th>GAAP 2012</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>84.5</td> <td>70.1</td> <td>71.7</td> </tr> <tr> <td>Cost of goods sold</td> <td>-49.9</td> <td>-42.1</td> <td>-43.8</td> </tr> <tr> <td>Gross profit</td> <td>34.7</td> <td>28.0</td> <td>27.9</td> </tr> <tr> <td>Selling expenses</td> <td>-14.6</td> <td>-12.5</td> <td>-12.0</td> </tr> <tr> <td>Administrative expenses</td> <td>-6.0</td> <td>-7.2</td> <td>-4.4</td> </tr> <tr> <td>Other income/expenses</td> <td>-0.3</td> <td>-0.8</td> <td>0.5</td> </tr> <tr> <td>Operating profit (EBIT)</td> <td>13.8</td> <td>7.5</td> <td>12.0</td> </tr> <tr> <td>Finance income and costs</td> <td>-3.5</td> <td>-4.2</td> <td>-1.9</td> </tr> <tr> <td>Profit before tax</td> <td>10.3</td> <td>3.3</td> <td>10.1</td> </tr> <tr> <td>Tax</td> <td>-1.6</td> <td>-1.1</td> <td>-2.8</td> </tr> <tr> <td>Profit for the period</td> <td>8.7</td> <td>2.2</td> <td>7.3</td> </tr> </tbody> </table> <p>1) Troax has been the parent company of the Group since 31 January 2013. Troax Group AB (reg.no. 556823-2531) was the parent company of the Troax group during the financial year 2012.</p> <p>2) Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the note required in accordance with IFRS 3–“Business combinations”.</p>	MEUR	January 1-December 31			IFRS 2014	IFRS 2013	GAAP 2012	Net sales	84.5	70.1	71.7	Cost of goods sold	-49.9	-42.1	-43.8	Gross profit	34.7	28.0	27.9	Selling expenses	-14.6	-12.5	-12.0	Administrative expenses	-6.0	-7.2	-4.4	Other income/expenses	-0.3	-0.8	0.5	Operating profit (EBIT)	13.8	7.5	12.0	Finance income and costs	-3.5	-4.2	-1.9	Profit before tax	10.3	3.3	10.1	Tax	-1.6	-1.1	-2.8	Profit for the period	8.7	2.2	7.3
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B.7	Financial information in summary cont.	SUMMARY OF CONSOLIDATED BALANCE SHEET			
			December 31		
			IFRS	IFRS	GAAP
		MEUR	2014	2013	2012
		ASSETS			
		Fixed assets			
		Intangible assets	80.7	64.4	16.8
		Tangible assets	15.6	17.0	8.9
		Financial assets	0.5	2.4	0.4
		Total fixed assets	96.8	83.8	26.1
		Current assets			
		Inventories	6.5	4.9	4.6
		Accounts receivable	17.6	10.9	12.4
		Other current assets	2.4	1.5	1.4
		Total current assets	26.5	17.3	18.3
		Cash and cash equivalents	13.2	15.5	5.4
		Total assets	136.4	116.5	49.8
		EQUITY AND LIABILITIES			
		Shareholder's equity	43.2	45.9	16.4
		Non-current liabilities	73.3	54.6	19.7
		Current liabilities	20.0	16.0	13.7
		Total equity and liabilities	136.4	116.5	49.8
		SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT			
			January 1-December 31		
			IFRS	IFRS	GAAP
		MEUR	2014	2013	2012
		Operating profit	13.8	7.5	12.0
		Non-cash flow items	2.4	2.9	2.9
		Change in working capital	0.9	3.2	-1.3
		Investments in ntangible and itangible assets	-2.5	-0.7	-0.7
		Operational cash flow	14.6	12.9	12.8
		Tax	-2.6	-1.0	-0.8
		Operational cash flow after tax	12.0	11.9	12.0
		Acquisition of subsidiaries	-17.7	-70.5	0.0
		Financing, including recieved and payed interest	4.4	75.4	-15.5
		Yearly cash flow	-1.3	16.7	-3.5
		NET SALES AND VOLUME BY GEOGRAPHY			
			January 1-December 31		
			IFRS	IFRS	GAAP
		MEUR	2014	2013	2012
		Mainland Europe	45.7	33.3	33.2
		Nordics	17.6	19.2	20.4
		UK	15.5	12.8	14.5
		New markets	5.7	4.8	3.6
		Total net sales	84.5	70.1	71.7

B.7	Financial information in summary cont.	<p>Significant changes during 1 January–31 December 2012–2014</p> <ul style="list-style-type: none"> • In June 2014, Troax acquired the Italian company Satech Safety Technology S.p.A. (“Satech”), a previous competitor and a leading provider of mesh panel solutions on the Italian market. • In June 2014, the Group issued MEUR 70 of bonds through Troax Corp AB. Troax has further repurchased bonds to a nominal amount of MEUR 3.4 during the second half of 2014. <p>Significant changes since 31 December 2014</p> <ul style="list-style-type: none"> • On 30 January 2014, the terms & conditions of Troax Corp’s outstanding Bond Loan were amended. As a result, Troax Corp may pursue value transfers to Troax which enable payment of dividends to shareholders subject to, inter alia, having made an amortization on the Bond Loan of MEUR 10. The board of directors intend to complete such amortization prior to the end of 2015. • On 4 March 2015 the Annual General Meeting resolved on, amongst other things, certain amendments to the articles of association, conversion of preference shares and a directed bonus issue. The resolutions are part of the listing preparations. 																																																																																																				
B.8	Proforma accounting	<p>Troax acquired the previous Italian competitor Satech in June 2014. This is reflected in the Group’s annual report 2014 as if the acquisition was completed in the sixth month of the financial year.</p> <p>The objective of the below pro forma statement is to illustrate the result for the full year 2014 if the acquisition had instead been completed on 1 January 2014.</p> <p>The balance sheet of the Group on 31 December 2014 is considered to correspond with the balance sheet presented in the 2014 annual report.</p> <p>The pro forma statement describes a hypothetical situation and has only been prepared to illustrate this. Amounts presented in this section have in some cases been round off and tables therefore do not always sum up.</p> <p>PRO FORMA 2014</p> <table border="1" data-bbox="467 1025 1441 1921"> <thead> <tr> <th></th> <th>Jan 1–Dec 31</th> <th>Jan 1–Jun 17</th> <th></th> <th>Jan 1–Dec 31</th> </tr> <tr> <th>MEUR</th> <th>Troax Legal 2014</th> <th>Full Year adjustment Satech</th> <th>Full Year adjustment Financing</th> <th>PF 2014</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>84.5</td> <td>6.6</td> <td>0.0</td> <td>91.2</td> </tr> <tr> <td>Cost of goods sold</td> <td>-49.9</td> <td>-3.0</td> <td>0.0</td> <td>-52.9</td> </tr> <tr> <td>Gross profit</td> <td>34.7</td> <td>3.6</td> <td>0.0</td> <td>38.3</td> </tr> <tr> <td>Selling expenses</td> <td>-14.6</td> <td>-0.9</td> <td>0.0</td> <td>-15.5</td> </tr> <tr> <td>Administrative expenses</td> <td>-6.0</td> <td>-1.6</td> <td>0.0</td> <td>-7.6</td> </tr> <tr> <td>Other income/expenses</td> <td>-0.3</td> <td>0.0</td> <td>0.0</td> <td>-0.3</td> </tr> <tr> <td>Operating profit (EBIT)</td> <td>13.8</td> <td>1.1</td> <td>0.0</td> <td>14.9</td> </tr> <tr> <td>Finance income and costs</td> <td>-3.5</td> <td>0.0</td> <td>-0.9</td> <td>-4.4</td> </tr> <tr> <td>Profit before tax</td> <td>10.3</td> <td>1.1</td> <td>-0.9</td> <td>10.5</td> </tr> <tr> <td>Tax</td> <td>-1.6</td> <td>-0.4</td> <td>0.2</td> <td>-1.8</td> </tr> <tr> <td>Profit for the period</td> <td>8.7</td> <td>0.7</td> <td>-0.7</td> <td>8.7</td> </tr> <tr> <td>EBITDA</td> <td>16.9</td> <td>1.1</td> <td>0.0</td> <td>18.1</td> </tr> <tr> <td>EBITA</td> <td>13.8</td> <td>1.1</td> <td>0.0</td> <td>14.9</td> </tr> <tr> <td>Adjusted EBITDA</td> <td>17.2</td> <td>1.3</td> <td>0.0</td> <td>18.6</td> </tr> <tr> <td>Adjusted EBITA</td> <td>15.4</td> <td>1.4</td> <td>0.0</td> <td>16.7</td> </tr> <tr> <td>Gross profit margin (%)</td> <td>41.0%</td> <td>54.6%</td> <td></td> <td>42.0%</td> </tr> <tr> <td>Adjusted EBITDA-margin</td> <td>20.4%</td> <td>19.6%</td> <td></td> <td>20.5%</td> </tr> <tr> <td>Adjusted EBITA-margin</td> <td>18.2%</td> <td>20.6%</td> <td></td> <td>18.4%</td> </tr> </tbody> </table>		Jan 1–Dec 31	Jan 1–Jun 17		Jan 1–Dec 31	MEUR	Troax Legal 2014	Full Year adjustment Satech	Full Year adjustment Financing	PF 2014	Net sales	84.5	6.6	0.0	91.2	Cost of goods sold	-49.9	-3.0	0.0	-52.9	Gross profit	34.7	3.6	0.0	38.3	Selling expenses	-14.6	-0.9	0.0	-15.5	Administrative expenses	-6.0	-1.6	0.0	-7.6	Other income/expenses	-0.3	0.0	0.0	-0.3	Operating profit (EBIT)	13.8	1.1	0.0	14.9	Finance income and costs	-3.5	0.0	-0.9	-4.4	Profit before tax	10.3	1.1	-0.9	10.5	Tax	-1.6	-0.4	0.2	-1.8	Profit for the period	8.7	0.7	-0.7	8.7	EBITDA	16.9	1.1	0.0	18.1	EBITA	13.8	1.1	0.0	14.9	Adjusted EBITDA	17.2	1.3	0.0	18.6	Adjusted EBITA	15.4	1.4	0.0	16.7	Gross profit margin (%)	41.0%	54.6%		42.0%	Adjusted EBITDA-margin	20.4%	19.6%		20.5%	Adjusted EBITA-margin	18.2%	20.6%		18.4%
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B.9	Profit/loss forecast	Not applicable. The Company has not presented any profit/loss forecast.
B.10	Audit remarks	Not applicable. There are no remarks in the audit reports.
B.11	Net working capital	Not applicable. Troax believes that the existing net working capital is sufficient to meet the Company's needs over the next twelve month period.

Section C - Securities		
C.1	Securities offered	Shares in Troax Group AB (publ), reg. no. 556916-4030. ISIN number SE0006732392.
C.2	Denomination	The shares are denominated in EUR.
C.3	Total number of shares in the Company	<p>As of the date of this Offering Circular there are 3,899,655 shares (of which 946,364 are common shares and 2,953,291 are preferred shares) each share having a quota value of EUR 0.13. The shares carry an aggregate of 3,899,655 votes. All shares are fully paid.</p> <p>After completion of the Offer and the directed bonus issue adopted by the Annual General Meeting on 4 March 2015, which will be implemented in connection with the listing of the Company's shares on Nasdaq Stockholm, Troax's registered share capital will amount to MEUR 2.6, divided into 20,000,000 shares, each share having a quota value of EUR 0.13.</p>
C.4	Rights associated with the securities	Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. The shares carry the right to payment of dividend for the first time on the record date for distribution which falls immediately after the listing. All shares in the Company give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.
C.5	Restrictions in free transferability	Not applicable. The shares are not subject to any restrictions on transferability.
C.6	Admission to trading	On 23 February 2015, Nasdaq Stockholm's listing committee decided to admit the Company's shares to trading on Nasdaq Stockholm, subject to certain conditions, such as that the distribution requirements in respect of the Company's shares being fulfilled no later than on the first day of trading. In case the Company's board of directors and the Principal Owner ultimately resolves to list the Company's shares, trading in the Company's shares is expected to begin on or about 27 March 2015.
C.7	Dividend policy	Troax's target is to pay approximately 50 percent of its net profit in dividends. The dividend proposal shall take into account Troax's long-term development potential, its financial position and its investment needs.

Section D – Risks		
D.1	Main risks related to the issuer or the industry	<p>Troax's business and industry are subject to certain risks which are completely or partly outside the control of the Company and which could affect Troax's operations, financial condition or results of operations. Described below, in no particular order and without claim to be exhaustive, are some of the risk factors and significant circumstances considered to be material to Troax's business and future development. The primary risks related to Troax's business and industry comprise:</p> <ul style="list-style-type: none"> • That demand for Troax's products are dependent on the markets of Troax's end-customers who are typically integrators of automated production lines, OEMs, logistics companies, companies in the retail industry, housing co-operatives and property owners, and macroeconomic changes could have a negative affect on the Company; • Troax is exposed to fluctuations in the prices of raw materials • Unforeseen interruptions in production, damage to property or other events disturbing the value chain may affect Troax adversely; • Troax depends on key personnel within management, sales and technology who may be difficult to retain and hire; • Troax operates in a highly competitive market and the Company may not be able to compete successfully; • Disruptions in Troax's IT systems could adversely affect the Company's business; • Troax's insurance coverage may not provide sufficient funds to protect the Company from all liabilities that could result from its operations; • Troax may be adversely affected by product liability and other product related claims; • Troax depends on maintaining the reputation of and value associated with the Company's brand names; • Troax may pursue further acquisitions or joint ventures which the Company may not be able to successfully integrate or may not be able to realize the anticipated benefits from; • Troax is exposed to environmental risks and could be liable for historical operations on the productions facility in Hillerstorp; • Restrictive covenants in the terms and conditions of the outstanding bond loan may restrict Troax; • The Group's financing may limit financial and operational flexibility; • Exposure to currency risk may adversely affect Troax; • Troax's risk management policies and procedures could leave the Group exposed to unidentified or unanticipated risks; and • Troax operates in a global environment and is consequently exposed to local business risks in many jurisdictions.
D.3	Main risks related to the securities	<p>Any investment in securities involves risks. Any such risk could cause the trading price of Troax's shares to decline significantly and investors could lose all or parts of the value of their investment. The primary risks related to Troax's shares comprise:</p> <ul style="list-style-type: none"> • That an active, liquid and orderly trading market for Troax's shares may not develop, the price of its shares may be volatile, and potential investors could lose a portion or all of their investment; • Future sales of shares by existing shareholders could cause the share price to decline; • Investment AB Latour and FSN will have significant influence over Troax after the Offering and may influence matters requiring shareholder approval; • Troax's ability to pay dividends is dependent upon its future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors; and • Differences in currency exchange rates may adversely affect the value of shareholdings or dividends paid.

Section E - Offering		
E.1	Issue proceeds and issue costs	No shares or securities are issued by Troax in connection with the preparation of the Offering Circular, and accordingly, there are no issue proceeds. Troax's costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to SEK 9.1 million. Such costs are mainly related to costs for auditors, attorneys, printing of the Offering Circular, costs related to management presentations, and other related costs. Troax will not receive any proceeds from the Offering.
E.2a	Motive and use of proceeds	The current principal owner of Troax, FSN, together with the Company's board of directors consider that the Offering and the listing will expand the shareholder base and enable Troax to access the Swedish and international capital markets to broaden the Company's options for financing continued growth, both organically and through selective acquisitions. Further, the Offering and listing is expected to increase the awareness of Troax and its business.
E.3	Offering forms and conditions	<p>The Offering: The Offering comprises of 10,713,507 shares, corresponding to 53.6 percent of the total number of shares in the Company, and is directed to the general public in Sweden and to institutional investors. The Principal Owner has granted an over-allotment option to the Joint Bookrunners, whereby the Joint Bookrunners, at the latest 30 days from the first day of trading of the Company's shares on Nasdaq Stockholm, are entitled to acquire an additional maximum of 1,607,026 shares from the Principal Owner, corresponding to 15.0 percent of the total number of shares in the Offering, for a price corresponding to the Offering price (the "Over-allotment Option"). The Over-allotment Option may only be exercised in order to cover possible over-allotments within the framework of the Offering.</p> <p>Assuming that the Over-allotment Option is exercised in full, the total number of shares comprised by the Offering represents 12,320,533 shares, corresponding to 61.6 percent of the total number of shares in the Company.</p> <p>Offering price: The price in the Offering is expected to be determined within the range of SEK 62-66. The final Offering price will be determined through a book-building procedure and, consequently, based on demand and the overall market conditions. The price will be set by the Principal Owner in consultation with the Joint Bookrunners. The final Offering price is expected to be announced by way of a press release on or about 27 March 2015.</p> <p>Application period: Applications for acquisition of shares by the general public in Sweden should be made during the period 17-25 March 2015. Institutional investors in Sweden and from abroad are afforded the opportunity to participate in a book-building process from 17-26 March 2015.</p> <p>Application: Applications for acquisitions of shares within the terms of the offer to the general public shall relate to a minimum of 150 shares and a maximum of 15,000 shares in even lots of 50 shares each. Applications shall be made using the special application form which can be obtained at the offices of Carnegie or Handelsbanken and ordered from Troax. Application can also be made through Handelsbanken's internet banking service. Application forms are available on Troax's website (www.troax.com), Carnegie's website (www.carnegie.se) and Handelsbanken's website for prospectuses (www.handelsbanken.se/investeringserbjudande) respectively. Further information regarding applications is set out in section "<i>Terms and conditions</i>". Applications by institutional investors shall be made in accordance with special instructions.</p> <p>Allotment: Decision on allotment of shares is made by the Principal Owner after consultation with the Joint Bookrunners, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the general public, in order to facilitate a regular and liquid trading in Troax's shares on Nasdaq Stockholm. The allotment does not depend on when the application is submitted during the application period. Only one application per person will be considered. In the event of oversubscription, allotment may take place with a lower number of shares than the application concerns, at which allotment wholly or partly may take place by random selection.</p> <p>Allotment among institutions that have submitted expressions of interest will be made on a wholly discretionary basis. Cornerstone Investors are however guaranteed allotment, which will take place before the first trading day, in accordance with their respective undertakings.</p> <p>Payment: Payment in full for allotted shares shall be paid in cash at latest on 31 March 2015 in accordance with instructions on the sales note.</p> <p>Registration: Registration with Euroclear Sweden AB of allotted and paid shares, for both institutional investors and the public in Sweden, is expected to commence on 31 March 2015, after which Euroclear Sweden AB sends out a notice indicating the number of shares registered on the receiver's securities account.</p>

E.4	Interests and conflict of interests	Carnegie and Handelsbanken act as Troax's financial advisors in connection with the Offering and the listing. These advisors (and companies closely related to them) have provided, and may in the future provide, services in the ordinary course of business and in connection with other transactions to Troax for which they have received, and may in the future receive, compensation.
E.5	Principal Owner/ Lock-up agreements	The Principal Owner has resolved to sell 11,241,242 shares, assuming that the Offering is increased in full and that the Over-allotment Option is exercised in full. Under the Placing Agreement which is expected to be entered into around 26 March 2014, the Principal Owner, shareholding members of the board of directors and certain shareholding employees in the Group, including the Company's executive management, will undertake, with certain exceptions, not to sell their respective holdings for a certain period after trading on Nasdaq Stockholm has commenced (the " Lock-up period "). The Lock-up period for the Principal Owner will be 180 days whereas the Lock-up period for shareholding members of the board of directors and certain shareholding employees in the Group, including the Company's executive management, will be 360 days. At the end of the respective Lock-up period, the shares in question may be offered for sale, which may affect the market price of the share. Joint Bookrunners may grant exceptions from this undertaking. Pursuant to the agreement, the Company will undertake, with certain exceptions, towards the Joint Bookrunners not to, for example resolve upon or propose to the shareholders' meeting an increase of the share capital through issuance of shares or other financial instruments for a period of 365 days from the first day of trading of the Company's shares on Nasdaq Stockholm without a written consent from the Joint Bookrunners.
E.6	Dilution effect	Not applicable. No shares are issued in connection with the Offering or the listing.
E.7	Costs imposed on investors by the issuer or offerer	Not applicable. Brokerage commission will not be charged.

Risk factors

Investments in shares always entail a risk and an investment in Troax's Shares are not an exception in this respect. Potential investors should give careful consideration to all the information provided in the Offering Circular and in particular assess the specific factors mentioned below which describe certain risks inherent in an investment in the Shares. Each of the risks below and other risks and uncertainties mentioned in the Offering Circular could, if they are realized, have a material negative effect on the Group's business, results, financial position or outlook, or result in a reduction in the value of the Shares, which can lead to investors losing all or part of their invested capital. The risks and uncertainties described below are not stated in order of significance and do not represent the only risks and uncertainties faced by Troax. Further risks and uncertainties of which the Company is currently not aware or perceives as being insignificant could also develop into factors that could have a material adverse effect on the Group's business, results of operations, financial condition or outlook.

This Offering Circular contains "forward-looking" statements that involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in forward-looking statements. Factors that might cause such differences are discussed below and elsewhere in this Offering Circular. See "*Operating and financial review*".

Risks related to Troax's business and industry

Troax is exposed to macroeconomic factors

Troax's end-customers are typically integrators of automated production lines, OEMs, logistics companies, companies in the retail industry, housing co-operatives and property owners. Many of Troax's end-customers are subject to the changes in the general economy within the markets and geographical areas where they operate. Accordingly, macroeconomic changes may reduce end-customers' demand for mesh panel solutions from Troax.

Further, the economic situation on the global capital markets and the general economy in the US, Europe and Asia affects Troax's business, result and financial position. In the event of an economic recession, Troax's business may be negatively affected. The Group's business areas are in varying degrees affected by the economic activity in different industries; (i) Automation & Robotics is especially affected by the economic development in the manufacturing industry; (ii) Material Handling & Logistics is especially affected by the economic development in the retail industry, e-commerce and logistics industry; and (iii) Property Protection is especially affected by the economic development in the construction and real estate industry.

The strain that the global economy was subject to during the economic downturn in 2008-2009 also affected Troax, due to customer demand being affected by their willingness to invest and available financing. In the event of an economic recession, the demand for the Company's products could decrease due to macroeconomic factors, or because of other factors. Moreover, fluctuations in local or regional economic conditions may also

affect Troax's end-customers and the demand for the Company's products. Should this occur, it could have a material adverse effect on the Group's business, financial condition or results of operations.

Troax is affected by the price of raw material

Troax is exposed to fluctuations in the prices of raw materials that are used in Troax's own manufacturing and the materials used in manufacturing the products that Troax sources from external suppliers. The raw material purchases for the production of mesh panel solutions include steel pipes, wire and powder coating for painting. The key raw materials used by Troax in manufacturing are primarily standard products that are used by a wide range of industries.

Troax carefully monitors the costs of relevant raw materials, however there is a risk that the Company in case of a shortage of raw material does not find suitable substitutes in order to compensate for the increased costs. There is a risk that the Company is not able to sufficiently increase product prices in response to increased commodities prices. If product prices are increased, the Company may not be able to implement the increase in time or that there is lag in implementing price increases. The ability to implement price increases is also affected by the actions of the Company's competitors. In the event that changes in the price of raw material affects Troax's product prices or manufacturing costs it may adversely affect the Company's market share, sales volumes and customer relationships, which could have a material adverse effect on the Company's business, financial condition or results of operations.

Unforeseen interruptions in production, damage to property or other events disturbing the value chain may affect Troax adversely

Troax's business is dependent on the main production facilities in Hillerstorp, Sweden and in Calco, Italy. If any of these production facilities would be fully or partly destroyed, closed or if any equipment in the facilities would be seriously harmed, the production and distribution of the Company's products may be obstructed or aborted. Troax further depends on the operations of the Company's global distribution hubs for deliveries and any disruptions or disturbances thereto could negatively affect Troax's logistics operations.

Troax's production comprises several processes, in which disruptions or disturbances, for example due to breakdowns, fires, labor disputes or natural disasters, can have repercussions on Troax's ability to fulfill its obligations towards its customers. Replacement of assets damaged by such events could be difficult and expensive. Customers may be dependent on planned deliveries from Troax, and customers that have to reschedule their production or deliveries due to delivery delays on Troax's part may be able to pursue claims against the Company. Interruptions of production may also harm Troax's reputation among current and potential customers, potentially resulting in impaired customer relationships and a decrease in sales. To the extent that unforeseen interruptions in production, damage to property or other events disturbing the value chain are not fully covered by insurance, it could also have a material adverse effect on the Company's business, financial condition or results of operations.

Troax depends on key personnel within management, sales and technology who may be difficult to retain and hire

Troax's success is dependent on the leadership of several key management personnel, including the CEO and other senior executives. Troax further believes that future success will depend on the continued support of key personnel and on the ability to continue to attract, motivate and retain highly skilled and qualified personnel. If Troax were to lose one or several key personnel, it could be difficult to successfully replace them, and the business, financial condition and results of operations could be adversely affected.

Troax operates in a highly competitive market and the company may not be able to compete successfully

Troax competes in markets that are fragmented and, in general, highly competitive and are expected to remain that way also in the future. Alternative products that currently compete with Troax's mesh panel solutions are, for example, basic wire and mesh solutions as well as motion detectors which detect the presence of humans near machines. There may also be alternative products or production technology that exists or is under development that the Company is not aware of, or which may be developed in the future that may, in one or several respects, compete with or supersede the Company's products or the effectiveness of its production.

Troax is currently well positioned as the leading company in the Company's main markets and such a position in itself always entails risk. If the Company is not able to compete successfully, it could result in an eroded market position which may have a

material adverse effect on the Group's business, financial condition or results of operations.

Disruptions in Troax's IT systems could adversely affect the company's business

Troax is dependent on the efficient and uninterrupted operation of its IT-system to operate and monitor different areas of its business, including production systems, sales, warehousing, distribution, purchasing, and inventory control. A significant breakdown or other disruption to the IT-system may affect the ability to conduct operations and could have a material adverse effect on Troax's business, financial condition and results of operations.

Troax's insurance coverage may not provide sufficient funds to protect the Company from all liabilities that could result from its operations

Troax maintains insurance policies to protect its core businesses against loss and/or potential liability in case of third party claims. Risks insured include property damage, business interruption, workers' compensation and employee benefits, public and product liability and product recall. There are certain types of losses that generally are not insured because they are either considered uninsurable. This may for example be property losses occasioned by war or terrorism or professional/personal liability claims where there has been negligence, intent or criminal acts. In addition, there may be certain types of losses that have been expressly excluded or for other reasons are not covered. Most of the insurance policies of Troax have limitations (sums insured) on the total amounts that may be recovered for any one loss event, any series of losses and in aggregate during an insurance period. Recovery is also generally dependent on the insured first making payment of the appropriate excess or deductible and that the maximum limitation amount has not already been exhausted. An uninsured loss, a loss that exceeds insured limits or a succession of such losses could have a material adverse effect on Troax's business, financial condition or results of operations.

Troax may be adversely affected by product liability and other product related claims

Troax is exposed to product liability and other product related claims in the event that the Company's products delivered are faulty or cause injury or damage to property. If a product is defective, Troax is typically liable for the rectification or replacement of the defective products. This occurs from time to time in both the consumer and industry markets. In addition, Troax has operations in the United States and expects that its operations will increase there in the future. The legal system in the United States is significantly different from the Swedish legal system. The legal system and claims which to some or a large extent relates to the United States are always difficult to evaluate and predict, both in terms of the outcome and in terms of the costs. See *"Risk Factors—Troax operates in a global environment and is consequently exposed to local business risks in many jurisdictions"*.

Accordingly, Troax may become subject to product liability and other claims if the products the Company produces and purchase from external suppliers are defective, cause production stops or cause personal or property damage. If a product is defective, Troax may also have to recall the product. Further,

Troax may not be able to file a corresponding claim against, by example, its own suppliers in order to receive compensation from them for damages and arisen costs. Thus, there is a risk that product liability, guarantee claims or recalls, both in the United States and in other countries, could have a material adverse effect on Troax's business, financial condition or results of operations.

Troax depends on maintaining the reputation of and value associated with the Company's brand names

Troax's brand names represent an important operational asset and the Company's success is dependent on maintaining the reputation of, and the value associated with, the brand names. To accomplish this objective, Troax relies on the quality and consistency of its products, as well as marketing to strengthen the Company's brand names. Marketing initiatives may prove to be ineffective and significant negative publicity or widespread product recalls or other similar events could cause irreparable damage to the Company's brand names. If Troax's or any of its brands reputation deteriorates it could have a material adverse effect on the Group's business, financial condition or results of operations.

Troax depends on maintaining good relations with labor unions

Most of Troax's employees are members of and represented by different labor unions, mainly IF Metall and Unionen. Although the Company currently has good relations with its employees and their representatives, there is a risk that the relationships are impaired and problems may arise in the future. For example, in the event that the Company for one reason or another is forced to implement personnel reductions, this could result in problems and conflicts which lead to strikes, lock-outs or other industrial actions. Such actions may lead to interruptions in the Company's operations which could have a material adverse effect on the Group's business, financial condition or results of operations.

The continued integration of the Satech acquisition may be unsuccessful

In June 2014, Troax acquired the Italian company Satech and Troax has thereafter begun coordinating and integrating the operations conducted by Satech. This process involves complex technological, operational and personnel-related challenges, which could be time-consuming and expensive and may disrupt Troax's ordinary business. The difficulties, costs and delays that could be encountered may, *inter alia*, include: i) difficulties, costs or complications in combining the companies' operations which could result in Troax not achieving the anticipated benefits from the acquisition; ii) inconsistencies in standards, monitoring and , procedures and policies, business cultures and compensation structures; iii) diversion of management's attention from ongoing business concerns and other strategic opportunities; and iv) lack of coordination of geographically separate organizations. Therefore, there is risk that Troax does not achieve the anticipated financial and strategic benefits from its acquisition of Satech. If any of these risks were to materialize, it could have a material adverse effect on the Company's business, financial condition or results of operations.

Troax may pursue further acquisitions or joint ventures which the Company may not be able to successfully integrate or may not be able to realize the anticipated benefits from

The Company has, since the acquisition of Satech, not entered into any agreements with respect to any possible acquisition but as part of the business strategy going forward, Troax will review and consider joint ventures, strategic relationships and acquisitions that the Company expects to complement the existing business.

If Troax consummates any such transaction, the capitalization and results of operations could change significantly. In addition, any acquisition the Company undertakes in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses and depreciation and amortization expenses related to intangible and tangible assets, as well as impairment of goodwill.

Furthermore, there is risk that the Company may not be able to realize the anticipated benefits or the expected return of any consummated transactions, which could have a negative effect on the business. The Company could further run into difficulties assimilating its personnel and operations, or the key personnel of the acquired business may decide not to work for the Company. Troax could also have difficulties in integrating technology or products into its current operations. If Troax is not able to realize the anticipated benefits or the expected return on its investments or acquisitions, it could have a material adverse effect on the Group's business, financial condition or results of operations.

Troax is subject to numerous governmental regulations, including environmental laws, health and safety regulations and antitrust laws

Laws and regulations applicable to the industry and Troax's global business are, as a general matter, evolving and could increase the costs of doing business or otherwise affect the Company's business. There is a risk that new legislation, rules or regulations will impose additional costs on Troax's business or make the Company subject to additional liabilities. If Troax becomes subject to claims that its operations violate new or existing laws, rules or regulations, it could have a material adverse effect on the Company's business, financial condition or results of operations.

More specifically, Troax is subject to a number of European Union, national, regional and local environmental and occupational health and safety laws, rules and regulations and regulatory standards relating to the protection of the environment and natural resources, including the management of hazardous substances and wastes, air emissions including regulation of greenhouse gas emissions, water discharges, transportation, remediation of contamination and workplace health and safety. Compliance with these laws and regulations entails considerable costs and violation of these laws could result in substantial penalties, temporary or permanent production facility closures, criminal convictions and civil liability, the imposition of which could adversely affect Troax's business, financial condition and result of operations.

Changes in existing environmental requirements or the discovery of as yet unidentified environmental liabilities associated with Troax's historical operations or the historical operations of any of the Company's predecessors could require

Troax to incur material costs or suspend or scale back operations temporarily or permanently.

Moreover, regulatory authorities could suspend Troax's operations or refuse to renew the permits and authorizations the Company require to operate. Governmental organizations could also mandate upgrades or changes to the Company's processes that could result in significant costs. Troax anticipates that the countries where the Company conducts business will adopt increasingly strict environmental laws and regulations and to interpret and enforce existing laws and regulations more aggressively. This trend could have a material adverse effect on Troax's business, financial condition or results of operations.

In addition to laws and regulations affecting the Company's production sites and manufacturing processes, environmental legislation is increasingly affecting Troax's product portfolio by prohibiting or reducing substances Troax can utilize, requiring such substances to be registered and analyzed for safety (such as the European Union "REACH" regulation), implementing recovery obligations for used packaging and products and requiring the improvement of the energy efficiency of products. Compliance with such laws and regulations entails considerable costs, and violation of these laws and regulations could result in material sanctions and temporary or permanent prohibitions on the marketing and sale of certain products.

Antitrust regulations may also have a considerable impact on Troax's business. There is a risk that the Company, mainly due to the existing competitive situation in many of the markets in which Troax is active, or certain of the Company's subsidiaries or affiliates become subject to future antitrust investigations by the relevant authorities and will be required to pay fines or be subject to claims for damages from third parties for violations of applicable antitrust laws. An unfavorable result in any potential future investigations and proceedings in connection with antitrust laws would have a material adverse effect on Troax's business, financial condition, results of operations and liquidity. In addition, the Company's involvement in such investigations and proceedings may adversely affect Troax's reputation and customer relationships.

Troax is exposed to environmental risks and could be liable for historical operations on the production facility in Hillerstorp

Troax conducts business on properties which have a long history of industrial activities, particularly in Hillerstorp. Pursuant to the Swedish Environmental Code (1998:808), the entity that conducted operations that have contributed to contamination is responsible for any remediation. Such liability may also arise pursuant to laws in other jurisdictions where Troax conducts business. Furthermore, liability for costs due to environmental responsibility could be incurred by way of agreement with a property owner or other party. Therefore, under certain circumstances, Troax could face claims and liability regarding cost compensation or measures for soil decontamination or remediation to put property into the condition prescribed by the Swedish Environmental Code or other applicable legislation, following the occurrence, or suspicion, of soil, water area or ground water contamination.

Troax's historical operations have led to increased levels of trichloroethylene in the ground water on the property in Hillerstorp, Sweden. Currently, examinations are being carried out by way of drilling to determine the environmental impact of

the historical operations. The test results from the monitoring, which are currently made on a quarterly basis, indicate levels which would normally not entail any further action. Final verdict is expected from the County Administrative Board (Sw. *Länsstyrelsen*) or the municipality during fall 2015 (preliminary date). The previous drillings are not sufficient to accurately predict or determine the final outcome in the matter. As of the date of this Offering Circular, the Company has not made any depositions pursuant to this environmental issue. Based on historical data and the Swedish Environmental Protection Agency's (Sw. *Naturvårdsverket*) report 5663, February 2007, regarding decontamination and after treatment, the Company's initial assessment is that the economic risk should not exceed MSEK 10.

If the abovementioned examinations and monitoring should find that further action is needed or the aforementioned risks should materialize, it could have a material adverse effect on the Group's business, financial condition or results of operations.

Troax may be subject to legal and administrative proceedings

Group companies may become involved in disputes within the framework of their normal business activities and there is always a risk that the Group is subject to claims in suits concerning agreements, product liability, alleged faults in supplies of goods and services and environmental issues. In addition, Group companies (or Group companies' officers, directors, employees or affiliates) may become subject to criminal investigations and proceedings. Disputes, claims, investigations and proceedings of this kind can be time consuming, disrupt normal operations, involve large claim amounts and result in considerable costs. Moreover, it can be difficult to predict the outcome of complex disputes, claims, investigations and proceedings, which could have a material adverse effect on Group's business, financial condition and results of operations.

Restrictive covenants in the terms and conditions of the outstanding Bond Loan may restrict Troax

Restrictive covenants in Troax Corp's outstanding bond loan (senior callable floating rate bonds) of maximum MEUR 100 2014/2020 (the "**Bond Loan**") may restrict Troax's ability to operate its business. As of the date of this Offering Circular, Troax's outstanding borrowings under the Bond Loan amounted to MEUR 70. The Group's failure to comply with the covenants of the Bond Loan, including as a result of events beyond the Group's control, could result in an event of default that could materially and adversely affect the Group's financial condition and results of operations. The terms and conditions governing the Bond Loan (the "**T&Cs**"), which was subject to changes following a meeting of bondholders on 30 January 2015, contain negative covenants restricting, among other things, the Group's ability to:

- incur additional financial indebtedness (as defined in the T&Cs);
- pay dividends, repurchase shares or make other restricted payments (subject to certain restrictions);
- create pledges and post guarantees over asset;
- merge or consolidate with other entities (subject to certain restrictions);

- sell, lease or transfer shares or assets in certain Group companies if the transaction does not meet certain criteria; and
- enter into certain transactions with affiliates.

In the event that Troax Corp is in breach of the T&Cs and this is not remedied or is not cured or waived, the agent of the Bond Loan may terminate their commitments under the Bond Loan and cause all amounts outstanding with respect to the Bond Loan to be due and payable immediately. Any such actions could force Troax into bankruptcy or liquidation, and the value of an investment in the Shares would be materially impaired.

The Group's financing may limit financial and operational flexibility

Troax's principal indebtedness is represented by the Bond Loan. As of the date of this Offering Circular, Troax's total borrowings under the Bond Loan amounted to approximately MEUR 70. Although the T&Cs of the Bond Loan contain restrictions on the incurrence of additional indebtedness, Troax may incur substantial debt in the future, as these restrictions are subject to a number of significant qualifications and exceptions.

A high level of indebtedness has consequences for shareholders, including that Troax must dedicate a substantial portion of its cash flow from operations to service the subsequent undertakings, which could reduce the cash available to finance Troax's operations and for capital expenditure, working capital and dividends. The level of Troax's indebtedness also increases the vulnerability to adverse operational challenges, general economic and industry conditions and limits Troax's flexibility to plan for or react to changes in the Company's operations or operating environment.

Troax's ability to service the indebtedness will depend on future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond the Company's control. If Troax cannot service the indebtedness and meet the obligations and commitments under the Bond Loan, the Company might be required to refinance the Bond Loan or to dispose of assets to obtain funds for such purpose. There is a risk that refinancing or asset disposals cannot be effected on a timely basis or on satisfactory commercial terms, if at all, or would be permitted by the T&Cs of the Bond Loan. Any refinancing of the Bond Loan could be at higher interest rates and may require Troax to comply with more onerous covenants, which could further restrict the business operations. As a result, Troax's inability to generate sufficient cash flow to satisfy the Company's debt service obligations, or to refinance or restructure the Bond Loan on reasonable terms or at all, would have an adverse effect, which could be material, on Troax's business, financial condition and results of operations.

Exposure to currency risk may affect Troax's cash flow, income statement and balance sheet

Currency risk refers to the risk of exchange rate fluctuations having an adverse effect on the Group's consolidated income statement, balance sheet or cash flow. Since 1 January 2015, the Company reports in EUR and EUR is the Company's principal functional currency. Foreign exchange exposure occurs in conjunction with products and services being bought or sold in currencies other than the respective subsidiary's local currency (transaction exposure) and during conversion of the balance sheets and income statements of foreign subsidiaries into EUR (translation exposure). Troax's global operations give rise to significant cash flow in foreign currency. Troax is principally exposed to changes in SEK, USD and GBP compared to EUR. A strengthening of EUR against SEK by 5 percent would imply a positive effect on the Group's reported earnings by approximately MEUR 0.6. Accordingly, any exchange rate fluctuations could have an adverse effect on the Group's business operations, financial condition or results of operations.

The Group is exposed to tax related risks

Troax's sales are primarily generated through subsidiaries in a number of countries. Transactions between Group companies are made according to Troax's understanding or interpretation of current tax laws, tax treaties, other tax law stipulations and the requirements of the tax authorities concerned. The tax authorities of the countries concerned could make assessments and take decisions which deviate from Troax's understanding or interpretation of the applicable laws, treaties and other regulations. Troax's tax position, both for previous years and the present year, may change as a result of the decisions of the tax authorities concerned, or as a result of changed laws, treaties and other regulations. Such decisions or changes, possibly retroactive, could have a material adverse effect on Troax's business, financial condition or results of operations.

Troax's risk management policies and procedures could leave the Group exposed to unidentified or unanticipated risks

Troax has devoted resources to developing its risk management policies and procedures. Nonetheless, Troax's risk management techniques may not be fully effective in mitigating the Company's risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of Troax's methods of managing risks are based upon Troax's observed and future predictions as regards market behavior. As a result, the methods may not accurately predict future risk exposures, which could be significantly greater than current measures indicate and Troax could be exposed to currently unidentified compliance issues in the various jurisdictions where the Company operates. Other risk management methods depend upon evaluation of information regarding the markets in which Troax operates, its clients or other matters that are publicly available or otherwise accessible by Troax. This information could be inaccurate, incomplete, not up to date or not properly evaluated. Any failure by Troax's risk management techniques may have a material adverse effect on its business, results of operations or financial condition.

Further, there is a risk that individuals employed or contracted by Troax does not adhere to the Company's policies and procedures. Accordingly, certain individuals may take

actions, including fraudulent and corruption related behavior, which are in direct conflict with Troax's established policies and procedures, or have not been sanctioned by Troax. Moreover, Troax's growth and expansion may affect the Company's ability to implement and maintain stringent internal controls. Troax's risk management and internal control capabilities are also limited by the information, tools and technologies available to the Company. Any material deficiency in Troax's risk management or other internal control policies or procedures may expose the Company to significant credit, liquidity, market, reputational, operational or technical risk, which may in turn have a material adverse effect on the Group's business, results of operations or financial condition.

Troax operates in a global environment and is consequently exposed to local business risks in many jurisdictions

Troax operates in a global environment and is consequently exposed to various risks. For example, misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by employees, agents or partners of Troax could have a significant negative impact on the business and reputation of Troax. Such conduct could result in failure to comply with government procurement regulations; regulations regarding the protection of classified information; regulations prohibiting bribery and other corrupt practices; regulations regarding the pricing of labour and other costs in contracts; regulations on lobbying or similar activities; regulations pertaining to internal controls over financial reporting; environmental, trade, competition and anti-trust laws and regulations; and any other applicable laws or regulations. Failure to comply with applicable laws or regulations or acts of misconduct could subject Troax to fines, penalties, and suspension or debarment from contracting; or negative effects on its reputation, which could weaken its ability to win contracts and result in reduced revenues and profits.

Moreover, trade restrictions introduced by way of laws, policies, measures, controls or other actions implemented by the authorities in the countries where Troax operates, or in other countries where Troax may operate in the future, as well as sanctions or other measures by associations and organizations such as the EU and UN, may restrict the Company's operations, delay or prevent planned investments or otherwise adversely affect Troax's financial results. Troax's is also subject to risks inherent in general business activities, such as:

- (a) Fees and rules relating to customs and anti-circumvention fines;
- (b) Recessionary trends, inflation or instability in local markets;
- (c) Differences and unexpected changes in regulatory environments, including environmental, health and safety, local planning and labor laws, rules and regulations;
- (d) The introduction or application of more stringent product norms and standards and associated costs;
- (e) Exposure to different legal standards and enforcement mechanisms and the cost of compliance with those standards;
- (f) Being subject to multiple taxation regimes, including regulations relating to transfer pricing and withholding tax on remittance and other payments by or to subsidiaries;
- (g) Being subject to various, and potentially overlapping, regulations and rules, particularly those relating to export and import controls, anti-corruption and anti-bribery;
- (h) Longer payment terms for debtors on accounts receivables and difficulties collecting accounts receivable;
- (i) Tariffs, duties, export controls, import restrictions and other trade barriers;
- (j) Variances in pricing restrictions;
- (k) Foreign exchange control and restriction on repatriation factors of funds; and
- (l) Political and social unrest and instability.

Troax may not be able to develop and implement systems, policies and practices to completely manage these risks or comply with applicable regulations without incurring additional costs. The materialization of any of these risks could have a material adverse effect on Troax's business, financial condition or results of operations.

Risks related to Troax's offered securities

As a listed company Troax must comply with legal and regulatory requirements which may strain the Company's resources and increase costs

As a company listed on Nasdaq Stockholm, Troax will need to comply with certain laws and regulations which Troax has not been required to comply with prior to the listing. As a result Troax will incur, *inter alia*, legal and accounting expenses that were not applicable before the listing. In addition, complying with these laws, regulations and requirements will occupy significant resources from Troax's board of directors and management, which could adversely affect their ability to manage other elements of Troax's operations.

Liquidity of the shares and the Nasdaq Stockholm market in general

The shares have not previously been subject to public trading. It is therefore difficult to predict the level of trading or the interest the shares will receive. The price at which the shares will be traded and the price at which investors may realize their investment will be influenced by a large number of factors, some specific to the Group and its operations and some, which may affect quoted companies generally. Admission to Nasdaq Stockholm should not be taken as implying that there will be a liquid market for the shares. The Company is aiming to achieve capital growth and the shares may therefore not be suitable as a short term investment. There is a risk that the share price will be highly volatile in connection with an introduction to the stock market. Furthermore, the market price of the shares may not reflect the underlying value of the Company's net assets. If an active and liquid trading does not evolve or remain sustainable, it could result in difficulties for shareholders to dispose of the shares. There is also a risk that the market price can differ substantially from the Share price under the share offering in this Offering Circular. If any of these risks were to materialize, it could have a material adverse effect on the Share price.

Troax may need additional capital, which, if obtainable, could dilute the ownership interest of investors and affect the price of the shares

Troax may need additional capital to fund its operational activities or additional investments in equipment, production units, distribution hubs and/or technology. Troax may need to raise additional funds through the issuance of equity, equity-related or convertible debt securities which may dilute current shareholders of the Company. There is also a risk that additional financing will not be available to the Company on acceptable terms when required, or at all. If Troax is unable to obtain financing at acceptable terms or if shareholders are diluted, it could have a material adverse effect on the Share price.

Investment AB Latour and FSN will have significant influence over Troax after the Offering and may influence matters requiring shareholder approval

After completion of the Offering Investment AB Latour and FSN will each own a significant amount of the shares in the Company. Thus, Investment AB Latour and FSN will have the potential to significantly influence the outcome of matters submitted to Troax's shareholders for approval, including the election of directors and any capital increase, merger, consolidation or sale of all or substantially all of Troax's assets. The interests of Investment AB Latour or FSN may not be aligned with Troax's interests or those of the other shareholders, and Investment AB Latour or FSN could exercise influence over Troax in a manner that is not in the best interest of the other shareholders.

Troax's ability to pay dividends is dependent upon its future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors

Troax target is that dividend payments shall amount to approximately 50 percent of net profits. The dividend proposal shall take into account Troax's long term development potential, the financial position and investment needs. The amount of any future dividends that Troax will pay, if any, will therefore depend upon a number of factors, such as future earnings, financial condition, cash flows, net working capital requirements, investment needs and other factors. Further, the T&Cs of the Bond Loan further restrict Troax's payment of dividends. Troax also may not have sufficient distributable funds, and Troax's shareholders may not resolve to pay dividends in the future.

Differences in currency exchange rates may adversely affect the value of shareholdings or dividends paid

The shares will be quoted in SEK only, and any dividends will be denominated in EUR. As a result, shareholders in jurisdictions with a different currency may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies, if EUR depreciates against the relevant currency.

The future sale of Shares by current shareholders may affect the Share price negatively

The Share price may decline in the event of significant selling of Shares, especially if such seller is also a board member, senior manager or large shareholder. Further, the divestiture of a large amount of Shares by the Principal Owner, or the anticipation thereof, could have a negative effect on the Company's share price.

Shareholders in the United States or other countries outside Sweden may not be able to participate in any potential future rights offerings and other pre-emptive offerings of Shares

If the Company issues new shares in a cash issue, share-holders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in rights offerings or otherwise makes participation difficult or limited. For example, shareholders in the United States may be unable to exercise rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being factors offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Troax is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares and doing so in the future may be impractical and costly. To the extent that Troax's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their proportional interests in the Company would be reduced.

Subscription undertakings

Investment AB Latour and Svalder AB (Cornerstone Investors) have agreed to acquire 6,020,000 and 1,980,000 shares respectively in the Offering, corresponding to 30.1 and 9.9 percent of the number of shares and votes in the Company. The Cornerstone Investors undertakings are however not secured through a bank guarantee, blocked funds or pledge of collateral or similar arrangement. The Cornerstone Investors' undertakings are associated with certain conditions relating to, among other things, that a certain dispersion of the Company's shares is achieved in connection with the Offering. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors do not fulfil their undertakings, which could have an adverse effect on the completion of the Offering.

Invitation to acquire shares in Troax Group AB (publ)

Troax and FSN Capital III Limited Partnership, directly or indirectly through subsidiaries, (“**FSN**” or the “**Principal Owner**”) have resolved to diversify the Company’s ownership through a sale of existing shares. FSN is the main selling shareholder in the Offering¹⁾. The board of directors of Troax has applied for a listing of the Company’s shares on Nasdaq Stockholm.

The Offering is divided into two parts: an offering to the general public in Sweden and an institutional offering. The Offering comprises of 10,713,507 shares, corresponding to 53.6 percent of the total number of shares in the Company. In order to cover any over-allotment in connection with the Offering, FSN has undertaken to, at the request of the Joint Bookrunners, sell an additional maximum of 1,607,026 shares in the Company (the “**Over-allotment Option**”), corresponding to not more than 15.0 percent of the number of shares in the Offering, and not more than 61.6 percent of the total number of shares in the Company.

Assuming that the Offering is increased in full, and that the Over-allotment Option is exercised in full, FSN’s holding of shares in Troax will amount to 18.1 percent of the total number of shares in the Company. FSN, members of the board of directors and senior management holding shares have undertaken, subject to customary reservations, not to sell any shares in Troax during a certain period of time after trading on Nasdaq Stockholm has commenced.²⁾ After the Offering, senior management and the board of directors will in aggregate hold 14.2 percent of the total number of shares in the Company, under the assumptions stated above.

The Offering price will be determined through a book-building procedure and will consequently be based on demand and overall market conditions. The Offering price will be established by FSN in consultation with the Joint Bookrunners, within a range of SEK 62-66 per share. The Offering price is expected to be published on or about 27 March 2015. Investment AB Latour and Svolder AB (Cornerstone Investors) have agreed, on the same terms and conditions as for other investors, to acquire 6,020,000 and 1,980,000 shares respectively in the Offering, corresponding to 30.1 and 9.9 percent of the number of shares and votes in the Company.

Based on the price range, the total value of the Offering is MSEK 664-707, and MSEK 764-813 if the Offering is increased in full and the Over-allotment Option is exercised in full.

In other respects, reference should be made to the full particulars of this Offering Circular, which has been prepared by the board of directors of Troax in connection with the application for listing of the Company’s shares on Nasdaq Stockholm and the Offering made in connection with the listing.

Hillerstorp, 16 March 2015

Stockholm, 16 March 2015

Troax Group AB (publ)

FSN Capital III Limited Partnership

1) FSN Capital III Limited Partnership, c/o FSN Capital Partners AB, Biblioteksgatan 8, SE-111 96 Stockholm, Sweden.

2) See “*Lock-up arrangement etc.*” in the section “*Share Capital and Ownership Structure*”.

Background and reasons

Troax was founded in 1955 by four Axelsson brothers in Hillerstorp, Sweden. The Company has since then evolved from a generalist producer of wire products (e.g. dish racks and shopping carts) to a leading supplier of high quality metal based mesh panel solutions that enhance the safety and security for people, property and processes (“**metal-based mesh panel solutions**”). Troax has developed into a global company with a sales organization with presence in 31 countries. The Company has production facilities in Sweden, UK, China and Italy which together with its large sales force constitute the platform from which Troax delivers its products and solutions to customers around the world. Troax assesses that the Company is the global market leader in metal-based mesh panel solutions with a global market share of approximately 10 percent and in Europe, which is currently Troax’s main market, the Company has a market share of approximately 20 percent.

Troax’s current main owner, FSN, acquired the Company in January 2013 and since then, several important strategic initiatives have been launched to improve Troax’s operational efficiency, increase the Company’s sales force and broaden the Company’s geographical presence. In June 2014, the Company acquired Satech, a leading provider of mesh panel solutions on the Italian market, which has strengthened Troax European market position further. The board of directors and senior management of the Company believe that Troax is well positioned to deliver growth in revenue and earnings.

Troax’s strong position and positive underlying market drivers have resulted in favorable development over the last years, e.g., the Company’s adjusted EBITA increased from MEUR 10.7 2013 to MEUR 15.4 2014. The Adjusted EBITA pro forma for Satech for the full year 2014 was MEUR 16.7.

FSN’s business concept is to acquire and develop non-listed companies and when set targets have been met make an exit. Together with Troax’s current senior management, FSN has achieved several important strategic initiatives and strengthened the Company’s market position. Troax is ready to expand and continue to grow based on these fulfillments. Consequently, FSN and Troax’s board of directors consider the current timing and market climate to be an appropriate time for FSN to reduce its ownership and list the Company.

The Offering and the listing will expand the shareholder base and enable Troax to access the Swedish and international capital markets to broaden the Company’s options for financing continued growth, both organically and through selective acquisitions. The board of directors and senior management of Troax consider the Offering and listing of the Company’s shares to be a natural and important step in Troax’s development, which will e.g. increase the awareness of Troax and its operations.

In other respects, reference should be made to the full particulars of this Offering Circular, which has been prepared by the board of directors of Troax in connection with the application for listing of the Company’s shares on Nasdaq Stockholm and the Offering made in connection with the listing.

The board of directors of Troax is responsible for the contents of the Offering Circular. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information contained in the Offering Circular, as far as the board of directors knows, corresponds to the factual circumstances and that nothing has been omitted that could affect its purpose. In the event that information comes from a third party, the information has been correctly reflected and no information has been omitted in a way that the reflected information would be false or misleading.

Hillerstorp, 16 March 2015

Troax Group AB (publ)
Board of Directors

The board of directors of Troax Group AB (publ) alone is responsible for the content of the Offering Circular. However, FSN confirms its commitment to the terms and conditions of the Offering in accordance with what is set out in “Terms and Conditions”.

Stockholm, 16 March 2015

FSN Capital III Limited Partnership¹⁾

1) Directly or indirectly through subsidiaries.

Terms and conditions

The Offering

The Offering is directed to the general public in Sweden¹⁾ and to institutional investors²⁾. The Offering comprises up to 10,713,507 shares, representing 53.6 percent of the total number of shares in the Company.

The outcome of the Offering is expected to be published in a press release on or about 27 March 2015.

Over-allotment option

FSN has provided an Over-allotment Option to the Joint Bookrunners. This means that the Joint Bookrunners, within 30 days following the first day of trading in the Company's shares on Nasdaq Stockholm, has the right to acquire up to an additional 1,607,026 shares from FSN, equivalent to a maximum of 15.0 percent of the total number of shares in the Offering at a price which is equivalent to the Offering price. The Over-allotment Option may only be exercised in order to cover any potential over-allotment within the Offering.

Allotment of shares

The allotment of shares to the respective parts of the Offering will be based on demand. The allotment will be decided by FSN in consultation with the Joint Bookrunners.

Book-building procedure

In order to establish a market-based pricing of the shares in the Offering, institutional investors will be given the opportunity to participate in a book-building procedure. The book-building procedure will take place between 17 March–26 March 2015. The Offering price will be determined within the framework of this procedure.

The book-building procedure for institutional investors may be terminated in advance or extended. Notice of any such termination or extension will be provided in a press release before the end of the book-building period. See also the section entitled "*Offering to institutional investors*".

Offering Price

The Offering price will be established in the book-building procedure described above and is expected to be set within the range of SEK 62–66 per share and is expected to be published in a press release on or about 27 March 2015. The Offering price to the general public will not exceed SEK 66 per share. No

commission will be charged. The price range has been established by FSN in consultation with the Joint Bookrunners based on the estimated investment interest from institutional investors.

Offering to the general public

Application

Applications by the general public for the acquisition of shares shall comprise a minimum of 150 shares and a maximum of 15,000 shares³⁾, in even lots of 50 shares. Applications are binding.

Applications can be made between 17 March–25 March 2015 and should be submitted to Carnegie or Handelsbanken.

Application shall be made using a specific application form, which is available at any of Carnegie's or Handelsbanken's branch offices. The Swedish language prospectus and the application form are also available on Troax's website (www.troax.com), Carnegie's website (www.carnegie.se) and Handelsbanken's website (www.handelsbanken.se/investeringserbjudande).

Customers of Handelsbanken who are connected to the bank's internet services can also apply for acquisition via internet.

If more than one application is submitted by the same acquirer, only the first registered will be considered. Late, incomplete or incorrectly completed application forms may be disregarded. No additions or amendments may be made in the pre-printed text on the application form.

If you have an account with specific rules for securities transactions, such as an IPS-deposit, ISK-deposit (*Sw. Investerings-sparkonto*) or deposit within an endowment insurance, you should confer with your nominee if and how you can apply for acquisition of shares in the Offering.

Application via Carnegie

Applications may be submitted to Carnegie according to one of the following options:

- Complete the application form for the Offering and submit it to one of Carnegie's branch offices during the application period. The application form can be obtained from Carnegie's website: www.carnegie.se, where the Swedish language prospectus is available.

or

- The application form can also be sent by mail to Carnegie Investment Bank AB (publ), Transaction Support, Regeringsgatan 56, SE-103 38 Stockholm.

1) The general public in Sweden comprises private individuals and legal entities in Sweden who apply for the acquisition of up to 15,000 shares.

2) Institutional investors comprise private individuals and legal entities who apply for the acquisition of more than 15,000 shares.

3) Anyone who applies for the acquisition of more than 15,000 shares must contact Carnegie or Handelsbanken in accordance with what is stated in section "*Offering to institutional investors*".

Persons who apply for acquisition of shares via Carnegie must have a securities account (“VP-account”), a service account or a custody account with a Swedish account operator, or a custody or investment savings account with Carnegie.

In the event that customers with ISK-deposits (Sw. *Investerings-sparkonto*) in Carnegie are allotted shares, Carnegie will purchase the corresponding number of shares in the Offering, and then sell them on to the customer at the same price as in the Offering.

The application form must be received by Carnegie no later than 5 p.m. (CET) on 25 March 2015.

Application via Handelsbanken

Applications may be submitted to Handelsbanken according to one of the following options:

- Complete the application form for the Offering and submit it to one of Handelsbanken’s branch offices during the application period. The application form can be obtained from Handelsbanken’s website www.handelsbanken.se/investeringserbjudande, where the Swedish language prospectus is available. The application form can also be sent by mail to Handelsbanken Capital Markets, Emission, SE-106 70 Stockholm.

Persons who apply for acquisition of shares must have a VP-account or a custody account with a Swedish account operator. Persons who do not have such an account must open one before the application is made.

The application form must be received by Handelsbanken no later than 5 p.m. (CET) on 25 March 2015.

or

- Customers of Handelsbanken who are connected to the Internet banking services can also apply for acquisition of shares online in accordance with instructions on Handelsbanken’s website at www.handelsbanken.se under “Spara och placera”, “Aktuella erbjudanden”. Applications via Handelsbanken’s online banking service may be submitted until 12 a.m. (midnight) (CET) on 25 March 2015. Online applicants must have a VP-account with a Swedish account operator or a custody account in Handelsbanken.

In the event that customers with ISK-deposits (Sw. *Investerings-sparkonto*) in Handelsbanken are allotted shares, Handelsbanken will purchase the corresponding number of shares in the Offering, and then sell them on to the customer at the same price as in the Offering.

Allotment

Decisions about the allotment of shares will be made by FSN in consultation with the Joint Bookrunners, whereby the aim is to obtain a wide distribution of the shares among the general public in order to facilitate a regular and liquid trading in the Company’s shares on Nasdaq Stockholm.

Allotment is not dependent on when during the application period the applications are submitted.

In the event of over-subscription it is possible that no allotment will be received or that the received allotment comprises fewer shares than applied for and allotment may, in whole or in part, be made through random selection.

Certain customers to Carnegie and Handelsbanken may be given special priority. Shares may also be allotted to employees of Handelsbanken, but without them being prioritized. In such

cases, allotment will comply with the rules of the Swedish Securities Dealers Association and the regulations of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

Notification of allotment

Allotment is expected to take place on or about 27 March 2015. As soon as possible thereafter, contract notes will be sent out to those who have been allotted shares in the Offering. Those who have not been allotted shares will not receive notification.

Via Carnegie

Notification of allotment is expected to be provided from 9 a.m. (CET) on 27 March 2015 at the telephone number +46 8 588 694 80. To receive notification of allotment, the following information must be given: name, personal/corporate ID number, and VP account, service account or custody account number with a bank or another securities firm.

Via Handelsbanken

Customers of Handelsbanken who are connected to the Internet banking services are expected to receive the contract note in their mailbox in the Internet service with notification of the allotted shares around 9 a.m. (CET) on 27 March 2015. Customers who have submitted their applications to a Handelsbanken branch office may also obtain information regarding their allotment on 27 March 2015 by contacting the branch office that received their application.

Payment

Full payment for the allotted shares shall be made in cash no later than 31 March 2015 in accordance with the instructions on the received contract note.

Via Carnegie

For those who receive a contract note from Carnegie, the payment for allotted shares shall be made in accordance with the instructions on the received contract note. In order for Carnegie to provide delivery of the shares on the settlement date 31 March 2015, full payment for the allotted shares should be made by bank transfer to bank giro 507-7425 no later than 31 March 2015.

Via Handelsbanken

For those who receive a contract note from Handelsbanken and have specified a debit account (must be a general account, checking account or savings account in Handelsbanken) or a custody account in Handelsbanken on the application form or in the Internet banking services at application, the payment will be debited from the specified account or the securities depository account on settlement date. Handelsbanken has the right to withdraw proceeds corresponding to the number of shares applied for, or such lower number of shares as is allotted in the event of over-subscription, from the specified bank account.

Customers of Handelsbanken who have specified a debit account or a securities depository account in Handelsbanken in the application, must ensure that funds corresponding to the number of shares according to the contract note are available from 1 a.m. (CET) on the settlement date 31 March 2015.

Persons, who have not specified a debit account or a securities depository account in Handelsbanken, will receive a contract note with an appended bank giro note.

Failure or improper payments

Please note that if full payment is not received in time or if the bank account specified contains insufficient funds, the allotted shares may be reassigned to another party. If the price received in the reassignment is lower than the Offering price in the Offering, the person who was originally allotted the shares may be liable to pay the difference.

Offering to institutional investors

Application

Institutional investors are invited to participate in a book-building process, which will take place during the period 17 March-26 March 2015. FSN reserves the right to shorten or extend the application period in the institutional offering. Any such shortening or extension of the application period will be made public by the Company in a press release prior to the end of the application period. Applications shall be submitted to Carnegie or Handelsbanken in accordance with specific instructions.

Allotment

The decision on allotment of shares is made by FSN in consultation with the Joint Bookrunners, with the aim to ensure that Troax gets a good institutional shareholder base. The intention is that notifications of interest in participation, which are essentially deemed to be equivalent, should be treated equally. Interest registered by institutional investors who are deemed to be possible long-term shareholders in the Company may be given priority. Allotment will be entirely discretionary and no guarantees for allotment are given. The Cornerstone Investors are however guaranteed allotment in accordance with their respective undertakings.

Notification about allotment

Institutional investors are expected to receive notification of allotment in particular order on or around 27 March 2015, after which a contract note is sent out.

Payment

Full payment for allotted shares must be paid in cash in accordance with the contract note against the delivery of shares on 31 March 2015.

Failure or improper payments

If full payment has not been received within the prescribed time, the allotted shares may be reassigned to another party. If the price received in the reassignment is lower than the Offering price in the Offering, the institutional investor who was originally allotted the shares may be liable to pay the difference.

Registration of allotted and paid shares

It is expected that allotted and paid shares, for both institutional investors and the general public in Sweden, will be registered with Euroclear Sweden AB ("**Euroclear Sweden**") starting on 31 March 2015, after which Euroclear Sweden will send out a securities notice showing the number of shares in the Company registered on the recipient's VP-account. Note that purchasers of the general public who pay for allotted shares to a bank giro

account in accordance with instructions on a contract note, that is to say, those who have not specified a debit account or a custody account in Handelsbanken, will receive the acquired shares when Carnegie and Handelsbanken, respectively, have received full payment. Depending on where, how and at what time of the day payment is made, it may take up to two or three banking days from the time funds are paid in.

Notifications to shareholders who have specified that the shares should be delivered to a securities depository account will be made in accordance with each nominee's procedures.

Listing of the Shares

Troax's board of directors has applied for the admission to trading of the Company's shares on Nasdaq Stockholm. On 23 February 2015, the Nasdaq listing committee decided to admit the shares in Troax to trading on Nasdaq Stockholm, subject to customary conditions, such as the distribution requirement for the Company's share being fulfilled no later than on the first day of trading.

In case the Company's board of directors ultimately resolves to list the Company's shares, trading in the shares is expected to begin on or about 27 March 2015. Consequently, trading is expected to commence before the shares have been transferred to the acquirer's VP-account or securities depository account and in some cases before the contract note has been received. This means that trading is expected to commence before the terms and conditions for the completion of the Offering have been fulfilled. Trading in the Company's share made before the Offering becomes unconditional will be cancelled if the Offering is not completed.

The trading symbol on Nasdaq Stockholm for the Company's share is TROAX.

Stabilisation

In connection with the Offering, the Joint Bookrunners may execute transactions aimed at supporting the market price of the share at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be executed on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the share on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. See also "*Stabilisation*" in the section "*Legal issues and supplementary information*".

Announcement of the outcome of the Offering

The final outcome of the Offering is expected to be made public through a press release on or about 27 March 2015. The press release will be available on Troax's website, www.troax.com.

Right to dividend

The offered shares carry the right to dividend from the first dividend record date following the admission to trading of the Company's share. Dividends, if any, are paid following a resolution by the shareholders' meeting. The payment is handled by Euroclear Sweden. The right to dividend applies to

shareholders who are registered as owners in the share register maintained by Euroclear Sweden on the record date decided by the shareholders' meeting. Regarding deduction of Swedish preliminary tax, see section "*Tax considerations in Sweden*". For additional information, see also section "*Share Capital and Ownership Structure*".

Terms and conditions for the fulfillment of the Offering

The Company, Carnegie, Handelsbanken, FSN and certain other selling shareholders intend to enter into an agreement on the placing of shares in Troax on or about 26 March 2015 (the "**Placing Agreement**"). The Offering is conditional on the interest in the Offering, in the Joint Bookrunners' opinion, being sufficient for trading in the shares, that the Placing agreement is entered into, that certain conditions in the Placing agreement are fulfilled and that the Placing agreement is not terminated. Pursuant to the Placing agreement, the Joint Bookrunners' commitment to designate purchasers of or, if the Joint Bookrunners fail to do so, themselves acquire the shares comprised by the Offering is conditional upon, inter alia, that no events occur which have such a materially adverse effect on the Company that it would be inappropriate to complete the Offering ("material adverse events") and certain other conditions. The Joint Bookrunners may terminate the Placing agreement up until the settlement date, 31 March 2015, if any material adverse events occur, if the warranties that the Company have given the Joint Bookrunners should not be true and correct or if any other condition stipulated by the Placing agreement is not fulfilled. The Offering may be suspended if the above stated conditions are not fulfilled and if the Joint Bookrunners terminate the Placing agreement. In such event, neither delivery of nor payment for shares under the Offering will be effected. For more information regarding the Placing agreement, see section "*Legal issues and supplementary information*".

Important information regarding the possibility to sell allotted shares

Notifications about allotment to the general public in Sweden will be made through distribution of contract notes, expected to be distributed on or around 27 March 2015. After payments for the allotted shares have been processed by Carnegie and Handelsbanken, the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to the acquirers of shares in Troax implies that these acquirers may not have shares available in the specified securities depository account or the securities account until 31 March 2015, at the earliest. Trading in Troax's shares on Nasdaq Stockholm is expected to commence on 27 March 2015. Please note that until the shares are available in an acquirer's securities account or securities depository account, the acquirer might not be able to sell these shares on the stock exchange, even if the trading in the shares have commenced.

Information concerning processing of personal data

Persons who acquire shares in the Offering will submit personal information to Carnegie respectively Handelsbanken. Personal information provided to Carnegie respectively Handelsbanken will be processed by computer systems to the extent necessary to provide services and manage customer engagements. Personal data obtained from other than the customer in question may also be processed. Personal data may also be processed in computer systems of companies with which Carnegie respectively Handelsbanken co-operate. Information concerning processing of personal data is provided by Carnegie's respectively Handelsbanken's branch offices, to which requests for correction of personal data should also be sent.

Miscellaneous

The fact that Carnegie is the issuer agent does not imply that Carnegie views any party that applies for shares in the Offering as a customer of the bank for the investment.

Carnegie's and Handelsbanken's receipt and handling of application forms will not result in any customer relationship between Acquirers in the Offering and each respective bank. The Acquirer is, in relation to the acquisition, considered as a customer of Carnegie or Handelsbanken, only if the bank has provided advice to the Acquirer regarding the acquisition, or has otherwise contacted the Acquirer individually about the acquisition. The consequence of Carnegie and Handelsbanken not regarding the Acquirer as a customer in relation to the acquisition is that the rules regarding protection of investors under the Securities Markets Act will not be applicable to the acquisition. Among other things, this means that neither so-called "customer classification" or so-called "suitability assessment" will be made in relation to the acquisition. As a result, Acquirers are themselves solely responsible for having adequate experience and knowledge to understand the risks associated with the acquisition.



Market overview

The Offering Circular includes data regarding the Company's business and markets. The information regarding market growth and market size, as well as Troax's market position relative to its competitors, as stated in this Offering Circular, is Troax's overall assessment based on internal as well as external sources. Unless otherwise stated, the information in this section is based on the Company's analysis and internal market intelligence. Such information relates to either 2013 or 2014. In 2012, the Company instructed a leading independent consultancy firm to conduct a market study relating to the markets in which the Company operates. This market study is based on market data from 2011. Therefore, depending on which source is used, information may vary between 2011 and 2014. The sources which form the basis for Troax's assessment comprise, among other things, information derived from industry associations such as IFR World Robotics, MarketLine and Euroconstruct. Additional sources are specified where applicable. The information obtained from third party sources has been accurately reflected and, as far as Troax is aware and is able to ascertain from other information published by such third parties, no facts have been omitted which would render the reflected information inaccurate or misleading.

Introduction to the metal-based mesh panel market

Troax operates on the global metal-based mesh panel market which is a fragmented niche market. The majority of the information regarding the mesh panel market growth and drivers must be assessed based on developments in markets where metal-based mesh panel are regularly used as well as from underlying trends and drivers for Troax products in these markets. Troax is currently active within the following business areas:

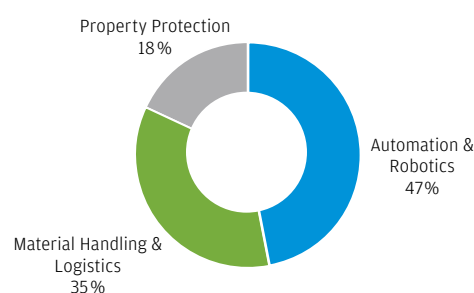
- **Automation & Robotics:** comprises delimited protective solutions for machines and robots in order to safeguard employees working in dangerous production environments as well as protecting fine-tuned production processes from unscheduled down-time caused by unauthorized tampering.
- **Material Handling & Logistics:** comprises a wide range of protective solutions for applications relating to both conventional and automated logistics handling including e.g., storage cages, warehouse partitioning and anti-collapse screens for racking.
- **Property Protection:** caters to construction companies, residential property owners and commercial safe storage operators, mainly in the Nordic region and in Germany who buys standard and tailor-made mesh panel solutions for the use in basements and attics.

The global mesh panel solutions market was estimated at approximately 850 MEUR in 2011 and it is Troax's assessment that the global market has grown since then, and will continue to grow with a CAGR of 5-6 percent until 2017.¹⁾ The global mesh panel solutions market is fragmented and consists of a few larger companies and a large number of smaller players. These smaller players are in general smaller blacksmiths with a manufacturing

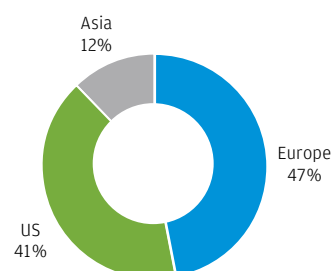
process which to a substantially higher degree is done by manual labor. Furthermore, there exists a couple of larger players that mainly use automatized production processes, where Troax is the largest player in terms of sales and is roughly two and a half times larger than its nearest competitor.

In 2011, Europe represented 47 percent of the global market, the U.S. represented 41 percent and Asia represented 12 percent.²⁾ Troax's assessment is that Asia has a higher growth rate compared to the other markets, although from a low base level.

GLOBAL MESH PANEL MARKET* BY SEGMENT (2011)



GLOBAL MESH PANEL MARKET BY REGION* (2011)



* Global market defined as Troax's addressable market in Asia, the US and Europe.

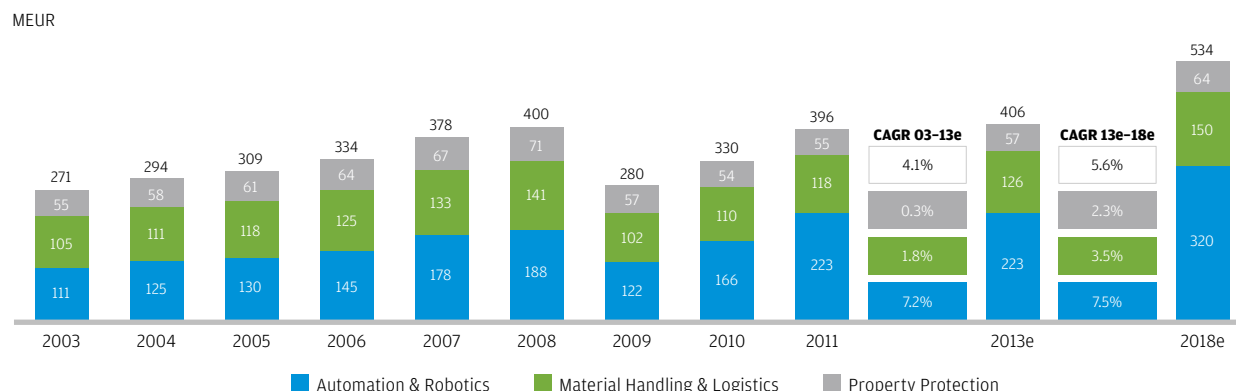
1) Global market defined as Troax's addressable market in Asia, the U.S. and Europe.

2) Based on market estimations made by the Company and a leading independent consultancy firm in 2012.

Troax's is also the largest player in its main addressable market, Europe and more specifically the Nordic region (Sweden, Norway, Denmark and Finland), Germany, the Netherlands, Italy, Spain and

the UK. In 2011, the value of the European market for metal-based mesh panel solutions was estimated to be worth approximately 380-420 MEUR.¹⁾

EUROPEAN MARKET FOR METAL BASED MESH PANEL BY SEGMENT



Key market drivers for increased use of metal-based mesh panel solutions

Increasing automation in manufacturing and logistics handling

Automation and the use of robots has become a key priority in industrialized countries to ensure competitiveness in manufacturing industries in response to e.g. threats posed by cheap labor in other parts of the world. Continuous modernization of factories and an strive for increased production efficiency drives automation of production set-ups and the market for metal based mesh panel solutions. The purpose of mesh panel solutions is to protect people from dangerous machines in automated production environments and to protect fine-tuned production processes from human tampering causing expensive interruptions and down-time in the production process.

Furthermore, the significant growth in recent years in online retail has increased the need for large logistics and distribution properties in order to meet rapid order fulfillment and large storage volumes.²⁾ These state of the art logistics and distribution properties are, to a much higher degree, dependent on automated logistics handling which post higher demands on safety.

Increased safety awareness and safety regulations

The primary solution to protect people from robots in work environments is to keep people out of the robot's working area. This is achieved by using perimeter protection e.g. metal-based mesh panels, light curtains or doors with interlock switches

which interrupt the production process. The robots' working area normally needs to be supplied with approved safety fencing with entry/exit guards and an advanced safety key lock system.³⁾

In Europe, several important directives and regulations, such as the European machinery directive (2006/42/EC) (the "**EU Machinery Directive**"), have been implemented to increase safety. One of the main purposes with the EU Machinery Directive is to harmonize the protective requirements applicable to machinery among different countries.⁴⁾ The EU Machinery Directive has contributed, and will continue to contribute, to the growth of the European market for metal-based mesh panel solutions.

Outside of Europe, the world's largest market for industrial robots, China, is currently implementing guidelines based on the EU Machinery Directive, and is thereby increasing the regulatory burden for local manufacturers. As a consequence, it is expected that the manufacturing industry in China will eventually have to implement safety installations, such as mesh panel solutions. However, considering the current low requirements for machine safety level in China, it is expected that the implementation in China will take time and that short term growth in the global mesh panel market will mainly come from western companies.⁵⁾

Furthermore, the EU Machinery Directive is used as a model for development of new ISO-standards, and many multinational companies (including companies in the US) are currently implementing common safety standards in the interest of providing a safe work environment for their personnel regardless of where in the world they are employed.⁶⁾

1) Based on market estimations made by the Company and a leading independent consultancy firm.

2) JLL's global e-commerce and retail logistics 2013.

3) British Automation & Robot Association.

4) Guide to application of the Machinery Directive 2006/42/EC—2nd edition—June 2010.

5) IMS Research, Troax.

6) IMS Research, Troax.

Business Areas

Automation and robotics (A&R)

Industrial environments with advanced manufacturing processes entail an increased demand for robots and automated production which in turn requires high quality protective solutions to protect people from dangerous production processes and the processes from human tampering causing production down-time. Robots can perform many different functions such as assembly, welding, material handling, painting, spraying etc.¹⁾ The automotive industry is the largest industry within the A&R business area.

When installing robots, one of the major considerations is the safety of operators and other personnel as modern robots operate fast and silent, making them dangerous for coming too close. Furthermore, robots consist of moving parts and work pieces that, in the event of an accident or misuse, can become loose. Therefore, it is a safety measure to separate machines and people by installing metal-based mesh panel solutions that offers more comprehensive protection than certain other products, for example sensor based protective solutions.



(a) Growth drivers

In addition to the automation and safety trends described in the section “Key market drivers for increased use of metal-based mesh panel solutions”, Troax believes that the following factors and trends will drive future growth in the A&R business area:

- *Manufacturing returns from Asia to Europe and the US:* Manufacturing is moving back to Europe and the US from Asia, inter alia, due to eroding cost advantage for Asian manufacturers. The re-shored investments in production in Europe and the US are highly automated which is something Troax believes will increase the demand for mesh panel solutions due to i) higher machine safety standards in Europe and the US, and ii) higher degree of automation compared to Asia.²⁾

- *Safety awareness and regulations are increasing in immature markets:* Troax assesses that stricter safety regulations as regards to machine protection will be implemented in more countries in the future. Several non-European markets are gaining a higher degree of safety awareness and Troax therefore expects these markets to gradually mature in terms of safety awareness and safety regulations, for example China, India and Turkey.
- *Higher salaries and shortage of labor in developing markets in Asia, particularly in China:* In China, the world’s largest market for industrial robots, the labor shortage as well as rising salaries in manufacturing are driving growth in automation. The share of the Chinese population under the age of 14 has decreased from 35 percent to 18 percent from year 1980 to the year 2012³⁾ showing distinct decline in future potential employees, which further emphasizes the need for automated solutions going forward. Increased wage levels have increased labor costs for heavy manufacturing processes significantly.⁴⁾ The trend of increasing salary levels is also applicable to other traditional low cost countries where Troax operates.

(b) Customers

The main customers of mesh panel solutions in A&R are i) integrators, i.e. companies that are active in the construction, design and project management of manufacturing set-ups (e.g. assembly lines). Examples of integrators are, Kuka, Thyssen-Krupp, SMS Siemag AG and EDAG; ii) OEMs such as automotive manufacturers who frequently change or update production assembly lines when new car models are introduced, and iii) end-customers e.g. industrial manufacturers such as ABB.

In addition, mesh panel solutions are used by manufacturers in the general industry such as companies active within the steel, mining and the food industry.

(c) Geographical markets and growth

Summary of the global market for automation and robotics

The global A&R mesh panel market is expected to grow by a CAGR of 7-8 percent between 2011 and 2017.⁵⁾

Global robot installations are estimated to have increased by at least 15 percent, from approximately 178,000 in 2013 to approximately 205,000 units in 2014. Based on worldwide shipments of industrial robots, the CAGR between 2008 and 2014 was estimated at 10.5 percent and for the years 2014 to 2017, the CAGR is expected to increase to 12 percent. However, it should be noted that not all robot installations are suitable for, or in need of, mesh panel solutions.⁶⁾

The global automotive industry has increased investments in industrial robots considerably since 2010. Approximately 69,400 new robots were installed by the automotive industry in 2013, representing an increase of 4 percent compared to 2012. The

1) British Automation & Robot Association.

2) European Parliamentary Research Service—Reshoring of EU manufacturing, published March, 21 2014.

3) The World Bank.

4) United States Department of Labor, Bureau of Labor Statistics (BLS).

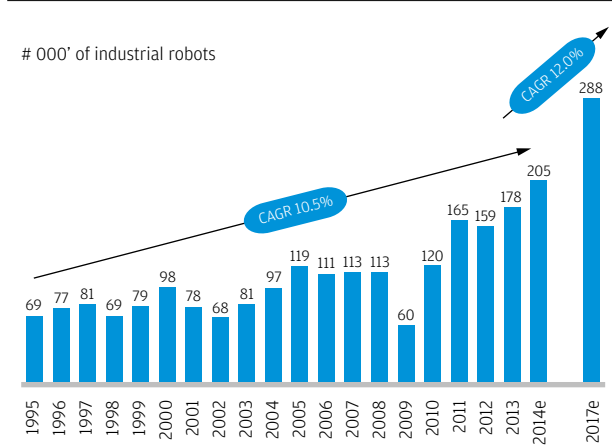
5) Based on market estimations made by the Company and a leading independent consultancy firm 2012.

6) IFR World Robotics report 2014.

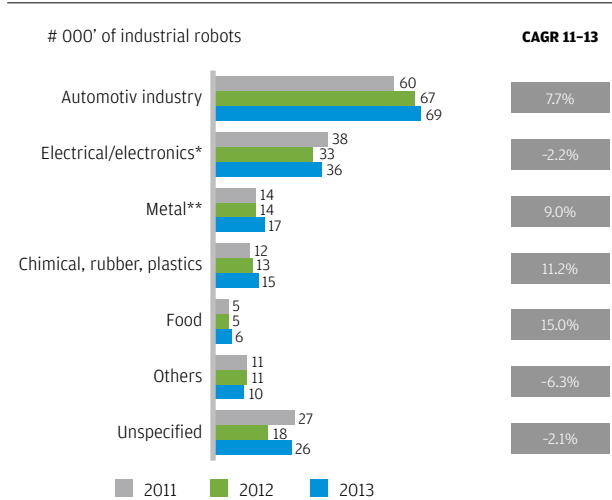
automotive industry's share of the total world annual supply of robots in 2013 was approximately 40 percent. Between 2011 and 2013, robot sales to the automotive industry increased with a CAGR of 7.7 percent.¹⁾

A further increase of robot orders from other industries is also likely in main target markets e.g. pharmaceuticals, steel, mining and the food industry.

ESTIMATED WORLDWIDE ANNUAL SHIPMENTS OF INDUSTRIAL ROBOTS



ESTIMATED WORLDWIDE ANNUAL SUPPLY OF INDUSTRIAL ROBOTS BY INDUSTRIES

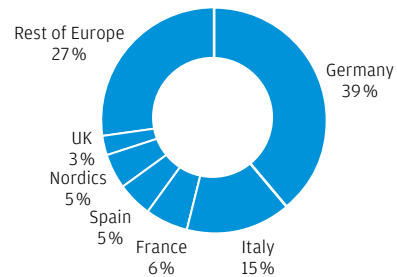


Europe

The largest purchasers of robots that require mesh panel solutions in Europe are companies active in the automotive industry. Germany and Italy constitute the two largest markets in Europe and comprise more than 50 percent of the European market for machine protection within the A&R business area.

Considering that the cost of labor in Europe is comparatively high, the demand for industrial robots and machinery is largely driven by European companies' capital expenditure (CAPEX). Investments in efficient robots and automated production are common and the European market is rather well developed in this respect compared to other regions. In addition, the EU Machinery Directive (for further information, see the section "Increased safety awareness and safety regulations" above) has had a major impact on how manufacturing industries design automated production lines in terms of safety installations which has turned mesh panel solutions into mission critical parts.

AUTOMATION AND ROBOTICS 55% OF MARKET 2013

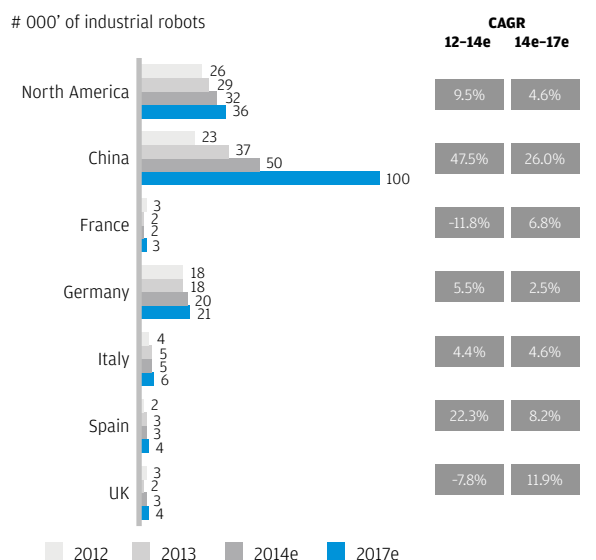


During 2013, the European A&R mesh panel solutions market was estimated to be worth around 220 MEUR, and it is Troax's estimation that the market will have a CAGR of approximately 7-8 percent between 2013 and 2018.²⁾

During 2013, approximately 43,300 industrial robots were sold in Europe. The companies driving the demand for industrial robots in 2013 were mainly car manufacturers who increased robot installations by 17 percent to almost 13,800 units. In 2014 to 2017, European supply of robots is estimated to increase by a CAGR of approximately 6 percent. Between 2012 and 2014, the CAGR of robot supplies to Germany and Italy was estimated to have been 5.5 and 4.4 percent, respectively. In 2014 to 2017, the corresponding CAGR for Germany and Italy is expected to be 2.5 and 4.6 percent, respectively.³⁾

1) IFR World Robotics report 2014.
 2) Based on market estimations made by the Company and a leading independent consultancy firm.
 3) IFR World Robotics report 2014.

ESTIMATED OPERATIONAL STOCK OF INDUSTRIAL ROBOTS IN SELECTED MAIN MARKETS



Asia

Asia is the largest industrial robot market globally in terms of annual shipments of robots. It is expected that the Asian market will grow significantly during the coming years, particularly China.¹⁾ Considering the generally low level of safety regulations in China, it is currently primarily western companies with production in China that invest in metal-based mesh panels. The growth rate in Asia might dampen as a consequence of the industrial production returning from Asia to Europe and the US.

In 2008 to 2013, the average CAGR of robot shipments to Asia (including Australia) was approximately 8 percent and is expected to be 21 percent in 2014 to 2017.²⁾ The number of industrial robots shipped to China quadrupled between 2005 and 2012. The CAGR of robot shipments to China is estimated to have been 47.5 percent between 2012 and 2014 and is expected to be 26.0 percent between 2014 and 2017. It is estimated that by 2017 the operational stock of industrial robots in China will be 100,000.³⁾

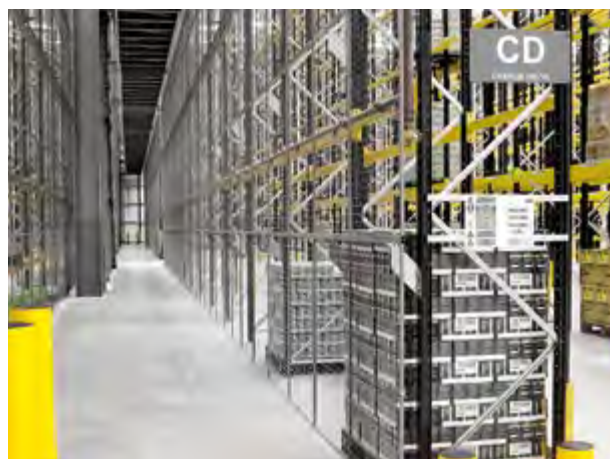
United States

The ongoing modernization in North American factories and the increase of automated production capacities, especially in the automotive industry, have accelerated the pace of new robot installations. Like Europe, the US mesh panel market benefits from generally high safety awareness which makes it necessary for manufacturers to make sure that their automated production facilities provide a safe work environment.

Between 2012 and 2014, the market for industrial robots in North America is estimated to have grown at a CAGR of approximately 9.5 percent. The estimated CAGR of robot shipments to North America is expected to be 4.6 percent in 2014 to 2017.⁴⁾

Material Handling & Logistics

Within the MHL business area, warehousing and logistic operators use metal-based mesh panel solutions for several different purposes e.g. separating areas in order to establish safe automated logistics processes and data centres as well as ensuring a safe work environment for personnel that work in logistic centers and/or warehouses.

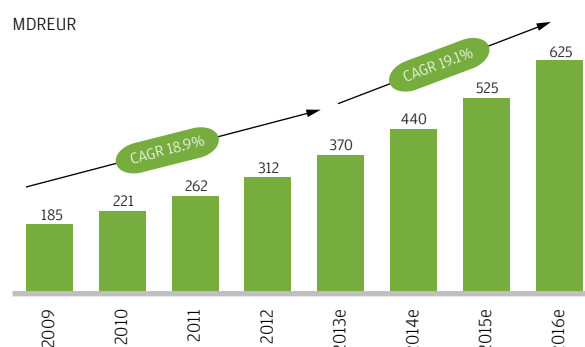


(a) Growth drivers

In addition to the automation and safety trends described in the section “Key market drivers for increased use of metal-based mesh panel solutions”, Troax believes that the following factors and trends will drive future growth in the MHL business area:

- An expected strong demand for storage facilities that often use mesh panel solutions, e.g. third party logistics operators that are establishing mega-warehouses.
- Retailers, mail-order companies and logistics companies will need more floor space in the coming years.⁵⁾ In particular, Troax expects that retailing and e-commerce will drive demand for all types of storage and floor space.
- Increasing demand for protective solutions in Europe in order to meet requirements for safe work environments.

EUROPEAN B2C E-COMMERCE MARKET⁶⁾



1) IFR World Robotics report 2014.

2) IFR World Robotics report 2014.

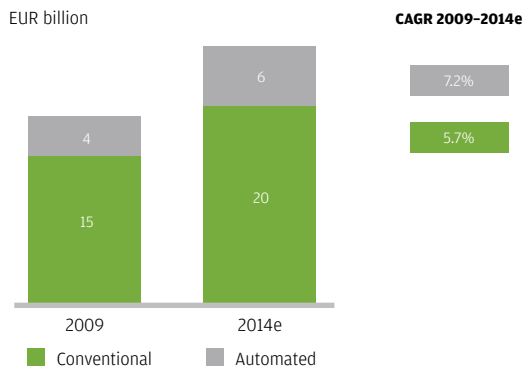
3) IFR World Robotics report 2014.

4) IFR World Robotics report 2014.

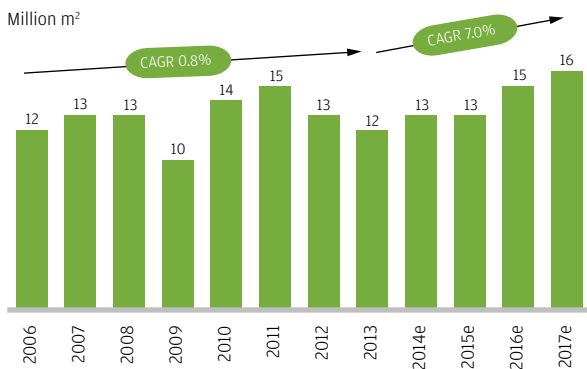
5) MarketLine Industry Profile July 2013.

6) European B2C E-Commerce Report, 2013.

MATERIAL HANDLING EQUIPMENT DEMAND IN WESTERN EUROPE¹⁾



EUROPEAN WAREHOUSE SPACE²⁾

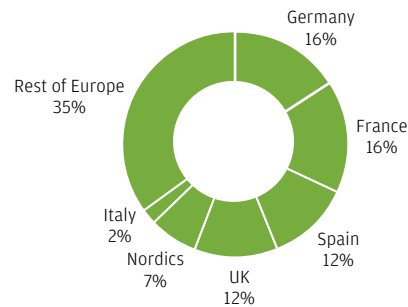


(b) Customers

Customers in the MHL business area include; wholesale companies that provide customers with warehouse furnishing products, third party logistics providers; and logistics and freight providers e.g. TGW and Schenker. End-customers are often large retailers such as Tesco, Amazon and Sainsbury's.

(c) Geographical markets and growth

MATERIAL HANDLING AND LOGISTICS
31% OF MARKET 2013



Troax offers its products on a global basis although the dominating MHL markets are Europe and the US. The Asian MHL market currently represents a small share of the global market for MHL, but is expected to become increasingly important in the future.

The European online retailing market is estimated to have grown at a CAGR of 18.9 percent between 2009 and 2013 and CAGR is expected to be 19.1 percent between 2014 and 2016.³⁾ The demand for automated material handling equipment, is estimated to have grown at a CAGR of 7.2 percent between 2009 and 2014, which can be compared to conventional equipment for non-automated material handling that was estimated to have grown by 5.7 percent.⁴⁾

The European MHL business area for mesh panel solutions was estimated to be worth around 130 MEUR in 2013⁵⁾, and Troax estimates that the European MHL market has grown by approximately 3-4 percent annually in 2011 to 2013.

Property Protection (PP)

Within the PP business area, end-customers use metal-based mesh panels for securing storage areas in apartment buildings, for garage protection and other secure access as well as for partitioning in residential buildings.

The mesh panel solutions market within the PP business area is divided in to two sub categories; new residential construction and refurbishment of existing residential buildings. Troax's largest geographic market within this business area, Sweden, is largely driven by norms regarding secure storage as well as for fire safety in connection with residential construction. From a fire safety perspective the metal-based mesh panels make it easier for firefighters to e.g. check for stored gas containers and flammable material in case of fire and enable water sprinklers to operate more efficiently.

1) Based on market estimations made by the Company and a leading independent consultancy firm 2012.
 2) MarketLine Industry Profile, July 2013, and based on market estimations made by the Company and a leading independent consultancy firm 2012.
 3) Europe B2C E-Commerce Report, 2013.
 4) Based on market estimations made by the Company and a leading independent consultancy firm 2012.
 5) Based on market estimations made by the Company and a leading independent consultancy firm 2012.

The Nordic growth drivers include:

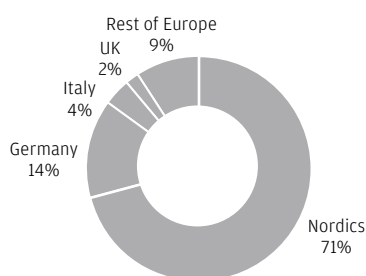
- Increased residential construction.
- An increased focus on safety and security solutions has increased demand for mesh panel solutions in commercial and residential properties.
- A continuous replacement of existing properties' storage solutions (wood, plastic etc.) with mesh panel solutions is also important within the PP business area.

(a) Customers

The main customers in the PP business area are construction companies and installation companies who construct and renovate residential apartment buildings. End-customers typically include housing co-operatives and property owners.

(b) Geographical markets and growth

PROPERTY PROTECTION
14% OF MARKET 2013

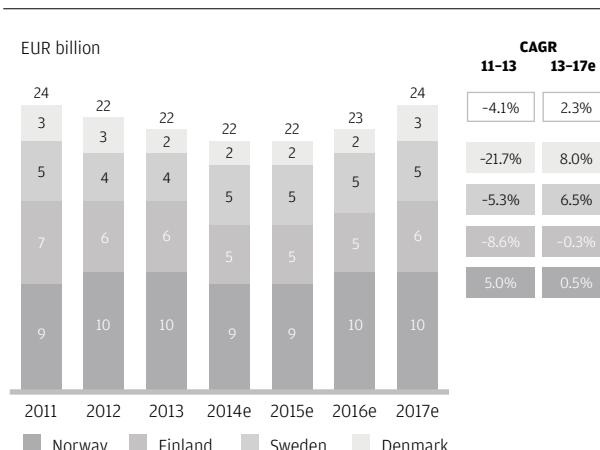


The PP business area is dominated by customers located in the Nordic region and northern Germany. Troax primary market within this business area is Sweden, representing around 50 percent of Troax's total sales within the PP business area.

The Swedish residential market is characterized by a steady increase both regarding rental levels and property prices. One of the reasons for this is several years with low levels of residential construction. Urban areas in Sweden have a high demand for increased investments in housing development.¹⁾

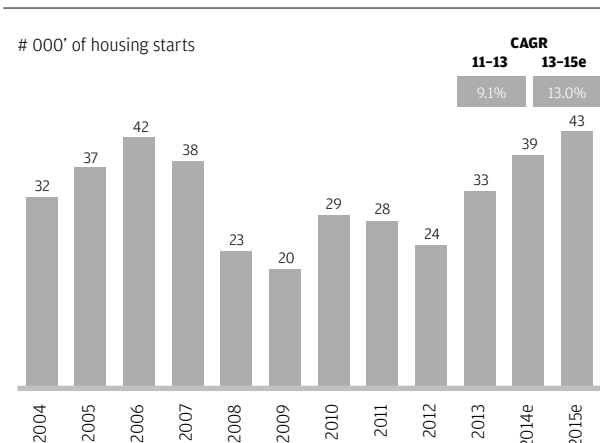
The number of new constructions and renovations of apartment buildings and private housing in Sweden is estimated to grow by 13.0 percent CAGR between 2013 and 2015, representing the highest number of housing starts in Sweden since 2006.²⁾ Overall, the Nordic housing market is expected to have stable growth between 2013 and 2017 with an estimated CAGR of 2.3 percent.³⁾ Future growth may also come from other countries following an appreciation of the benefits of mesh panel based storage solutions and an increased demand for safety and security solutions for private property.

NEW RESIDENTIAL CONSTRUCTION IN THE NORDICS⁴⁾



The European PP business area for mesh panel security solutions was estimated by Troax to be worth around 60 MEUR in 2013, and have grown by 2-3 percent annually in 2011 to 2013.

HOUSING STARTS IN MAIN MARKET SWEDEN⁵⁾



1) The National Board of Housing, Building and Planning, Boverkets Indikatorer, November 2014.
 2) The National Board of Housing, Building and Planning, Boverkets Indikatorer, November 2014.
 3) Euroconstruct summary report Nov 2014.
 4) The National Board of Housing, Building and Planning, Boverkets Indikatorer, November 2014.
 5) The National Board of Housing, Building and Planning, Boverkets Indikatorer, November 2014.

Competitive landscape

On a global level, the mesh panel solutions market is a fragmented industry where Troax is one of few companies who operates on an international scale with operations in a large number of geographies. In terms of sales, Troax is approximately two and a half times larger than its nearest competitor in the industry and is followed by a number of smaller mesh panel providers.

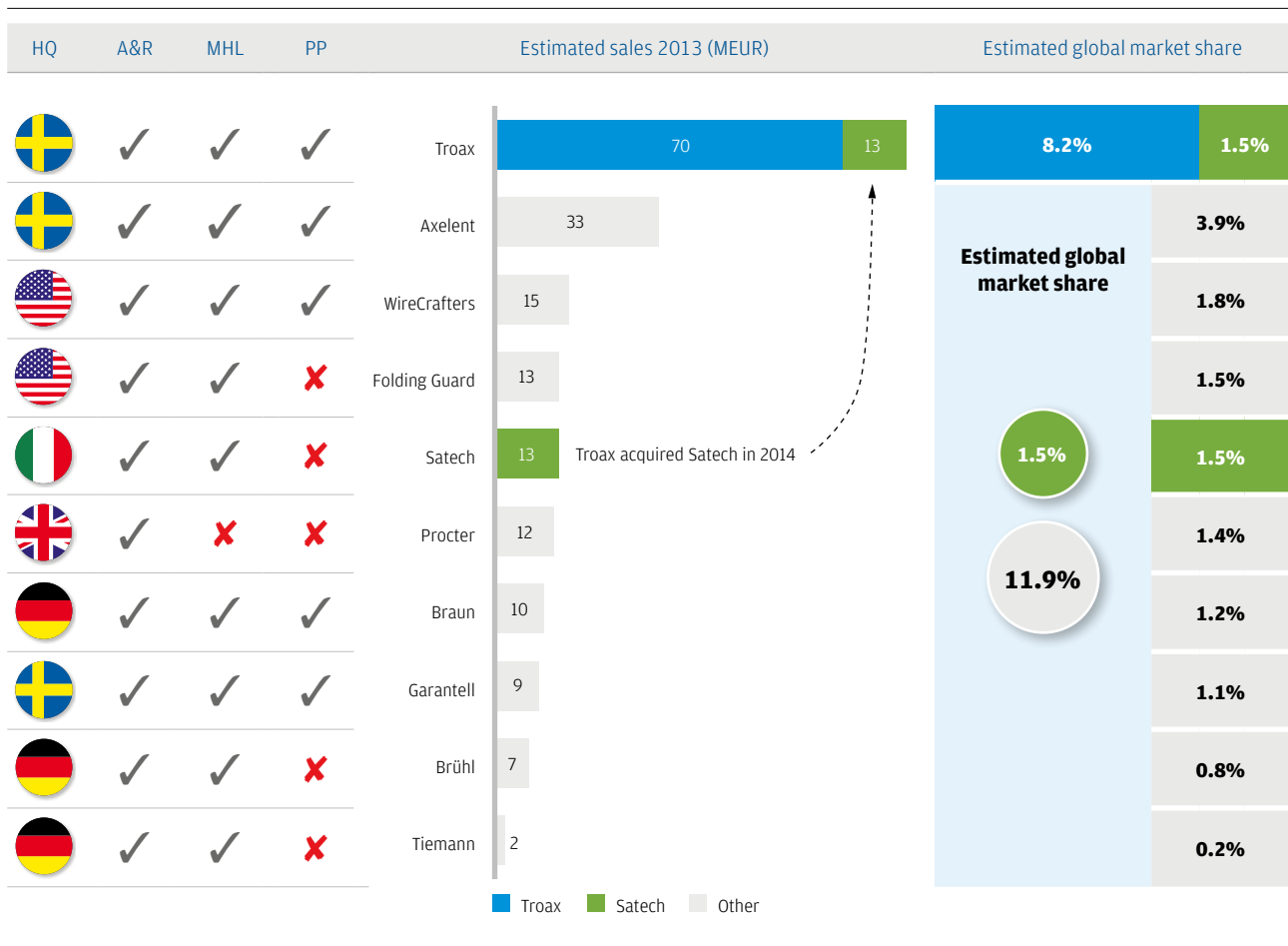
Troax estimates that it is the European market leader within its targeted end-markets with a market share of approximately 20 percent in the A&R and MHL business areas, respectively, and a market share of approximately 24 percent in the PP business area. Troax estimates that its global aggregate market share is approximately 10 percent.¹⁾ Importance of purchase criteria differ by the customer business area, but price, quality and delivery time are critical across all business areas. In terms of purchase criteria, Troax estimates that the company is the market leader and is particularly well perceived in its ability to provide high quality panels, in large volumes with short delivery time and high accuracy.²⁾

Approximately 50 percent of the market is held by local blacksmiths who still are the dominating market participants in

many less developed markets. Historically, most safety solutions for automated production have been provided by local blacksmiths or in-house general maintenance departments in factories on an “ad hoc” basis. Many small and medium size enterprises in several regions around the world, including Europe, still hold on to this customs despite that Troax estimates that these players’ market shares will continue to decrease to the benefit for companies specialized in mesh-panels.

However, larger companies, such as Troax, benefit from its industrial set-up which encompasses, among other things, automated production lines, a larger product portfolio and short speed to market. Given the fragmented nature of the mesh panel solutions market, there are consolidation opportunities and a possibility for larger companies to gain market share by outcompeting smaller local competitors. The blacksmiths and smaller companies have difficulties competing with Troax on quality, product range, price and speed to market. Below is an overview over the global competitive landscape and illustrates the 10 largest identified competitors in the metal-based mesh panel solutions market.

GLOBAL COMPETITIVE LANDSCAPE



1) Company information and various market reports and analyses by leading strategy and financial consulting firms. Based on market analysis conducted in 2012.

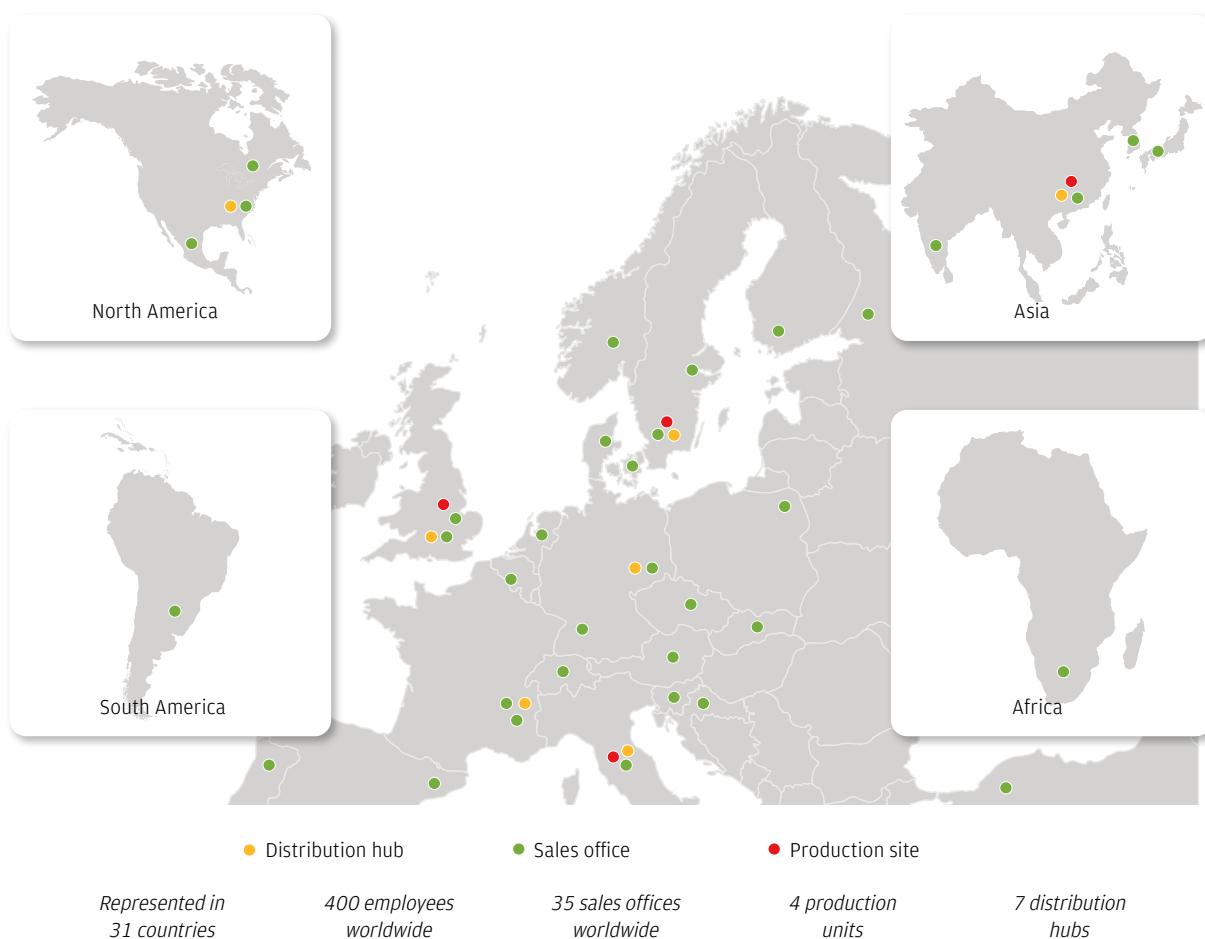
2) According to a leading independent consultancy firm.

Business overview

Introduction

Troax is a leading global supplier of indoor perimeter protection (“**metal-based mesh panel solutions**”) within the business areas: (i) Automation & Robotics (A&R), (ii) Material Handling & Logistics (MHL) and (iii) Property Protection (PP). Since its inception in 1955, the Company has evolved from a generalist producer of wire products (e.g. dish racks and shopping carts) to

a leading supplier of high quality metal based mesh panel solutions that enhance the safety for people, property and processes. During this time, Troax has developed a global sales organization, which together with its own production facilities and distribution hubs, constitutes the platform from which Troax delivers mesh panel solutions to customers around the world.



Metal-based mesh panel solutions consist of modular mesh panel components, which in combination with accessories form tailored solutions for Troax's customers. A metal-based mesh panel

solution can, for example, consist of metal mesh panel, posts, fittings and a gate with safe lock.

METAL-BASED MESH PANEL SOLUTION



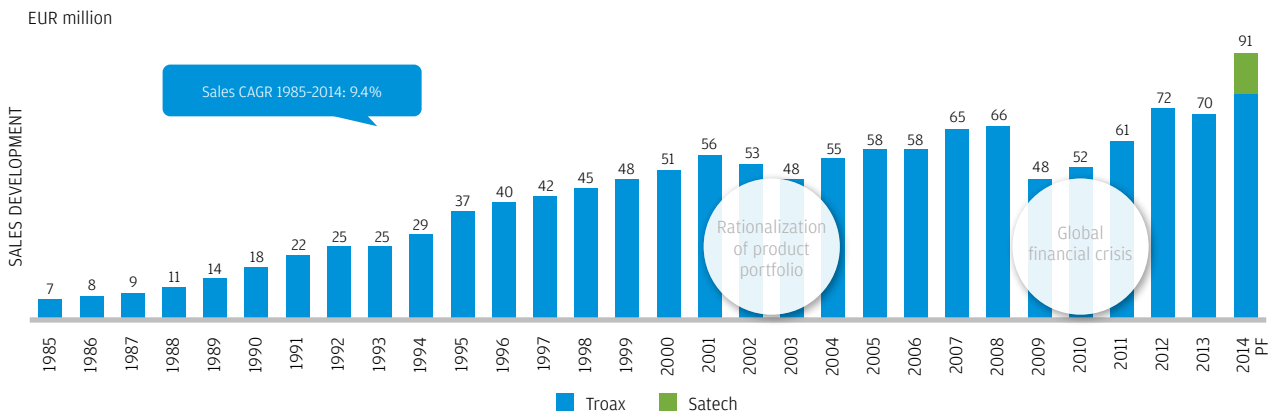
Troax's expertise lies in developing and producing high quality metal-based mesh panel solutions that enhance the safety for people, property and processes. Together with its logistics set-up, comprising local distribution hubs and warehouses, Troax can ensure local presence and short delivery times.

Troax is the global market leader in metal-based mesh panel solutions with a market share of approximately 10 percent in 2013. In Troax's main market, Europe, Troax estimates its market share to 20 percent and is almost two and a half times larger than its closest competitor. Troax is the European market leader within its defined business areas (Automation and Robotics, Material Handling and Logistics as well as Property Protection).¹⁾

Troax is headquartered in Hillerstorp, Sweden, but is currently represented in 31 countries and operates primarily through wholly-owned subsidiaries. The Company has four production units located in Sweden, UK, China and Italy with total annual

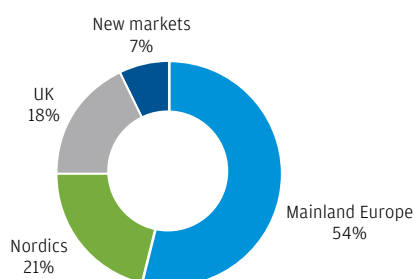
production capacity of approximately 1,200,000 meters of metal-based mesh panel and 70,000 meters of metal panels. 1,000,000 meters of the capacity is in Troax's main production facility in Hillerstorp in Sweden. The Company also has seven distribution hubs around the world. As of the date of this Offering Circular, the majority shareholders in Troax are FSN Capital III Limited Partnership (74.3 percent of the total amount of shares) and the Company's management and board members (14.2 percent of the total amount of shares).

Between 2010 and 2014 Troax's net sales grew at an organic CAGR of 10.4 percent compared with the European mesh panel market that grew by an estimated CAGR of 4-5 percent, according to the Company's estimates. In 2014 (pro forma), the Company generated net sales of 91.2 MEUR and had an adjusted EBITA of 16.7 MEUR corresponding to an adjusted EBITA margin of 18.4 percent.

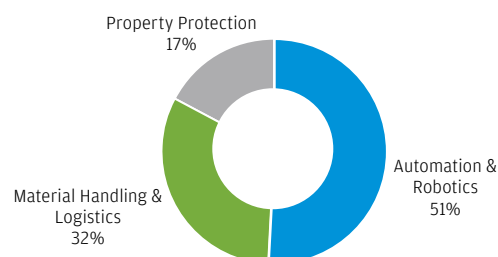


1) Company information and various market reports and analyses by leading strategy and financial consulting firms. Based on market analysis conducted in 2012.

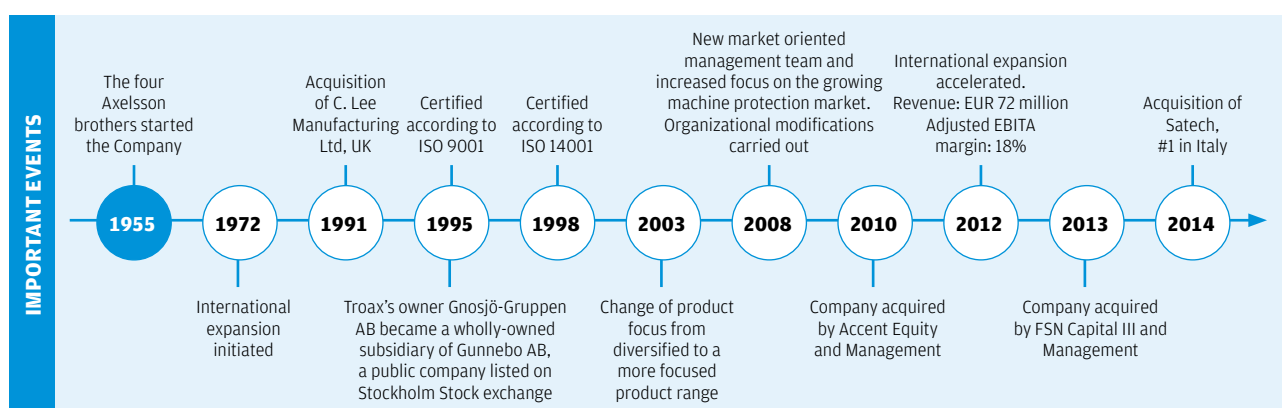
SALES BY REGION (2014)



SALES BY SEGMENT (2014)



History



International expansion

The Company was founded in 1955 by the four Axelsson brothers in Hillerstorp, Sweden. In the beginning of the 1970s, the Company started its European expansion by establishing sales companies in Norway and Denmark. The expansion continued throughout the 1980s and during this time Troax established sales companies in the UK, Belgium, the Netherlands, Germany and France. In 2001, Gunnebo began its global expansion of Troax when it engaged a distributor in Brazil. This was followed by the engagement of distributors in Japan, Russia, India, Mexico and South America as well as sales companies in the US and China. Production in China began in 2013. In recent years, the international expansion, especially towards the US and China, has intensified.

Historical changes in ownership and significant acquisitions

In 1995 the Company became a wholly-owned subsidiary to Gunnebo AB, a public company listed on Nasdaq Stockholm. Accent Equity acquired Troax in 2010 and divested it to FSN and the Company's management in 2013.

Troax has made two significant acquisitions since its foundation. In 1991, C. Lee Manufacturing Ltd., a manufacturer of panels and other partition products, was acquired which strengthened Troax's presence in the UK. In 2014, Satech Safety Technology S.p.A., a manufacturer of mesh panel systems for industrial machinery, was acquired. This strengthened Troax's operations in Europe, mainly in Italy.

Focused product portfolio

Since Troax was founded the Company has developed its product portfolio in order to adapt to customers' demands. In 1965, the Company began making products for the PP business area and in 1978 a garage solution was introduced. The anti-collapse protection for pallet racking and industrial walls for the MHL business area were introduced in 1975. In 1976 Troax became the first mesh welder with mesh and square tubes. In 1990 the Company began focusing on products suitable for machine guarding within the A&R business area. In 2003, Troax developed its Rapid Fix system and shifted focus from a more diversified range of products towards a more focused product portfolio. In 2008, the Company's new management began to focus on more specific markets, such as the growing machine guarding market. The same year the Smart Fix system was developed. The latest product additions are the Musca protection bracket which was launched in 2013, the Strong Fix system and Door-in-a-box which was launched in 2014 for the business area MHL (see below under each business area for closer descriptions of the products).

Strengths and competitive advantages

Global leadership in an attractive and growing niche market

Growing market for mesh panel solutions

Troax main market is the European market for mesh panel solutions which is expected to grow by 4–6 percent annually from 2013 to 2018.¹⁾ The growth is, amongst other things, driven by increased automation and enhanced safety awareness and stricter regulations within industrial production where the investment in mesh panel solutions is mission critical for many industrial operators because it is not possible to start a new production line without the required protection. Other drivers supporting market growth is the on-shoring of manufacturing from Asia to Europe and US as well as the growth of e-commerce.

Troax is a market leader in a fragmented niche market

Troax is the global market leader in mesh panel solutions with a market share (in terms of sales) of approximately 10 percent in 2013 and is almost two and a half times larger than its closest competitor. In Europe, which is Troax's main addressable market, the Company has a market share of around 20 percent. Troax is the European market leader in its three core business areas: Automation and Robotics, Material Handling and Logistics and Property Protection with market shares of approximately 20 percent, 20 percent and 24 percent, respectively.²⁾ The Company believes that Troax's leading position in Europe, combined with its established platforms in the US and China, constitute competitive advantages enabling long-term growth for Troax.

Troax's market leadership is further strengthened by the acquisition of Satech

The acquisition of Satech has strengthened Troax position as Europe's largest supplier of mesh panel solutions. Satech is the market leader in Italy, Europe's second largest industrial market, with key export markets such as France, Spain and Germany. The acquisition complements Troax's geographical coverage, broadens the Company's product portfolio within core areas and provides cross-selling opportunities. The Company's intention is to keep Troax's and Satech's respective brands and operate a dual brand strategy.

Effective and well-invested operating platform

Well-invested and highly automated manufacturing with a production capacity that is twice as large as the closest competitor

Troax's well-invested and highly automated manufacturing facility in Hillerstorp, Sweden, has a flexible and cost efficient production process that enables the Company to produce large volumes while maintaining high quality and continuity. Troax estimates that the Group has twice as large production capacity than its closest competitor and with a utilization rate of approximately 65 percent room for additional growth in current production facilities. This makes the Company one of few players that is able to process large customer orders at short notice and in a cost efficient manner.

Committed sales force with strong local presence

Troax assesses that the Company has the largest direct sales force in the industry, which is estimated to be approximately five times larger than the sales force of its closest competitor. With a purpose to increase sales Troax has made strategic investments in the sales organization in new markets. A large sales force ensures local accessibility, expertise and close customer relationships. At the end of 2014, Troax employed 145 people in its sales force, corresponding to 36 percent of the total number of employees at the same point in time.

Logistics set-up with short delivery times

Troax has a logistics set-up that comprises local warehouses and distribution hubs. Each distribution hub holds an inventory of standard items to ensure short delivery times. As a result of this set-up, the Company distributes its products through direct delivery and dispatches approximately 80 percent of customer orders within 24 hours. Short delivery times and customer support is critical for the customers due to the high costs from down-time or delayed start-up of e.g. a production line.

Broad and diversified customer and supplier base

Troax has a wide customer base consisting of approximately 6,000 customers including many international blue chip companies. The Company's main customers are typically integrators, wholesalers and end-users. Troax's dependency on any single customer is limited as the largest customer represents (5) percent of total sales and only six (6) customer accounts each represent more than one (1) percent of total sales. Troax effectively diversifies customer risk as the Company receives many small orders, with an average value of EUR 3,000–4,000, from a large number of recurring customers. Moreover, Troax has a wide supplier base consisting of certified suppliers of key input material such as steel pipe, wire and powder paint for coating.

Difficult to replicate Troax customer offering

During the course of 60 years Troax has developed knowledge and processes for optimizing production and distribution of high quality mesh panel solutions. Together with the Company's strong sales force this has contributed to establishing many long-standing customer relationships and a strong market position. Troax's position is safeguarded by high barriers to entry and a new entrant would need to make substantial initial investments in a modern and automated production facility, build up an experienced sales force with local anchoring and be able to offer an efficient logistics process in order to compete with Troax's value proposition.

1) Based on market estimations made by the Company and a leading independent consultancy firm.

2) Company information and various market reports and analyses by leading strategy and financial consulting firms. Based on market analysis conducted in 2012.

Strong sales development and strong cash flow

Troax has an attractive financial profile with strong historical sales growth, high profitability and strong cash flow. Between 2010 and 2014 Troax outperformed the global mesh panel market in terms of growth. The Company achieved a sales CAGR of 10.4 percent compared to a market growth CAGR of 4-5 percent. Over the past three years, the Company's adjusted EBITA margin has been 15-18 percent for each individual year. The high profitability in combination with a decreasing net working capital and low requirements of maintenance investments has resulted in strong cash flows. Near-term, the Company expects that cash flow from operations will be sufficient to fund further organic growth and dividend payments to shareholders.

Growth strategy and development potential

Continue to leverage leadership position in a favorable market

Troax has a leadership position in the global mesh panel market and in the Company's core market business areas. Therefore, Troax believes that it is better positioned than its competitors to capitalize on favorable long term market trends, such as: (i) the increasing degree of industry automation, (ii) on-shoring of manufacturing from Asia to Europe and the USA, (iii) increased safety awareness, (iv) increased safety and security regulation, (v) growth in e-commerce.

Strengthen position in main markets

In Troax's main markets Germany, Italy, Sweden, the UK and France the Company strives to increase its market share. This will be achieved by continuously consolidating the fragmented market and cater customer demands for tailored products. Furthermore, Troax can outcompete local players and smaller mesh panel suppliers by leveraging the Company's industrial set-up and leading position in product development.

Growth in new business areas, expand into new geographic regions and optimize distributor networks

Troax plans to increase its market share in the US and China by leveraging on the Company's recently launched operations in these regions, and in time by acquisitions or through cooperation with selected players. In the coming years, Troax will prioritize growth initiatives in the US as the Company views the market as more mature in terms of safety and regulations, whereas China offers long term growth opportunities. The US market represents a significant growth opportunity in the short term due to its market size and fragmented competitive landscape.

Troax has identified several market business areas, in which the Company intends to strengthen its presence, e.g. in the food, mining, pharmaceutical and steel industries. Moreover, Troax has identified growth potential in a number of new geographical markets e.g. Mexico, India, South Korea and Turkey. Troax believes that the Company's distributor network, which currently consists of eleven distributors can be optimized and Troax's market position strengthened by encouraging cooperation and knowledge sharing between distributors. Through increased cooperation each distributor can strengthen its market position by broadening the product offering as well as expand the customer base by approaching new customers in adjacent business areas.

Selective acquisitions

Troax is the natural consolidator in the fragmented mesh panel market and has in the past successfully acquired and integrated businesses. Troax continuously considers and evaluates potential acquisition targets. Troax's acquisition strategy aims to further strengthen the Company's market position, primarily in the US but also in Europe. This will be done through selective acquisitions of companies that meet one or more of the following criteria:

- A strong position within Troax's core business areas.
- Companies with a strong customer base or a strong distribution network.
- A complementary presence in adjacent business areas or geographical areas.

Business concept and financial targets

Mission

Troax is dedicated to exceed customers’ expectations in every aspect. Troax’s mission is to develop innovative safety solutions that protect people, property and processes.

Vision

Troax’s vision is to fulfill the needs for secure and safe storage, machine safety and partitioning. Troax shall continue to be the preferred provider of innovative safety solutions. Troax shall continue to establish itself as the leading supplier of mesh panel and have a worldwide presence in all major areas.

Business model

Troax provides products of the highest quality and functionality using automated and environmentally friendly production processes. The Company offers competitive and flexible modular systems for partitioning and guarding that are compliant with laws and regulations. Troax’s aim is to respond promptly and professionally to customer’s needs, as a local and worldwide partner offering reliability, expertise, service and support.

Core values

Troax’s core values are tied to the organization’s ambitions and objectives and form the foundation for the Company’s corporate culture. The core values, which permeate all of Troax’s activities and characterize employees’ efforts, can be summarized in five points:

Customer focus	Troax has customer focus in all they do and know what it takes to deliver first class service.
Committed to quality	Troax is committed to quality and dedicated to offer high quality solutions worldwide.
Professionalism, integrity and ethics	Troax acts with professionalism, integrity and ethics.
Cooperation	Cooperation is a key factor to success.
Support, help and respect	Troax supports, helps and respects each other to make a difference.

Value proposition

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

People	Protects people from dangerous machines in automated areas.
Processes	Protects fine-tuned processes from human tampering through access control.
Property	Safe storage of objects in warehouses and residential areas.

Financial targets

In relation to its strategic initiatives, Troax has adopted certain financial targets, as presented below. All statements under this section are forward-looking statements.

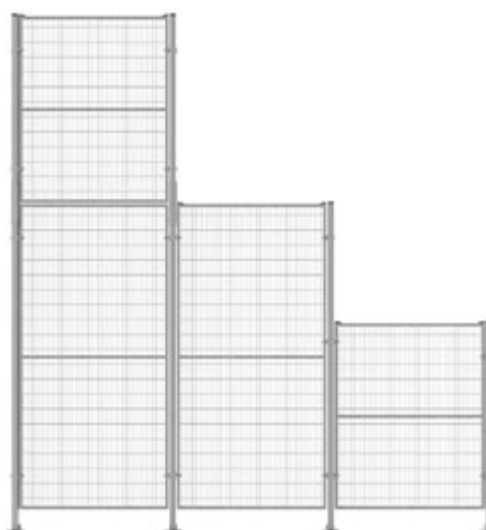
Sales growth	Troax’s objective is to exceed the growth in the Company’s current markets through organic growth, as well as selective acquisitions.
Profitability	Troax’s target is to have an operating margin in excess of 20 percent.
Capital structure	Net debt in relation to EBITDA, excluding temporary deviations, shall not exceed 2.5 times.
Dividend policy	Troax’s target is to pay approximately 50 percent of its net profit in dividends. The dividend proposal shall take into account Troax’s long-term development potential, its financial position and its investment needs.

Financial targets represent forward-looking information. Forward-looking information shall not be regarded as guarantees for future earnings or development and actual results may differ materially from those expressed in forward-looking information. See also “Important information to investors—Forward-looking statements” and “Risk factors”.

Products

Metal-based mesh panel solutions consist of modular mesh panel components, which in combination with accessories form tailored solutions for Troax’s customers. Approximately 95 percent of delivered mesh panels are standardized whereas the remaining five percent comprise customized products. Troax’s mesh panels are based on a carefully developed modular system and the products delivered to the customer is a combination of standard products that form a tailor-made solution in the eye of the customer. Troax has a low number of warranty issues for its products.

COMBINATION OF MESH PANELS, POSTS AND FIXING SYSTEM





Automation & Robotics (A&R)

Troax's products in the business area A&R are used to protect humans from machinery and robotics in automated production processes and to restrict machine access for unauthorized personnel. To complement the mesh panel products, Troax offers fixing systems, safety locks and other features. Troax offers four kinds of fixing systems: Smart Fix (fixing systems for security), Rapid Fix (fixing systems quick and flexible accessibility), Strong Fix (robust and extra resistant fixing system consisting of poles and bracket) and Combi Fix (combination of Rapid Fix and Smart Fix). The customer can combine the panels and choice of application to create a complete machine protection system.

Competing products include electronic and motion control sensors which do not meet safety demands when it comes to physical protection. Such products are rather considered a complementary to mesh panel solutions. Many customers prefer physical protection and a barrier to entry, not only to increase safety but also to have a protected production process. Other competing products include the production of small sized range robots, which are mainly used in the pharmaceutical and electronics business areas. In these business areas Troax's solutions are currently considered to be over dimensioned and this is not a business area that Troax focuses on today.

HINGED DOOR



A hinged door can be made in a variety of widths and heights and be provided with a variety of lock options.

FIXING SYSTEM



Flexible modular panel system for machine guarding.

"SNAPPER"



The product adjoins two mesh panels and can be used to replace a post.



Material Handling & Logistics (MHL)

Products for MHL include storage cages, warehouse partitioning and anti-collapse screens for racking. Troax offers solutions for the entire logistics flow. The primary scope of use for the end-customer include separation and securely limit automated logistics processes and server rooms, as well as safety for personnel working in logistics centers and/or in storages.

In the business area MHL, Troax supplies mesh panel solutions

to a wide range of industries. These industries range from traditional manufacturers that are dependent on large-scale material flows and volumes through their manufacturing facilities, to large logistics facilities.

Competing products mainly include nylon nets. However, these are not direct substitutes due to their inferior function and strength compared to that of metal-based mesh panel solutions.

STORAGE UNITS



The storage units can be constructed with mesh panels or sheet metal panels.

MEZZANINES



Partitioning mesh walls on a mezzanine protects both materials and people from falling objects.

MESH PANEL STORAGE



Mesh panel storage is suitable for indoor and outdoor use, both temporarily and permanently.



Property Protection (PP)

Troax's products in the PP business area offers housing associations, residential property owners and commercial safe storage operators a standard and customized mesh panel solution providing for an economical and safe storage solution. The PP business area is mainly focused on the Nordic market.

Troax's products provide protection against break-ins and

vandalism for self-storage units (apartment or basement storage), garages, basements, loft spaces, rental storages and server rooms in the residential new build and renovation markets. Less expensive substitutes, such as poultry netting, exist but these are of inferior quality and offer less property protection.

GARAGE

TROAX SAFE



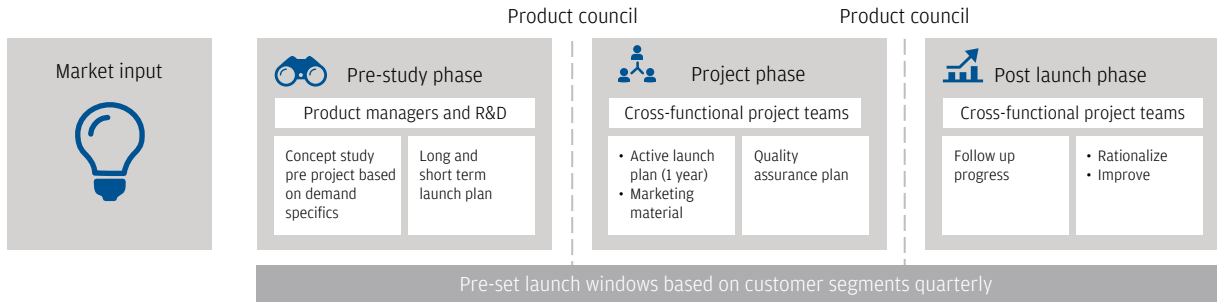
System based on modular mesh panels that secures garages against break-ins and vandalism.

A standard storage installation that protects against break-ins.

Product development

Troax's objective is to be the leader in innovative mesh panel solutions that protect people, property and processes. To achieve this objective, Troax strives to develop and improve core products and solutions in all market business areas. The Company bases its development process on trends and analyses of customer needs and requirements, of which two product examples are

Door-in-a-box (product line for conversion of mesh panel to door) and Strong Fix. The Company has its own product development department, which together with other departments continually works to optimize the Company's products and system solutions. In 2014, Troax employed five full-time employees within its product development department.



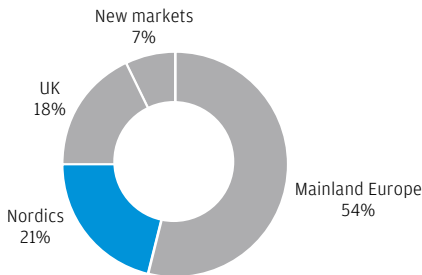
Regional overview

Nordics

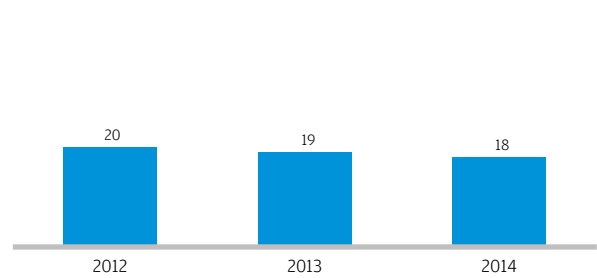
The Nordics represented 21 percent of Troax's sales in 2014 and PP was the largest business area. Troax is present in the following Nordic countries: Denmark, Finland, Norway and Sweden.

Troax's main production facility and headquarters is located in Hillerstorp, Sweden. Troax carries out installations of products for its customers in the Nordic region.

SHARE OF TOTAL SALES



SALES NORDICS (MEUR)

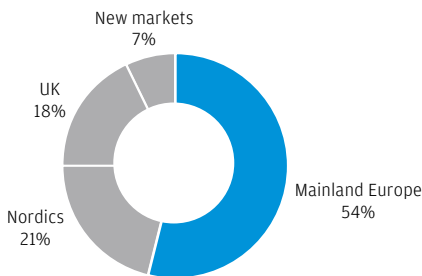


Mainland Europe

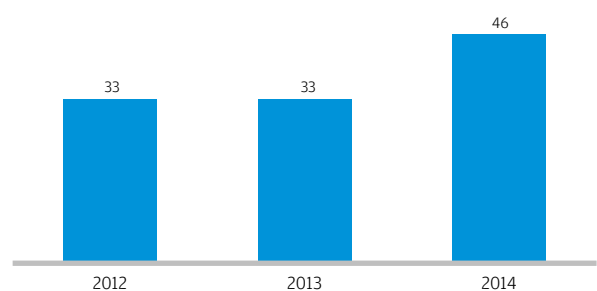
Mainland Europe represented 54 percent of Troax's sales in 2014 and A&R was the largest business area. Troax is present in the following countries in Mainland Europe: the Netherland, Belgium, Germany, Austria, Switzerland, France, Italy, Portugal and Spain. Germany and Italy comprise the Company's main markets. In

June 2014, Troax acquired the leading supplier of mesh panel solutions in Italy. Volumes delivered to Mainland Europe are mainly produced at the production facility in Hillerstorp, Sweden, and Satech's volumes in Calco, Italy.

SHARE OF TOTAL SALES



SALES MAINLAND EUROPE (MEUR)

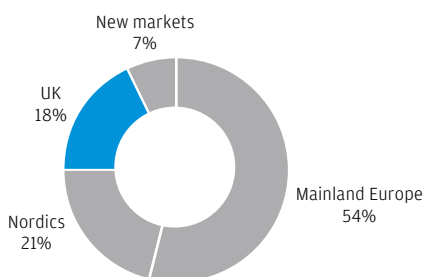


UK

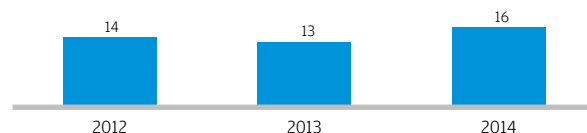
Troax's presence in the UK represented 18 percent of Troax's sales in 2014 and MHL was the largest business area. Products sold in the UK are produced at the production facilities in

Birmingham, UK, and Hillerstorp, Sweden. Products produced by the subsidiary Troax Lee Manufacturing Ltd are marketed under the brand Troax Lee.

SHARE OF TOTAL SALES



SALES UK (MEUR)

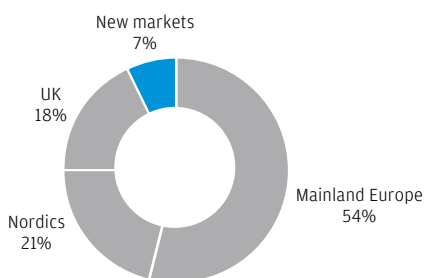


New markets

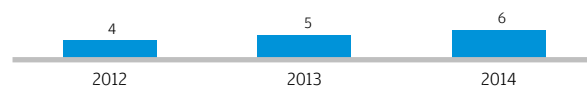
New markets represented 7 percent of Troax's sales in 2014. New markets comprise the US, China and export markets in which Troax do not have their own sales companies. The majority

of the volumes delivered to the new markets are produced at the production facility in Hillerstorp, Sweden.

SHARE OF TOTAL SALES



SALES NEW MARKETS (MEUR)

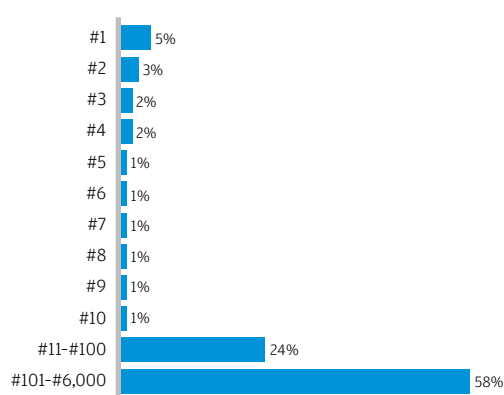


Customers

Troax has a broad and diversified customer base with approximately 6,000 customers including a large number of international blue chip companies. Troax's key customers include; wholesalers, integrators, OEMs, and end-customers.

The largest customer group was integrators which accounted for 15-20 percent of total sales. Troax largest customer represented five percent of total sales in 2014. The Company's ten largest customers represented 17 percent of total sales during 2014 and customers no 11-100 accounted for 24 percent of sales in the same period. In 2014, only six customers accounted for more than one percent each of sales. Troax receives many small recurring orders from a large number of customers. The Company effectively diversifies the customer risk, as an average order size amounts to approximately EUR 3,000-4,000 while an aggregate customer purchase averages EUR 10,000 per annum in value. Troax's exposure to any single customer is thereby limited.

SALES VOLUME PER CUSTOMER 2014



Value chain

Illustrated below are the central parts of Troax’s value chain.



Troax operates a vertically integrated and horizontally focused business model and controls critical parts of the value chain. High technical competence in producing high quality products together with a local sales force and several distribution hubs protects and maintains the Company’s strong market position.

Production

Troax largest and most important production facility in Hillerstorp, Sweden, is highly automated and the industry’s leading facility. The Company applies a demand-based supply chain based on “LEAN” production and operates a simple and integrated production process. Around 95 percent of the

products that are manufactured in Hillerstorp are standardized items with high inventory turnover and the remaining five percent comprise customized products. Troax constantly strives to enhance efficiency and improve its production process and logistics set-up. Currently, Troax is working to achieve a stronger focus on “LEAN” production and re-engineering. Troax has recently started an investment in a new paint line to increase paint capacity, shorten delivery time and improve flexibility in terms of color choice.

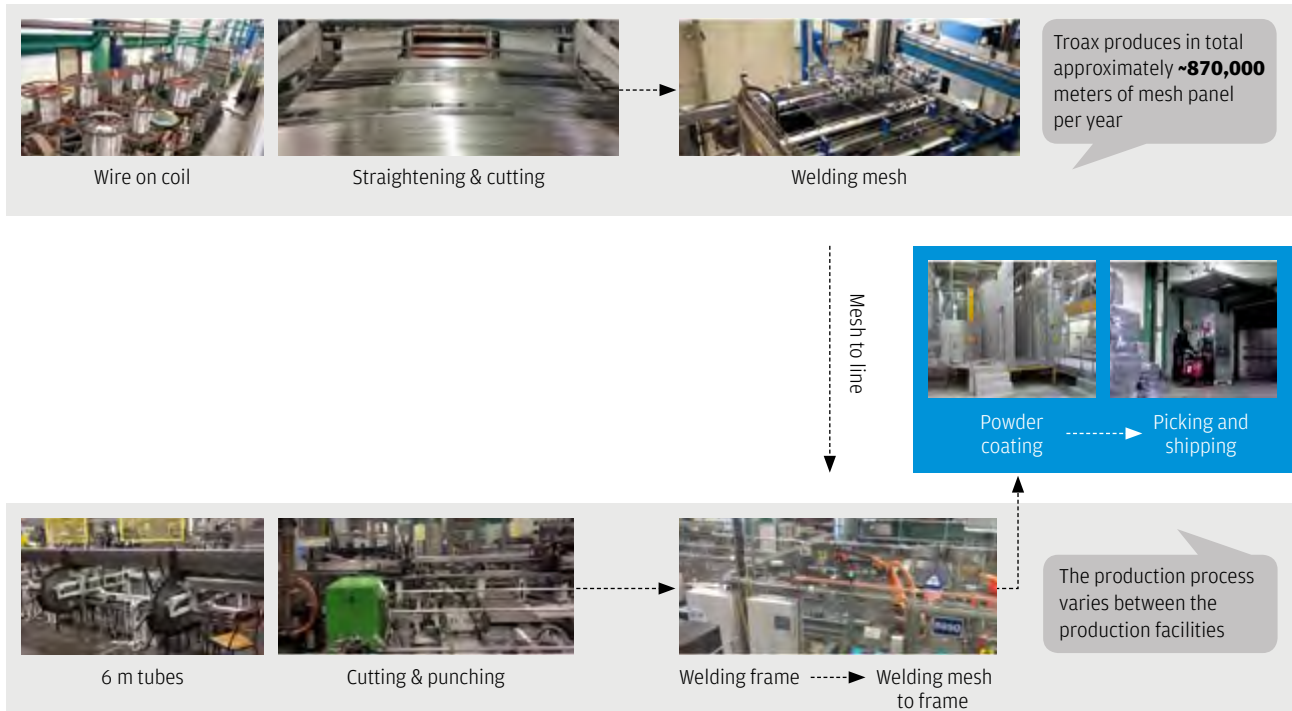
If a decline in demand for Troax products occurs, it takes 3-6 months to reduce costs for employees in production.

Production process

Through the Company’s highly automated and well-invested manufacturing facility in Hillerstorp, Sweden, Troax produces approximately 740,000 meters of metal-based mesh panel per year. Troax produces approximately 870,000 meters of metal-based mesh panel per year in total.

PRODUCTION PROCESS

Manufacturing process of a mesh panel



The manufacturing process is initially comprised of producing mesh and frame. The production of mesh is initiated with wire on coil, thereafter and the coil is cut before the mesh is welded. The frame is then produced from 6 meter tubes, after cutting

and punching the tubes are welded into a frame. The mesh is thereafter welded onto the frame, creating a mesh panel. The mesh panel is then painted (typically with powder paint) and thereafter ready for packaging and shipping.

Production units

Production in Hillerstorp, Sweden

Troax's production in Hillerstorp began in 1955 and is strategically located in Hillerstorp, Sweden, with close access to the harbor in Gothenburg and major highways (E4). The production facility has since its inception been object to investments and modernization where the latest major investment was made in 2010 in a new production line.

The production facility is highly automated and has over time undergone expansion in order to meet customer demand and increased utilization. The factory is well invested and has in recent years been updated to a highly automated manufacturing facility. The Company has furthermore decided to invest in a new highly automated paint line.

Hillerstorp	Key facts (2014)
	<p>Production area: 28,000 m² Capacity: 1,000,000 meters of mesh panel Utilization rate: 74 percent Panels produced per year: 740,000 meters Employees: 100 full time employees</p>

Hillerstorp, external certifications
 ISO 14001:2004
 ISO 9001:2008

Production in Birmingham, UK

Troax has a production facility in Birmingham, UK, (C. Lee Manufacturing Ltd). The Company produces panels and other partition products for the UK market, foremost partitioning for offices, storages and clean rooms. Lee Manufacturing was acquired in 1991.

Birmingham	Key facts (2014)
	<p>Production area: 4,100 m² Capacity: 66,000 meters of mesh panel Utilization rate: 50 percent Panels produced per year: 33,000 meters Employees: 35 full time employees</p>

Birmingham, external certifications
 ISO 14001:2004
 ISO 9001:2008

Production in Shanghai, China

Troax has a production unit in Shanghai, China, that opened in the last quarter of 2013.

Shanghai	Key facts (2014)
	<p>Production area: 3,500 m² Capacity: 50,000 meters of mesh panel Utilization rate: 24 percent Panels produced per year: 12,000 meters Employees: 7 full time employees</p>

Production in Calco, Italy

Troax has a manufacturing facility in Calco, Italy, which was acquired through the acquisition of Satech in June 2014. The production facility mainly serves the Italian market but also export markets such as France, Spain and Germany. As of now Troax does not intend to integrate production in Calco with other production units.

Calco	Key facts (2014)
	<p>Production area: 7,000 m² Capacity: 170,000 meters of mesh panel Utilization rate: 50 percent Panels produced per year: 85,000 meters Employees: 45 full time employees</p>

Sales and marketing

Sales

Troax has a global sales force with presence in 31 countries. Local sales offices are represented through 19 wholly-owned subsidiaries in the main markets and 11 distributors in developing markets. Troax's global sales force comprise of 145 employees, corresponding to 36 percent of the Company's aggregate headcount. The sales organization is approximately five times larger than that of its closest competitor. The Company's sales representatives have close customer relationships and make frequent sales visits to clients in their respective markets. Through its local presence, Troax establishes and maintains favorable relations with relevant stakeholders and is able to both develop and refine its sales and marketing efforts, while at the same time adapting its products and services according to customers' needs. Further, the Company deems that it has good control of market tenders in the Company's respective business areas.

In Italy, the Company works with 20 sales agents through Satech that are remunerated by way of a market-like commission fee. Troax also works with 11 distributors to complement the Company's geographic presence. The distributors are primarily utilized in early stages when the Company does not yet have a local presence.

Sales process

Troax's sales process comprises three elements; marketing, sales and customer service.

Marketing: Besides the Company's webpage, Troax marketing foremost consist of sales visits and participation at different fairs where the Company can target existing and new customers. The Company also uses direct marketing and information technology in order to reach potential customers in certain product- and business areas as well as different geographical markets.

Sales: Sales efforts are carried out by the sales organization that identify existing customers' mesh panel needs. The sales organization collect information about the customers' production process, logistical flows and security needs and thereafter design mesh panel solutions that are optimized for the customers' needs. The final mesh panel solution is presented to the relevant customer together with an analysis of its effect on the current set-up.

Troax's software application, Configura, is used by sales representatives and customers to effectively draw and price mesh panel solutions. The solution can be described in five steps:

- **Import:** The customer imports a CAD file with a floor plan over the area.
- **Draw:** The customer designs the solution based on the customers own needs.
- **Visualize:** The drawing can be viewed in 2D as well as in 3D.
- **Overview:** Before the order is made the customer receives a proposal of material and cost.
- **Export:** As soon as the design of the solution is approved the order can be transferred to the factory, and if all items are in stock, the order can be assembled and shipped to the customer on the same day.

The described order process limits manual work and the risk for errors when placing and transferring orders as well as increases traceability. Moreover, the process increases efficiency in the supply chain in terms of supply, production, warehousing and distribution.

Customer service: Troax's sales staff and order department maintains continuous dialogues with customers to ensure that their needs are met in terms of scheduled deliveries and future needs. According to a recent customer satisfaction survey, Troax ranks higher than other main competitors do in the survey in terms of customer satisfaction with a score of 8.5 of 10, see above under "Sales" for a description of Troax's in-house software application, Configura.

Logistics

Troax has a well-functioning logistics and warehouse set-up and distributes its products via direct delivery from the production facility to customer sites or via the Company's distribution hubs. Troax contracts leading transport companies to handle all product deliveries across the globe in order to maintain short delivery times.

Troax has seven distribution hubs located in strategically important markets: China, France, Germany, Italy, Sweden, the UK and the US. The main inventory is located in Hillerstorp, Sweden, and is complemented with these distribution hubs, which comprise a small inventory of standard products and is typically located close to the sales office of the local subsidiary. Approximately 95 percent of the produced items are standard products, which ensures short delivery times and efficient storage.

Through this set-up, Troax can ensure short delivery times as the Company dispatches approximately 80 percent of customer orders within 24 hours, which is critical for many customers.

Supply of raw materials

Troax's purchasing organization is structured as a group-wide centralized function that coordinates all production units to achieve economies of scale in purchasing and to increase Troax's negotiation power. Troax signs contracts on group level with a selection of certified suppliers for its most important input goods such as steel pipe, steel wire and powder coating, which regional headquarters then apply in their purchasing. Market-specific products and materials are procured locally. In this way, economies of scale are achieved in purchasing, while maintaining flexibility and adaptation to local needs.

Troax has several suppliers of each steel product and can transfer changes in the price of steel to its customers with a delay of 1-2 months. The Company's contracts with its suppliers of steel products have a term of three months or less. Only one or two of Troax customers have fixed-price contracts, while the remaining customers have price adjusted for each contract. If the prices of steel products decrease, Troax can respond by lowering the price to the customer, with slight delay, to provide market-like price.

Goods produced by subcontractors account for most of the smart accessories included in a mesh panel solution. Troax has developed a supplier network comprising many suppliers which are coordinated regionally, to secure the supply of external products, which together with in-house produced products constitute the mesh panel solutions. The supplier network has been built up over a long period of time and is considered a valuable asset.

Troax's purchasing organization is actively engaged in pursuing that the Company's suppliers comply with Troax's code of conduct and that respective supplier undertakes an environmental responsibility.

IT

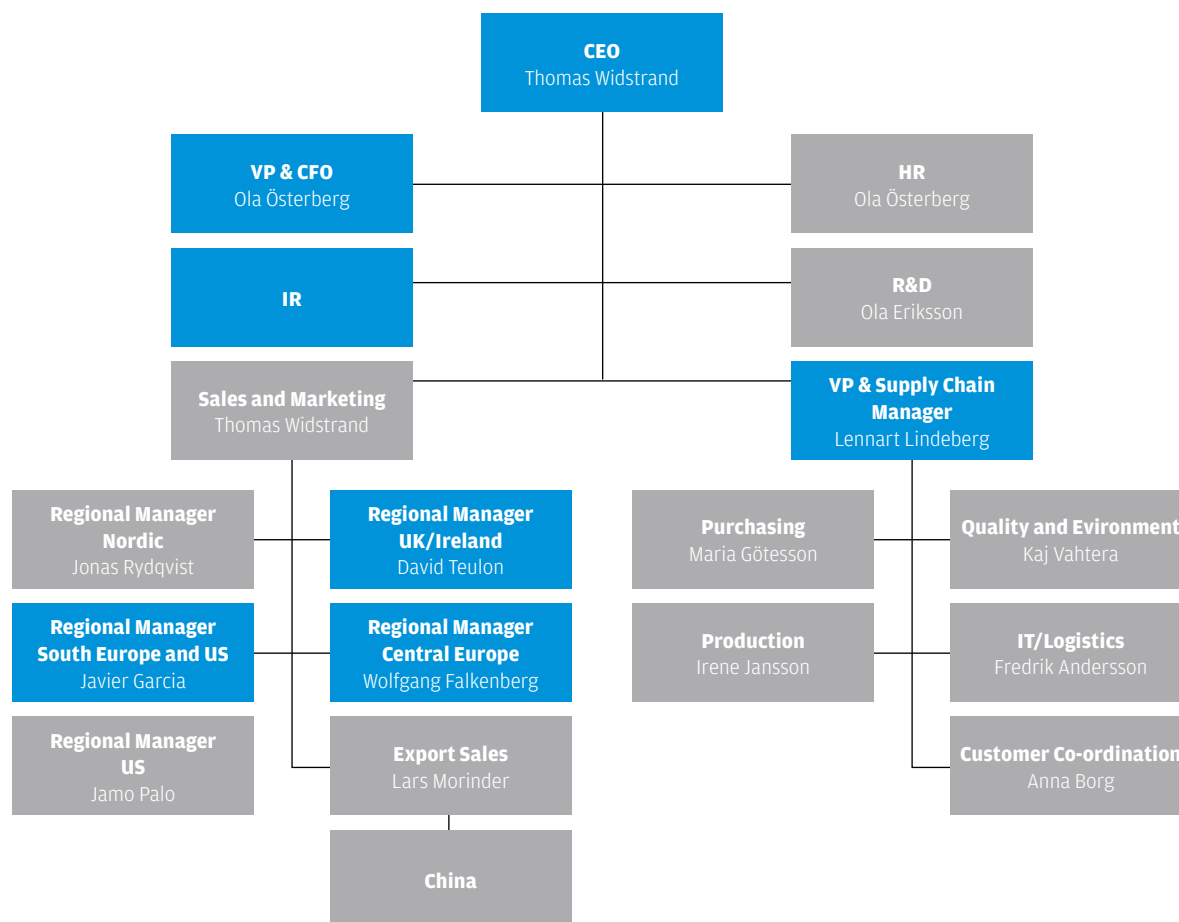
The Company has a well-functioning IT platform, which is partly managed by a third party provider. The Company believes that the existing IT platform will not require any significant investments in the coming years.

1) Customer survey conducted by Defgo in 2013.

Troax's organization

Troax is a global organization that operates in four geographical regions: Nordics, Mainland Europe, the UK and New Markets. All regions are run by local management that in turn is supported by concern-wide functions in Hillerstorp. The senior management

consists of the CEO, CFO, Supply Chain Manager, Regional Manager for UK/Ireland, Regional Manager for South Europe and US, and Regional Manager for Central Europe.

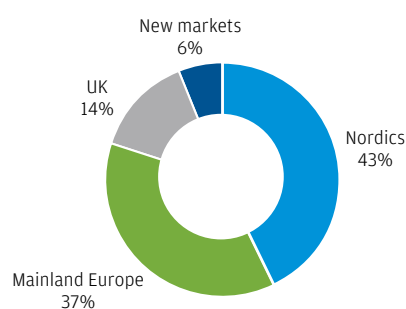


■ Part of the management team

Employees

Number of employees	2014	2013	2012
At the end of the period	404	328	328
Average	399	328	328
of whom, women (%)	23%	20%	19%

AVERAGE NUMBER OF EMPLOYEES BY REGION(2014)



In the end of 2014, the number of employees was 404, including 380 in Europe, 10 in the US and 14 in the rest of the world. 22 people are employed at the Company's headquarters.

Environment, health and safety

Environment

Troax has carried out extensive initiatives to minimize its business operations' impact on the environment and works continuously to reduce such impact. Increased energy efficiency is a key part of Troax's sustainability efforts and each quarter, an environmental report is distributed management and to authorities. Troax has an environmentally friendly production process and was certified for the environmental standard ISO 14001 as early as 1998. Troax has installed an energy control system enabling the Company to control all lighting, ventilation, temperatures, compressors, furnace room and paint line down to the smallest detail in order to minimize emissions and reduce energy consumption. The mesh panels are environmentally friendly, being a pure-steel product that is 99 percent recyclable.

There is currently an ongoing investigation as regards potentially elevated level of trichloroethylene in the ground water on the property in Hillerstorp, Sweden, which is a result of the Company's historical operations. A final verdict is expected from the County Administrative Board or the municipality during fall 2015 (preliminary date). For more information, see "*Risk factors—Troax is exposed to environmental risks and could be liable for historical operations on the main production property in Hillerstorp*".

Health and safety

Troax protects people, property and processes; a statement that is equally valid for both the Company's customers and for its employees. Thus, Troax has an integrated way of handling health and safety, starting with the introduction program for new employees and for temporary workers. Local subsidiaries are responsible for implementing customized programs to ensure safe and healthy working conditions according to local rules and regulations. All incidents are reported, actions are taken and follow-ups are made to reduce the risk for accidents and injuries.

Corporate social responsibility (CSR)

Troax's view on CSR is summarized in two documents; Ethical Guidelines and the Whistleblower policy. The contents have been presented to, and discussed with, each employee in the Group. Troax's ethical guidelines / code of conduct require high business and personal ethics in relation to the employees of Troax performing their duties. As employees and representatives of Troax: honesty, integrity and legal compliance is an important part of Troax's corporate culture and everyday business.



Selected financial information

The tables below present selected historical financial information derived from (i) the Group's¹⁾ audited consolidated financial statements for the years ended 31 December 2013²⁾ and 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). During 2012, Troax Group AB (reg. no. 556823-2531) was the parent company of the Group. The financial information for 2012 is presented in accordance with the Annual Accounts Act (Sw. *Årsredovisninglagen (SFS (1995:1554))*) and general recommendations issued by Swedish Accounting Standards Board (Sw. *Bokföringsnämndens allmänna råd*) and FAR SRS ("Swedish GAAP"). The primary material difference which has been identified in connection with the Group's transition to IFRS is that goodwill is not written off, instead, a yearly impairment test is made. The goodwill write-downs of the Group for 2012 (when Troax Group AB, 556823-2531 was the parent company) were MEUR 0.9. Taking this adjustment into account, the operating profit of the old group, although different parent companies were in place in 2013 and 2014 compared to 2012, is

comparable to the statements prepared in accordance with IFRS of the current Group, disregarded for the acquisition of Satech. For further information regarding the Company's transition to IFRS, see note 32 on pages F-46-F-49 under section "Audited consolidated annual accounts for the period 2011-2014". The information below should be read in conjunction with "Operating and financial review", "Pro forma income statement 2014", "Capitalization, indebtedness and other financial information" and Troax's financial information (and the notes thereto) included elsewhere in this Offering Circular. The income statement is affected by non-operating costs which are adjusted for in other parts of this Offering Circular. The Group's presentation currency during 2012 was SEK but the information below is presented, for comparison purposes, in EUR. The average conversion rate which has been used for income statement and cash flow is 1 EUR = 8.71 SEK while the conversion rate for the balance sheet on 31 December 2012 was 1 EUR = 8.94 SEK.

Income statement

MEUR	January 1-December 31		
	IFRS 2014	IFRS 2013	GAAP 2012
Net sales	84.5	70.1	71.7
Cost of goods sold	-49.9	-42.1	-43.8
Gross profit	34.7	28.0	27.9
Selling expenses	-14.6	-12.5	-12.0
Administrative expenses	-6.0	-7.2	-4.4
Other income/expenses	-0.3	-0.8	0.5
Operating profit (EBIT)	13.8	7.5	12.0
Finance income and costs	-3.5	-4.2	-1.9
Profit before tax	10.3	3.3	10.1
Tax	-1.6	-1.1	-2.8
Profit for the period	8.7	2.2	7.3

1) Troax has been the parent company of the Group since 31 January 2013. Troax Group AB (reg.no. 556823-2531) was the parent company of the Troax group during the financial year 2012.

2) Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the corresponding notes which have been prepared in accordance with IFRS 3 – "Business combinations" which is presented in note 3 on pages F-26-F-28 under the section "Audited consolidated annual accounts for the period 2011-2014". The presentation of the 11-month income statement for 2013 begins on page F-13 under the section "Audited consolidated annual accounts for the period 2011-2014".

Balance sheet

MEUR	December 31		
	IFRS 2014	IFRS 2013	GAAP 2012
ASSETS			
Fixed assets			
Intangible assets	80.7	64.4	16.8
Tangible assets	15.6	17.0	8.9
Financial assets	0.5	2.4	0.4
Total fixed assets	96.8	83.8	26.1
Current assets			
Inventories	6.5	4.9	4.6
Accounts receivable	17.6	10.9	12.4
Other current assets	2.4	1.5	1.4
Total current assets	26.5	17.3	18.3
Cash and cash equivalents	13.2	15.5	5.4
Total assets	136.4	116.5	49.8
EQUITY AND LIABILITIES			
Shareholder's equity	43.2	45.9	16.4
Non-current liabilities	73.3	54.6	19.7
Current liabilities	20.0	16.0	13.7
Total equity and liabilities	136.4	116.5	49.8

Cash flow

MEUR	January 1-December 31		
	IFRS 2014	IFRS 2013	GAAP 2012
Operating profit	13.8	7.5	12.0
Non-cash flow items	2.4	2.9	2.9
Change in working capital	0.9	3.2	-1.3
Investments in ntangible and itangible assets	-2.5	-0.7	-0.7
Operational cash flow	14.6	12.9	12.8
Tax	-2.6	-1.0	-0.8
Operational cash flow after tax	12.0	11.9	12.0
Acquisition of subsidiaries	-17.7	-70.5	0.0
Financing, including recieved and payed interest	4.4	75.4	-15.5
Cash flow for the year	-1.3	16.7	-3.5

Net sales by region

MEUR	January 1-December 31		
	IFRS 2014	IFRS 2013	GAAP 2012
Mainland Europe	45.7	33.3	33.2
Nordics	17.6	19.2	20.4
UK	15.5	12.8	14.5
New markets	5.7	4.8	3.6
Total net sales	84.5	70.1	71.7

Net sales by end-market

MEUR	January 1-December 31		
	IFRS 2014	IFRS 2013	GAAP 2012
Automation & Robotics	42.8	31.6	31.0
Material Handling & Logistics	27.2	23.5	25.4
Property Protection	14.5	15.0	15.3
Total sales	84.5	70.1	71.7

Key information and data

MEUR	January 1-December 31		
	IFRS 2014	IFRS 2013	GAAP 2012
Net sales and order intake			
Net sales	84.5	70.1	71.7
Net sales growth (%)	20.6%	-2.2%	17.9%
Order intake	85.9	71.2	71.4
Order intake growth (%)	20.5%	-0.2%	12.8%
Profitability			
Gross profit	34.7	28.0	27.9
EBITDA	16.9	9.7	14.8
EBITA	13.8	7.5	12.9
Adjusted EBITDA	17.2	12.5	14.8
Adjusted EBITA	15.4	10.7	12.9
Gross profit margin (%)	41.0%	40.0%	38.9%
EBITDA margin (%)	20.0%	13.8%	20.7%
EBITA margin (%)	16.3%	10.7%	18.0%
Adjusted EBITDA margin (%)	20.4%	17.9%	20.7%
Adjusted EBITA margin (%)	18.2%	15.2%	18.0%
Return indicators			
Return on equity (%)	20.2%	4.7%	44.4%
Return on operating capital (%)	14.5%	8.6%	38.7%
Return on operating capital excl. goodwill (%)	66.2%	32.5%	84.9%
Equity	43.2	45.9	16.4
Operating capital	103.2	87.4	30.9
Operating capital excl. goodwill	22.5	23.0	14.1
Capital structure			
Net debt	53.4	35.6	7.7
Net debt/EBITDA ¹⁾	2.9x	3.7x	0.5x
Net debt/Adjusted EBITDA ²⁾	2.9x	2.8x	0.5x
Net debt/equity ratio	1.2x	0.8x	0.5x
Equity/assets ratio (%)	31.6%	39.4%	33.0%
Employees			
Average number of employees (incl. Satech 2014)	399	328	322

1) 2014 is based on pro forma EBITDA. Pro forma is relevant pursuant to the financing of Satech. Net debt/EBITDA for 2014 was 3.2x.

2) 2014 is based on pro forma adjusted EBITDA. Pro forma is relevant pursuant to the financing of Satech. Net debt/adjusted EBITDA for 2014 was 3.1x.

Significant events during the period

1 January–31 December 2012–2014

- In June 2014, Troax acquired the Italian company Satech Safety Technology S.p.A. (“**Satech**”), a previous competitor and market leader in metal-based mesh panel solutions in Italy.
- In June 2014, the Group issued MEUR 70 of bonds through Troax Corp AB (publ). Troax has further repurchased bonds to a nominal amount of MEUR 3.4 during the second half of 2014.

Significant events after 31 December 2014

- On 30 January 2014, the terms & conditions of Troax Corp’s outstanding Bond Loan were amended. As a result, Troax Corp may pursue value transfers to Troax which enable payment of dividends to shareholders subject to, *inter alia*, having made an amortization on the Bond Loan of MEUR 10. The board of directors intend to complete such amortization prior to the end of 2015. For further information, see sections “*Capitalization, indebtedness and other financial information—Capital structure in connection with the listing*” and “*Share capital and ownership structure—Dividend and dividend policy—Restricted dividends under Troax Corp’s outstanding Bond Loan*”.
- On 4 March 2015, the Annual General Meeting resolved on amongst other certain amendments to the articles of association, conversion of preference shares and Bonus Issue. For further information see “*Share capital and ownership structure—Share information—Share conversion, Directed Share Issue and share redistribution in connection with the listing*”.

Financial definitions

Result indicators

Gross profit

Net sales less costs of goods sold.

EBITDA

Operating profit/loss before depreciation, amortization and impairment.

EBITA

Operating profit/loss before amortization.

Operating profit/loss (EBIT)

Operating profit/loss (EBIT) after depreciation and amortization.

Adjusted EBITDA

EBITDA adjusted for non-recurrent items.

Adjusted EBITA

EBITA adjusted for non-recurrent costs.

Non-recurring items

An income statement item that is non-recurring or non-operative and has a significant impact on profit and is important for understanding the underlying development of operations. In particular, the costs are those incurred by Troax from acquisitions, sale of facility and other non-operating costs.

Profitability indicators

Gross margin (%)

Gross profit as a percentage of net sales for the period.

EBITDA margin (%)

EBITDA as a percentage of net sales for the period.

EBITA margin (%)

EBITA as a percentage of net sales for the period.

EBIT margin (%)

Operating profit/loss (EBIT) as a percentage of net sales for the period.

Adjusted EBITDA margin (%)

Adjusted EBITDA as a percentage of net sales for the period.

Adjusted EBITA margin (%)

Adjusted EBITA as a percentage of net sales for the period.

Capital structure

Net debt

Interest-bearing liabilities less cash and cash equivalents at the end of the period.

Net debt / EBITDA

Net debt in relation to EBITDA.

Net debt / Adjusted EBITDA

Net debt in relation to adjusted EBITDA.

Net debt / Equity

Net debt in relation to shareholders’ equity.

Equity / Assets ratio

Shareholders’ equity as a percentage of total assets.

Interest coverage ratio

Profit/loss after net financial items plus financial costs in relation to financial costs.

Operating capital

Total assets less cash and cash equivalents, other interest-bearing assets and non-interest-bearing provisions and liabilities.

Return indicators

Return on equity (%)

Profit/loss after tax in relation to average shareholders’ equity.

Return on operating capital (%)

Operating profit/loss (EBIT) as a percentage of average operating capital.

Per share data

Earnings per share

Profit/loss after tax for the period divided by a weighted average number of outstanding shares for the period.

Pro forma income statement 2014

Objective of pro forma statement

Troax acquired the previous Italian competitor Satech in June 2014. This is reflected in the Group's annual report 2014 as if the acquisition was completed in the sixth month of the financial year.

The objective of the pro forma statement is to illustrate the result for the full year 2014 if the acquisition had instead been completed on 1 January 2014.

The balance sheet of the Group on 31 December 2014 is considered to correspond with the balance sheet presented in the 2014 annual report.

The pro forma statement describes a hypothetical situation and has only been prepared to illustrate this situation and does not describe the actual financial position or results. Amounts presented in this section have in some cases been round off and tables therefore do not always sum up.

Basis for pro forma statement

The pro forma financial statements have been based on the Group's audited income statement for the financial year 2014 and year-end figures from Satech reported in Troax financial reporting system (where Troax results on a standalone basis is also shown). The pro forma financials as regards the consolidated income statement has been prepared by adding back Satech's share of the profit which was eliminated from the Group's annual report (1 January–17 June 2014). The pro forma statement has been prepared in accordance with Troax's accounting principles as described in the Annual Report for 2014.

In preparing the pro forma financial statements, Troax conducted an analysis of whether there is any significant difference between the accounting principles applied by Troax under IFRS and those which Satech applied. Troax assessment is that there are no significant differences for the companies that should be considered.

In addition to merging the independent twelve-month results of Troax and Satech, the following adjustments have been made:

- The performance adjustments that are described in this Offering Circular have also been taken into account in the pro forma financial statements. For further information see section "*Operating and Financial Review—Information not calculated in accordance with IFRS*".
- Net financial items have been restated to illustrate a situation where the current financing, raised in connection with the acquisition of Satech, was in existence since 1 January 2014. This adjustment implies an increase in the cost of financing by MEUR 0.9 on the Group's audited income statement 2014. New calculation of the income tax expense has been based on the increased cost of financing. The tax effect from the increased costs have been calculated at a tax rate of 22 percent and lowers the tax cost by MEUR 0.2. The net effect of this adjustment is thus MEUR 0.7.

Consolidated pro forma income statement for the period 1 January to 31 December 2014

PRO FORMA 2014

MEUR	Jan 1-Dec 31	Jan 1-Jun 17		Jan 1-Dec 31
	Troax legal 2014	Full year adjustment Satech	Full year adjustment Financing	Pro forma 2014
Net sales	84.5	6.6	0.0	91.2
Cost of goods sold	-49.9	-3.0	0.0	-52.9
Gross profit	34.7	3.6	0.0	38.3
Selling expenses	-14.6	-0.9	0.0	-15.5
Administrative expenses	-6.0	-1.6	0.0	-7.6
Other income/expenses	-0.3	0.0	0.0	-0.3
Operating profit (EBIT)	13.8	1.1	0.0	14.9
Finance income and costs	-3.5	0.0	-0.9	-4.4
Profit before tax	10.3	1.1	-0.9	10.5
Tax	-1.6	-0.4	0.2	-1.8
Profit for the period	8.7	0.7	-0.7	8.7
EBITDA	16.9	1.1	0.0	18.1
EBITA	13.8	1.1	0.0	14.9
Adjusted EBITDA	17.2	1.3	0.0	18.6
Adjusted EBITA	15.4	1.4	0.0	16.7
Gross margin (%)	41.0%	54.6%		42.0%
Adjusted EBITDA-margin (%)	20.4%	19.6%		20.5%
Adjusted EBITA-margin (%)	18.2%	20.6%		18.4%

Auditors report on pro forma financials



To the Board of Directors of Troax Group AB (publ)

Auditor's report on pro forma financial information

We have examined the pro forma financial information presented on pages 54-55 of Troax Group AB's (publ) prospectus dated 16 March 2015.

The pro forma financial information has been prepared for the sole purpose of providing information regarding the manner in which the acquisition of Satech Safety Technology SPA may have affected the consolidated income statement for the period 1 January-31 December 2014.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation of pro forma financial information in accordance with the requirements of EC Regulation 809/2004/EC.

The auditor's responsibility

Our responsibility is to express an opinion in accordance with Regulation 809/2004/EC, Attachment 11, point 7. We are not required to, nor do we, express an opinion on the pro forma financial information, or any of its component parts. We do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond our responsibility for auditor's reports previously submitted by us regarding historical financial information.

Work performed

We conducted our work in accordance with FAR SRS's Recommendation RevR 5 Examination of Prospectuses. Our work, which included an independent examination of underlying financial information, has primarily consisted of comparing the unadjusted financial information with source documents, assessing supporting documents to the pro forma adjustments and discussing the pro forma financial information with company management.

We planned and performed our work so as to obtain the information and clarifications we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled according to the conditions stated on pages 54-55 and that these conditions are consistent with the accounting principles applied by the company.

Opinion

In our opinion, the pro forma financial information has been properly compiled according to the conditions stated on pages 54-55 and these conditions are consistent with the accounting principles applied by the company.

Stockholm, 16 March 2015

Öhrlings PricewaterhouseCoopers AB

Anders Trast Winqvist
Authorised Public Accountant
Auditor-in-Charge

Bo Lagerström
Authorised Public Accountant

Operating and financial review

This operating and financial review is intended to facilitate the understanding and assessment of trends and changes in Troax results and financial position. The information presented below should be read in conjunction with the “Selected financial information” and the Company’s audited consolidated financial statements included elsewhere in this Offering Circular. The statements in this discussion regarding industry outlook, Troax’s expectations regarding its future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risk and uncertainties described in the sections “Risk Factors” and “Important information to investors—Forward-looking information” in this Offering Circular. The tables below present the Group’s¹⁾ selected historical financial information for the financial years 2013 and 2014 which have been prepared in accordance with IFRS. During 2012, Troax Group AB (reg. no. 556823-2531) was the parent company of the Group. The financial information for 2012 is presented in accordance with the Annual Accounts Act (Sw. *Årsredovisninglagen (SFS (1995:1554))*) and general recommendations issued by Swedish Accounting Standards Board (Sw. *Bokföringsnämndens allmänna råd*) and FAR SRS (“**Swedish GAAP**”). The primary material difference which has been identified in connection with the Group’s transition to IFRS is that goodwill is not written off, instead, a yearly write-down test is made. The goodwill write-downs of the Group for 2012 (when Troax Group AB, 556823-2531 was the parent company) were MEUR 0.9. Taking this adjustment into account, the operating profit of the old group, although different parent companies were in place in 2013 and 2014 compared to 2012, is comparable to the statements prepared in accordance with IFRS of the current Group, disregarded for the acquisition of Satech. For further information regarding the Company’s transition to IFRS, see note 32 on pages F-46–F-49 under section “Audited consolidated annual accounts for the period 2011-2014”. Troax has chosen to also present revised financial information for 2011 which has been prepared in accordance with Swedish GAAP. The reason for this is that Troax believes that this facilitates investors’ evaluation of the Offering. The consolidated financial statements for 2011 and 2012 are included elsewhere in this Offering Circular. Troax Group AB reg.no. 556823-2531 was further the parent company of the Group in 2011. The Group’s presentation currency during 2011 and 2012 was SEK but the information below is presented, for comparison purposes, in EUR. The average conversion rate which has been used for income statement and cash flow is 1 EUR = 8.71 SEK for 2012 and 1 EUR = 9.03 SEK for 2011 while the conversion rates for the balance sheet on 31 December 2012 were 1 EUR = 8.94 SEK and 1 EUR = 8.62 SEK for 2011.

Overview

Troax is a leading global supplier of metal-based mesh panel solutions for the end-markets: Automation & Robotics (A&R), Material Handling & Logistics (MHL) and Property Protection (PP). Since its inception in 1955, Troax has evolved from a generalist producer of wire products (e.g. dish racks and shopping carts) to a custom supplier of complete mesh panel solutions that enhances the safety and security for people, property and processes. During this time, Troax has developed a global sales organization, which together with its own production facilities and distribution hubs, constitutes the platform from which Troax delivers mesh panel solutions to customers around the world.

Troax’s expertise lies in developing and producing high quality metal-based mesh panel solutions that enhance the safety and security for people, property and processes. Through a strong local presence, Troax can offer a high service level and efficient deliveries to customers globally.

In 2014, Troax generated net sales of MEUR 84.5 of which 54 percent was generated in Mainland Europe, 21 percent in the Nordic region, 18 percent in the UK and 7 percent in New Markets. In June 2014, the Company acquired Satech, a leading provider of mesh panel solutions on the Italian market, which has strengthened Troax leading market position further. Satech is fully con-

solidated from 18 June 2014 and pro forma sales including twelve months of Satech 2014 was MEUR 91.2.

Factors affecting Troax’s results of operation and cash flow

Troax believes that the following factors are those that mainly affect the Company’s result of operation and cash flow:

- Market and general economic conditions
- Sales volume and pricing
- Prices of raw materials
- Operational efficiency
- Investments in production capacity
- Currency fluctuations
- Seasonality
- Market establishments and geographical mix

1) Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the corresponding notes which have been prepared in accordance with IFRS 3 – “Business combinations” which is presented in note 3 on pages F-26–F-28 under the section “Audited consolidated annual accounts for the period 2011-2014”. The presentation of the 11-month income statement for 2013 begins on page F-13 under the section “Audited consolidated annual accounts for the period 2011-2014”.

Market and general economic conditions

Historically, the market for metal-based mesh panel safety and security solutions has shown underlying growth, although affected by general macroeconomic downturns. Given the Company's global operations, Troax's financial performance is dependent on the development of several markets, which are, in turn, affected to varying degrees by fluctuations in the general economic conditions and subject to political stability. See "*Risk factors—Troax is exposed to macroeconomic factors*".

The demand for Troax's mesh panel solutions originates from a broad range of industries and geographical markets. The demand for Troax's products is closely linked to end-customer demand within the industries and markets where Troax's customers sell their products, typically integrators, OEM suppliers, pallet rack companies and housing co-operatives. The underlying performance of Troax's customers and the underlying market drivers therefore affects the Company's results of operations and cash flow. For most customers, the sale of products and services is a function of several macroeconomic factors which may be of varying importance depending on the customers' industry. Such factors may be economic growth, employment levels, interest rates, fuel prices, government spending and purchasing power of households.

Troax's sales is further affected by underlying market drivers such as an increasing degree of industrial automation, increased safety awareness and safety regulations, on-shoring of manufacturing from Asia to Europe and the US and growth of e-commerce.

The global capital and credit markets have been experiencing volatility and disruption during recent years. Economic conditions in certain of Troax's markets, for example in southern Europe, has still not recovered entirely from the most recent recession. Certain countries in which Troax operates have historically experienced, and may continue to experience, macroeconomic volatility and political uncertainty or instability.

Sales volume and pricing

Troax's revenue and margins are to a large extent dependent on the volumes of metal-based mesh panel products and solutions sold. Generally, the volumes sold are affected by market demand and Troax's ability to provide an attractive offering in the markets where Troax operates. As Troax's offerings constitute customer specific solutions rather than sale of single products based on a price list, sales are affected both by the size and by the complexity of the solutions that customers demand.

Troax's sales volume is not dependent on specific customers as the Company has a broad and diversified customer base consisting of a large amount of customers, where only six (6) customers accounted for more than one (1) percent of sales in 2014. Consequently, Troax has a limited exposure to single contracts or customers. Troax has a wide customer base consisting of approximately 6,000 customers and the average order value is EUR 3,000-4,000, from a large number of recurring customers.

Prices of raw materials

The Company's purchases of key material primarily involve steel pipe, wire and powder coating for painting. The Company's key input materials are generic industry materials used in a wide range of industrial applications. Although there are currently several substitute providers of key material, price fluctuations and change in supply and demand for these key materials can affect the Company's operations and profit margins.

Although prices for the majority of Troax's key raw materials have remained relatively stable in recent years, fluctuations in the price and availability of raw materials, particularly steel, can be caused by changes in e.g. levels of global supply and demand, the operations of Troax's suppliers, governmental policies and political and economic conditions in certain countries where these materials are produced. Troax's pricing model is tailored to the specific situation and request from each customer. This entails that most of the raw material price risk is passed on to the customer. However, as Troax does not use any hedging measures for purchase of key material and there is typically short lag between key material procurement and product deliveries, revenue and profit could be impacted by fluctuations in e.g. steel prices.

Operational efficiency

Troax's ability to maintain operational efficiency affects the Company's earnings. Operational efficiency is expressed in the Company's ability to achieve an attractive gross margin, act in a cost efficient manner and optimize the level of working capital and fixed assets.

Since 2003, Troax has implemented several important initiatives in order to improve the Company's operational efficiency. In 2003, Troax streamlined the product portfolio and went from a diversified product assortment, including among others shopping carts, to a more focused product line based on a modular system of mesh panels. In 2008, the current management team was recruited and the Company increased its efforts on the growing market for machine protection. Furthermore, initiatives were launched to automate Troax's production facilities, and further capitalize on the Company's large sales force and strengthen the Company's market orientation. From 2010 the Company has accelerated the geographical expansion and has invested significant resources in sales force expansion both in Troax's home markets and new geographies. The Company has also made significant investments in order to improve the production efficiency. In 2014 Troax has accelerated its international expansion both organically and through the acquisition of Satech and thereby increasing the adjusted EBITA margin to 18.4 percent. Troax currently has spare capacity in all production facilities, and volume increases has a significant impact on the Company's result of operations and cash flow.

In order to maintain and further improve the Company's operational efficiency, Troax primarily focuses on increasing the efficiency of the sales force, as well as working with continuous improvements in the logistics and production. A major capacity- and efficiency-enhancing project is the ongoing investment in a new highly automated paint line.

The table below shows the Company's gross margin, adjusted EBIT margin for the period 2011-2014.

	January 1-December 31			
	IFRS 2014	IFRS 2013	GAAP 2012	GAAP 2011
Gross profit margin (%)	41.0%	40.0%	38.9%	36.7%
Adjusted EBITA margin	18.2%	15.2%	18.0%	10.2%

Investments in production capacity

The mesh panel industry has entry barriers for new market participants as it initially requires substantial investments in production equipment, such as automated manufacturing processes, a large sales force with technical know-how and efficient logistics systems. Troax has continuously evaluated and made investments in the Company's processes and facilities to improve production capacity and operational efficiency, which increases the entry barriers for new participants.

Since 2011, the Company's investments have primarily related to maintenance investments in the production facility in Hillerstorp and expansion investment in the new production facility in Shanghai. In early 2014, the board of directors resolved to make a strategic capacity increasing investment in the primary production facility in Hillerstorp. The investment is estimated to amount to MEUR 5.8 over a two year period, MEUR 1.2 in 2014 and MEUR 4.6 in 2015, and relates to a new automated paint line and associated extensions of the premises in Hillerstorp. The investment will increase the Company's paint capacity, shorten lead times and increase color options, which has become increasingly important for Troax's customers. The current paint line is inefficient and is a bottleneck in the overall production process. The investment and installation of the new paint line is anticipated to be completed during the first half of 2016. Apart from the paint line, no other material expansion investments are foreseen in the near term.

During the period 2012-2014 investments in the tangible assets, excluding the acquisition of Satech, have on average amounted to 1.6 percent of net sales, which includes expansion investments related to the production unit in Shanghai and a smaller portion of the stated investment in the new paint line. The Company believes that the maintenance investment need, excluding capacity increasing investments or potential acquisitions, during the next years will amount to less than one (1) percent of net sales. Further, the Company believes that the aforementioned maintenance investments can be funded by cash flow from operating activities.

MEUR	2014	2013	2012
Investments in intangible assets	-0,5	-0,0	-0,0
Investments in tangible assets	-2,0	-0,7	-0,7
Total investments in tangible and intangible assets	-2,5	-0,7	-0,7

Currency fluctuations

Troax's functional currency is the Euro (EUR), but the Company's revenue and expenses are denominated in the local currencies of the jurisdictions where Troax operates. A significant portion of both Troax's revenue and expenses are generated in foreign currencies, primarily when products and services are being bought or sold in currencies other than the respective subsidiary's local currency (transaction exposure) and during conversion of the balance sheets and income statements of foreign subsidiaries into EUR (translation exposure). Troax's global operations give rise to significant cash flow in foreign currency. In 2014, 59 percent of net sales was generated in EUR, 17 percent in GBP and 13 percent in SEK. Expenses are primarily in SEK, which represented 48 percent in 2014.

Troax has a policy to hedge 60-80 percent of the estimated cash flow in currencies with material impact. Hedging is carried out over 12 to 24 months and is updated on a continuous basis. Assets and liabilities in foreign currencies are not hedged.

A strengthening of EUR against SEK by 5 percent would imply a positive effect on the Group's reported earnings by approximately MEUR 0.6.

From 1 January 2015, Troax change its accounting currency to EUR. Generally, Troax translates the statements of profit or loss and financial position of the Company's foreign subsidiaries into EUR using the average exchange rate for the reporting period and the period-end exchange rate, respectively. Exchange gains and losses arising from transactions in foreign currencies and translation of monetary items are recognized in profit or loss. Differences resulting from the translation of the statements of profit or loss and financial position are recorded in other comprehensive income as exchange differences and included under exchange differences in equity. Consequently, increases or decreases in the value of the Euro may affect the value of certain line items with respect to Troax's non-EURO businesses in the Company's consolidated financial statements, even if their value has not changed in their original currency. As an example, a strong EUR decreases the reported operating results for operations that are not managed in EUR and a weaker EUR increases the reported operating results for those businesses.

Seasonality

Troax's business is, to a moderate degree, subject to the effects of seasonality. Troax's sales are generally stable from quarter to quarter; however, within those quarters, sales fluctuate on a monthly basis. Sales can be somewhat lower during the holiday months (July-August) and from December until January. Consequently, the Company adjusts production during the holiday months and around the year-end. During periods of high production, Troax typically ties up cash in working capital. Cash is released from working capital after the peak periods when the produced goods have been installed at the customers' facilities and the invoices have been paid.

Market establishments and geographical mix

Troax's revenue is to a certain extent driven by market establishments and geographical mix. Troax has a global sales force with local sales offices that covers over 20 markets. Geographically, Troax intends to strengthen its presence in several geographies, where the US is the first priority due to its market potential. China is also an important market for future growth in the long term, but the Company believes that the US has the largest growth potential in the short to medium term. In addition, the Company intends to expand in new end-markets and geographies where Troax believes that there is untapped market potential. As regards new markets, Troax believes that there is growth potential in industries such as food, mining, pharmaceutical and steel. These are markets which currently provide Troax with very limited revenue.

Troax's strategy is to continue to grow in new geographies and end-markets, as well as continuing to strengthen the position on today's key markets. Such a strategy entails certain investments and costs, which may not transfer to immediate sales and could negatively affect the Company's earnings and cash flow during an investment phase. The Company believes that its leading position in Europe, combined with Troax's recently established platforms in the US and China, are competitive advantages forming the basis for long term growth in sales, earnings and cash flow.

Transfer pricing policy

Transfer-pricing documentation is prepared annually for Troax with the assistance of internal or external experts in line with requirements of the OECD, in order to demonstrate the arm's length nature of cross-business unit pricing. The existence and timeliness of the documentation is regularly audited by Troax's external auditor.

The acquisition of Satech Safety Technology Spa

In June 2014, Troax acquired Satech, a former competitor and market leader in the metal-based mesh panel market in Italy. Following the acquisition, Satech has been integrated with the Company in accordance with the integration plan and Satech continues to operate under its own brand and with its current production facilities in Italy. Satech is integrated in Troax's system for monthly financial reporting and operational monitoring. The acquisition is complementary to Troax operations and the synergies and benefits are primarily market-oriented. As an example of the market-oriented synergies is the ability to operate a dual brand strategy, where the Company can operate with the Satech brand in segments and niches of the market where the Company, for various strategic reasons, does not want to use the Troax brand. In addition, Italy was a market where Troax had a weak position prior to the acquisition of Satech.

Segments

Troax is operated and reported as one segment, i.e. Troax's management and board of directors operate and monitor the Company on a consolidated level (income statement and balance sheet). As secondary segments, revenue and order intake are reported by geographical region.

Approximately 95 percent of Troax's sold products 2014 (excluding Satech) were produced in Hillerstorp, Sweden, and to allocate costs to geographical regions would not be meaningful and is not how the company is managed or reported today. Consequently, the board of directors has decided to report one segment, which is aligned with IFRS 8 and how Troax is operated today. Revenue and order intake is reported in secondary segments as follows:

- Nordics—Sweden, Denmark, Norway and Finland
- Mainland Europe—Europe, excluding Nordics and UK
- UK—Representing: UK and Ireland
- New Markets—Representing rest of the World (including all distributors)

Information not calculated in accordance with IFRS

Troax has included in this Offering Circular the following unaudited non-IFRS measures and ratios that are not required by, or presented in accordance with, IFRS: EBITDA, adjusted EBITDA, EBITA, adjusted EBITA, EBIT, Cash conversion and Net debt. Non-IFRS measures are presented because it is believed that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the operating results as reported under IFRS. Non-IFRS measures and ratios are not measurements of performance or liquidity under IFRS and should not be considered as alternatives to operating profit or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Troax defines adjusted EBITDA as operating profit (EBIT) adjusted for depreciation, amortization and non-operating items affecting comparability. The Company defines adjusted EBITA as operating profit (EBIT) adjusted for amortization and non-operating items affecting comparability. The following table sets forth a reconciliation of adjusted EBITDA and adjusted EBITA for the periods indicated.

MEUR	January 1-December 31			
	IFRS 2014	IFRS* 2013	GAAP 2012	GAAP 2011
Net sales	84.5	70.1	71.7	60.8
Gross profit	34.7	28.0	27.9	22.3
EBITDA	16.9	9.7	14.8	8.2
Depreciation of tangible and intangible assets	-3.1	-2.2	-1.9	-2.0
EBITA	13.8	7.5	12.9	6.2
Depreciation of goodwill	0.0	0.0	-0.9	-0.9
Operating profit (EBIT)	13.8	7.5	12.0	5.3
Adjustments made to reflect the underlying result from Troax operating activities				
<i>Adjustments affecting EBITDA and EBITA</i>				
Acquisition cost related to Troax	0.0	2.8	0.0	0.0
Acquisition cost related to Satech	0.4	0.0	0.0	0.0
Adjustment in relation to Satech acquisition	0.0	0.0	0.0	0.0
Costs related to IPO preparations	1.0	0.0	0.0	0.0
Profit sold facility in Vallentuna	-1.1	0.0	0.0	0.0
<i>Adjustments affecting EBITA</i>				
Depreciation related to Troax acquisition	1.3	0.4	0	0
Total adjustments	1.6	3.2	0.0	0.0
Adjusted EBITDA	17.2	12.5	14.8	8.2
Adjusted EBITDA margin	20.4%	17.9%	20.7%	13.5%
Adjusted EBITA	15.4	10.7	12.9	6.2
Adjusted EBITA margin	18.2%	15.2%	18.0%	10.2%

* Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the corresponding notes which have been prepared in accordance with IFRS 3 – “Business combinations” which is presented in note 3 on pages F-26-F-28 under the section “Audited consolidated annual accounts for the period 2011-2014”.

Costs associated with FSN's acquisition of Troax relate to costs incurred in the evaluation and the execution of the acquisition of Troax's operations. The current parent company, Troax, was the acquiring entity.

Costs associated with Troax's acquisition of Satech relate to professional fees for financial and legal advisors that assisted the Company in the due diligence evaluation of Satech.

Changed cost base in Satech following Troax's acquisition relate to costs for certain arrangements in Satech that were terminated when the Company acquired Satech. Since these arrangements were terminated in mid-June 2014 when the acquisition was closed, the adjustment is only relevant for the first six months of pro forma 2014 (1 Jan-17 Jun 2014).

Costs associated with the listing preparations relate to professional fees for advisors assisting Troax with the preparations to list the Company on Nasdaq Stockholm.

Profit from a disposal of a non-core property in Vallentuna relate to an accounting profit from a disposed property.

Write-downs associated with FSN's acquisition relate to write-downs and write-offs on property that was revalued in connection with FSN's acquisition when surplus value was distributed in the acquisition analysis. The write-down relates to the sold property in Vallentuna, Sweden.

Key items in the income statement

The follow is a description of certain items in Troax's consolidated income statement.

Net sales

Troax's net sales primarily consists of sales of solutions comprised of self-manufactured products (mesh panels) and related accessories.

Operating profit

Operating profit reflects the Company's profit before financial items and tax. Adjusted EBIT reflects the Company's underlying profit before financial items and tax, adjusted for non-operating items.

Financial income and expenses

Financial income and expenses are composed of interest income on bank deposits and interest bearing securities, debt interests charge on loans and unrealized and realized profits on financial placements within the financial operations.

Currency exchange differences that relate to debts are accounted for among financial income and expenses in the profit and loss account. Currency exchange differences that relate to operational items are accounted for in the profit and loss statement and are a part of the operating profit.

Debt interest charges in assets acquisition value (according to IAS 23) for so-called qualified assets are capitalized, if this can be derived without difficulty to the specific asset and the debt interest charge may be deemed to be substantive. Costs for loans and bond loans are accounted for in the financial period they relate to.

Taxes

Income tax expense consists of the total of current taxes and deferred tax. Income taxes are recognized in the financial statements except in cases where the underlying transaction is accounted for directly against own capital or are included in other comprehensive income. Current taxes are taxes that are expected to be paid or received during the current year, with

application of the taxation levels that are resolved upon, or in practice resolved upon, on the balance sheet date, including adjustments of current taxes that refer to previous periods.

Deferred tax in the balance sheet has been calculated at the nominal tax rate based on temporary differences between accounting and tax basis of assets and liabilities on the balance sheet date. The following temporary differences are not considered: temporary differences that have occurred at the first account of goodwill, the first account of assets and debts that are not business combinations and do affect neither the accounted nor the taxable results.

Furthermore, Troax does not consider temporary differences relating to interests in subsidiaries that do not expect to be reversed in the foreseeable future. The evaluation of deferred tax is based upon how accounted values on assets and debts are expected to be realized or settled. Deferred tax is calculated based on the taxation rate and tax provisions that are resolved upon, or in practice resolved upon, on the balance sheet date.

Deferred tax assets regarding tax deductible temporary differences and deductible deficiencies are accounted for only to the extent it is likely that they will be possible to utilize. The value of deferred tax assets are curtailed when it is likely that they will no longer be possible to utilize.

Troax's financial performance

The following table sets forth, for the periods presented, the consolidated income statement of the Group. The information in the tables below should be read in conjunction with the consolidated annual accounts for the period 2011-2014 and the related notes, which are to be found in other parts of the Offering Circular.

MEUR	January 1-December 31			
	IFRS 2014	IFRS* 2013	GAAP 2012	GAAP 2011
Net sales	84.5	70.1	71.7	60.8
Cost of goods sold	-49.9	-42.1	-43.8	-38.5
Gross profit	34.7	28.0	27.9	22.3
Selling expenses	-14.6	-12.5	-12.0	-12.6
Administrative expenses	-6.0	-7.2	-4.4	-4.6
Other income/expenses	-0.3	-0.8	0.5	0.2
Operating profit (EBIT)	13.8	7.5	12.0	5.3
Finance income and costs	-3.5	-4.2	-1.9	-2.2
Profit before tax	10.3	3.3	10.1	3.1
Tax	-1.6	-1.1	-2.8	-1.5
Profit for the period	8.7	2.2	7.3	1.6
EBITDA	16.9	9.7	14.8	8.2
EBITA	13.8	7.5	12.9	6.2
Adjusted EBITDA	17.2	12.5	14.8	8.2
Adjusted EBITA	15.4	10.7	12.9	6.2
Gross profit margin (%)	41.0%	40.0%	38.9%	36.7%
EBITDA margin (%)	20.4%	17.9%	20.7%	13.5%
EBITA margin (%)	18.2%	15.2%	18.0%	10.2%
Depreciation less goodwill	3.1	2.2	1.9	2.0
Depreciation of goodwill	0.0	0.0	0.9	0.9
Net debt	53.4	35.6	7.7	7.8
Net debt/Adjusted EBITDA ¹⁾	2.9x	2.8x	0.5x	1.0x

1) 2014 is based on pro forma adjusted EBITDA. Pro forma is relevant pursuant to the financing of Satech. Net debt/adjusted EBITDA for 2014 was 3.1x.

The following tables show net sales by geographical region for the periods presented.

MEUR	January 1-December 31			
	IFRS 2014	IFRS* 2013	GAAP 2012	GAAP 2011
Mainland Europe	45.7	33.3	33.2	26.1
Nordics	17.6	19.2	20.4	18.5
UK	15.5	12.8	14.5	12.8
New Markets	5.7	4.8	3.6	3.4
Total net sales	84.5	70.1	71.7	60.8

The following tables show net sales by end-markets for the periods presented.

MEUR	January 1-December 31			
	IFRS 2014	IFRS* 2013	GAAP 2012	GAAP 2011
Automation & Robotics	42.8	31.6	31.0	24.2
Material Handling & Logistics	27.2	23.5	25.4	23.5
Property Protection	14.5	15.0	15.3	13.1
Total sales	84.5	70.1	71.7	60.8

* Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the corresponding notes which have been prepared in accordance with IFRS 3 – "Business combinations" which is presented in note 3 on pages F-26-F-28 under the section "Audited consolidated annual accounts for the period 2011-2014".

The following table shows sales and related growth in volume (organic and M&A) and growth explained by currency.

MEUR	2011	2012	2013	2014
Sales	60.8	71.7	70.1	84.5
Volume (organic)	8.4	9.3	-1.0	6.6
Volume (M&A)				7.8
Currency	0.8	1.6	-0.6	0
Total	9.1	10.9	-1.6	14.4
Growth (%)				
Volume (organic)	16%	15%	-1%	9%
Volume (M&A)				12%
Currency	1%	3%	-1%	0%
Total	18%	18%	-2%	21%

Comparison between the financial years 2014 and 2013

Net sales

Troax's net sales amounted to MEUR 84.5 in 2014, compared with MEUR 70.1 in 2013, corresponding to a growth of 21 percent. The acquisition of Satech contributed to the sales growth with MEUR 7.8 and growth for Troax stand alone was MEUR 6.6, corresponding to an organic growth of 9 percent compared to 2013. The organic growth was primarily driven by all regions except the Nordic region, where a weakening of the SEK against EUR resulted in a decrease in net sales. New markets had the strongest growth rate, whilst UK had the largest contribution to growth in nominal terms. A&R and MHL were the growth drivers from a customer segment perspective. Satech's net sales are fully classified as Automation & Robotics from a segment perspective and Mainland Europe from a geographical perspective. Net sales were MEUR 91.2 on pro forma basis 2014.

Operating profit

Operating profit, measured as Adjusted EBITA, amounted to MEUR 15.4 for 2014, compared to MEUR 10.7 in 2013. The Adjusted EBITA margin amounted to 18.2 percent, compared to 15.2 percent in 2013. The acquisition of Satech contributed to the Adjusted EBITA growth with MEUR 1.9 and growth for Troax stand alone was MEUR 2.8, corresponding to an organic growth of 26 percent compared to 2013. The organic growth in adjusted EBITA was primarily explained by the sales growth, where 42 percent of the sales growth was converted to adjusted EBITA, despite the continued geographical expansion of Troax through investments in the sales force during the year. The high drop-through effect on operating profit from sales growth, is explained by the limited increase in operating costs following a volume increase within available production capacity. A weakened SEK/EUR exchange rate during the second half of 2014 has also affected adjusted EBITA growth positively, but to a smaller extent.

Adjusted EBITA was MEUR 16.7 on pro forma basis 2014, including full year effect from Satech.

During 2014, non-recurring items affected amounted to MEUR 1.6 (MEUR 1.8 on pro forma basis) and relate to transaction costs for the acquisition of Satech, costs associated with preparing the Company for listing and profit from a disposal of a non-core warehouse property in Vallentuna, Sweden, and depreciation on the property in Vallentuna which was revalued in connection with FSN's acquisition of Troax.

Financial income and expenses

Net income and expenses for 2014 amounted to MEUR -3.5, compared with MEUR -4.2 in 2013. The cash impacting interest costs increased by MEUR 0.9 from MEUR 2.3 in 2013 to MEUR 3.3 in 2014, the increase is explained by the acquisition of Satech. The full year interest cash cost for the current financing and EURIBOR 3 M (31 December 2014) is MEUR 3.6. For further information regarding Troax financing see "*Capitalization, indebtedness and other financial information—Capital structure in connection with the listing*".

Taxes

Net consolidated income tax expense increased by MEUR 0.5 to MEUR 1.6 in 2014, compared with MEUR 1.1 in 2013, corresponding to an effective tax rate (income tax/operating profit (EBIT)) of 11 percent (15 percent). The increase in consolidated tax expense was explained by the earnings growth, partly driven by the acquisition of Satech. The low effective tax rate is explained by utilization of losses carried forward.

Net profit

Net profit amounted to MEUR 8.7 in 2014, compared with MEUR 2.2 in 2013. The growth in Net profit was explained by the acquisition of Satech and the organic growth in Net sales and Operating profit. Note that the 2014 net profit was negatively affected by non-operating items of MEUR 1.6.

Comparison between the financial years 2013 (IFRS) and 2012 (Swedish GAAP)

Net sales

Troax's net sales amounted to MEUR 70.1 in 2013, compared with MEUR 71.7 in 2012. The decrease in net sales was primarily an effect of a weak development in UK during 2013.

Operating profit

Operating profit, measured as adjusted EBITA, amounted to MEUR 10.7 for 2013, compared with MEUR 12.9 in 2012. The adjusted EBITA margin amounted to 15.2 percent, compared with 18.0 percent in 2012. During 2013, Troax intensified the expansion to new markets with e.g. the new production facility in China and a strengthened US organization. The organizational investments an decreased net sales had a slightly negative impact on the operating profit in 2013. During the period, non-recurring items amounted to MEUR 3.2, attributable solely to costs associated

with FSN's execution of the acquisition of Troax including write-downs on allocated surplus value.

Financial income and expenses

Consolidated net financial items for the full year 2013 amounted to MEUR -4.2, compared with MEUR -1.9 in 2012. The increased higher financial costs is explained by a higher debt because of FSN's acquisition of Troax. MEUR 1.9 of the financial costs in 2013 are explained by revaluation of loans in EUR and financing arrangement fees.

Taxes

The consolidated income tax expense decreased] by MEUR 1.7 to MEUR 1.1 in 2013, compared with MEUR 2.8 in 2012. The decrease was primarily due to a decrease in profit before tax compared with the previous year.

Cash flow

The following table summarizes Troax's cash flow in the periods presented.

MEUR	January 1–December 31			
	IFRS 2014	IFRS* 2013	GAAP 2012	GAAP 2011
Operating profit	13.8	7.5	12.0	5.3
Non-cash flow items	2.4	2.9	2.9	3.3
Change in working capital	0.9	3.2	-1.3	1.5
Investments in tangible and intangible assets	-2.5	-0.7	-0.7	0.0
Operational cash flow	14.6	12.9	12.8	10.1
Tax	-2.6	-1.0	-0.8	-0.7
Operational cash flow after tax	12.0	11.9	12.0	9.4
Acquisition of subsidiaries / financial assets	-17.7	-70.5	0.0	0.0
Financing, including received and paid interest	4.4	75.4	-15.5	-3.7
Cash flow for the year	-1.3	16.7	-3.5	5.7

Changes in working capital 2014 is adjusted for acquired working capital in Satech and translation differences. Change in working capital excluding acquired working capital and translation differences amount to MEUR -2.3 in 2013.

* Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the corresponding notes which have been prepared in accordance with IFRS 3 – "Business combinations" which is presented in note 3 on pages F-26-F-28 under the section "Audited consolidated annual accounts for the period 2011-2014".

Comparison between the financial years 2014 and 2013

Operating cash flow in 2014 increased by MEUR 1.7 compared with 2013, which is explained by the improvement in operating profit. It should also be noted that the operating cash flow during both 2013 and 2014 was burdened by non-recurring items. Cash flow for 2014 was negative, mainly due to the acquisition of Satech and the redemption of preference shares carried out in July 2014.

Net profit

Net profit decreased by MEUR 5.1 to MEUR 2.2 for 2013, compared with MEUR 7.3 for the year 2013. The decrease is primarily explained by higher goodwill amortizations and transaction costs from FSN's acquisition of Troax.

Liquidity and capital resources

Introduction

Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been collected from the corresponding notes which have been prepared in accordance with IFRS 3 – "Business combinations" which is presented in note 3 on pages F-26-F-28 under the section "Audited consolidated annual accounts for the period 2011-2014".

Comparison between the financial years 2013 (IFRS) and 2012 (Swedish GAAP)

Operating cash flow in 2013 amounted to MEUR 12.9, which despite the lower operating profit is in line with 2012. Operating cash flow 2013 was positively impacted by reduced capital tied up in operating receivables and liabilities. The 2013 cash flow amounted to MEUR 16.7, which was strongly influenced by FSN's acquisition of the operational activities of the Group in terms of items below the operating cash flow.

Working Capital

The below table shows a summary of Troax's working capital for the periods indicated.

MEUR	January 1–December 31			
	IFRS 2014	IFRS* 2013	GAAP 2012	GAAP 2011
Inventories	6.5	4.9	4.6	4.4
Accounts receivable	17.6	10.9	12.4	10.3
Other receivables	2.4	1.5	1.3	1.0
Accounts payable	-8.7	-4.5	-4.9	-3.9
Other liabilities	-10.5	-7.9	-6.6	-6.2
Working capital	7.3	5.0	6.8	5.5
Working capital as % of net sales	8.0%	7.1%	9.5%	9.1%
Net sales	84.5	70.1	71.7	60.8
Net sales (2014 pro forma)	91.2	-	-	-

* Troax acquired the previous Troax group on 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. To provide comparability with the income statement 2014, Troax has chosen to also present the income statement and cash flow for 12 months for 2013. This information has been derived from the corresponding notes which have been prepared in accordance with IFRS 3 – “Business combinations” which is presented in note 3 on pages F-26–F-28 under the section “Audited consolidated annual accounts for the period 2011–2014”.

Working capital increased by MEUR 2.3 to MEUR 7.3 in 2014. The increase was primarily due to organic sales growth and the acquisition of Satech, however, the increase in working capital's share of net sales were limited compared to 2013 (0.9 percentage points). Between 2012 and 2013, working capital decreased, mainly because of the reduced capital tied up in inventory. Generally, working capital has remained at a low and stable level during the period. The increase in working capital between 2011 and 2014 was MEUR 1.8, despite an increase in sales from MEUR 61 to MEUR 91 (pro forma), which demonstrates the Company's ability to grow with efficient utilization of capital.

Liquidity arrangements

Troax liquidity requirements arise primarily from the need to finance the requirement for working capital, investments and interest expense. The primary sources of liquidity are cash and cash equivalents as generated from operations. At the end of 2014 the Group's net debt amounted to MEUR 53.4, compared with MEUR 35.6 at the end of 2013. The increase was primarily due to the acquisition of Satech and that the Company redeemed

preference shares amounting to MEUR 9.8 in July 2014. Net debt through adjusted EBITDA (pro forma) was 2.9 times at the end of 2014 (compared to 2.8 times at end of 2013). The increase in net debt and net debt /EBITDA between 2012 and 2013 was due to FSN's leveraged acquisition of Troax in January 2013. The Group's cash and cash equivalents amounted to MEUR 13.2 at the end of 2014, compared with MEUR 15.5 at the end of 2013.

Troax primary source of funding is a bond loan of MEUR 70 which was issued in June 2014 by Troax Corp. Troax has repurchased bonds with a nominal value of MEUR 3.4 during the second half of 2014. On 30 January 2015, the terms and conditions of the Bond Loan was amended to the effect that Troax Corp may pursue value transfers to Troax, which allows for dividends to shareholders provided that, inter alia, Troax Corp has made a MEUR 10 amortization under the Bond Loan to the bondholders. The board of directors of the Company intend to make such repayment prior to the end of 2015. For further information see sections “Capitalization, indebtedness and other financial information—Capital structure in connection with the listing” and “Share capital and ownership structure—Dividend restrictions under Troax Corps outstanding Bond Loan”.

MEUR	31 December			
	IFRS 2014	IFRS 2013	GAAP 2012	GAAP 2011
Cash and cash equivalents	13.2	15.5	5.4	8.8
Interest-bearing debt	66.6	51.0	13.1	16.6
Net debt	53.4	35.6	7.7	7.8
Net debt / Adjusted EBITDA ¹⁾	2.9x	2.8x	0.5x	1.0x

1) 2014 is based on pro forma adjusted EBITDA. Pro forma is relevant pursuant to the financing of Satech. Net debt/adjusted EBITDA for 2014 was 3.1x.

Investments

Troax continuously invests in the maintenance of production units and equipment. In addition, investments are made to increase productivity and capacity. In 2012 and 2013, Troax primarily invested in the maintenance of existing production units and existing equipment. In early 2014, the board of directors decided to make a strategic investment to increase production capacity at the Company's main production facility in Hillerstorp. The investment is expected to amount to a total of MEUR 5.8, of which MEUR 1.2 in 2014 and MEUR 4.6 in 2015.

The investment involves a highly automated coating facility and an interrelated expansion of the property in Hillerstorp. The investment will increase the Company's coating capabilities, shorten delivery times and increase flexibility regarding the color options.

Working capital statement

Troax considers that its existing working capital is sufficient to meet the Company's needs over the next twelve months.

Quarterly data

The Company believes that the information set out below is of significant value to investors, since it enables a better evaluation of the development and the Company's completed efficiency enhancement measures. However, please note that the table is based on information retrieved from the Company's internal accounts, which are not included in the audit reports submitted by the auditor.

MEUR	IFRS								GAAP			
	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12
Net sales	25.3	21.3	20.1	17.9	18.0	17.6	18.2	16.3	20.1	18.8	16.2	16.6
Gross profit	10.9	9.0	7.9	6.9	7.8	6.8	7.1	6.2	8.0	7.6	6.5	6.0
EBITDA	4.6	4.3	5.2	2.8	3.8	3.1	3.0	-0.1	4.4	4.4	3.0	2.9
Depreciation of tangible assets	-1.5	-0.6	-0.6	-0.6	-0.5	-0.6	-0.6	-0.5	-0.5	-0.5	-0.5	-0.5
EBITA	3.1	3.8	4.6	2.2	3.2	2.5	2.5	-0.7	3.9	3.9	2.6	2.5
Depreciation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Operating profit (EBIT)	3.1	3.8	4.6	2.2	3.2	2.5	2.5	-0.7	3.7	3.7	2.3	2.2
Adjustments made to reflect the underlying result from Troax operating activities												
<i>Adjustments affecting EBITDA and EBITA</i>												
Acquisition cost related to Troax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	-	-	-	-
Acquisition cost related to Satech	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Adjustment in relation to Satech acquisition	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Costs related to IPO preparations	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Profit sold facility in Vallentuna	0.0	0.0	-1.1	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Adjustments affecting EBITA	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation related to Troax acquisition	1.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-	-
Total adjustments	2.0	0.1	-0.6	0.1	0.1	0.1	0.1	2.9	-	-	-	-
Adjusted EBITDA	5.6	4.3	4.5	2.8	3.8	3.1	3.0	2.7	4.4	4.4	3.0	2.9
Adjusted EBITDA margin	22.2%	20.4%	22.5%	15.7%	20.9%	17.4%	16.6%	16.3%	22.0%	23.5%	18.8%	17.8%
Adjusted EBITA	5.1	3.9	4.0	2.3	3.3	2.6	2.6	2.2	3.9	3.9	2.6	2.5
Adjusted EBITA margin	20.3%	18.2%	20.0%	13.1%	18.4%	14.7%	14.1%	13.6%	19.6%	20.9%	15.8%	14.9%
Core working capital	15.4	15.7	17.8	12.2	11.3	11.5	11.3	11.3	12.5	13.2	12.0	11.1
As % of core working capital (rolling 12 months) ¹⁾	16.9%	17.3%	19.5%	17.0%	16.1%	16.0%	15.4%	15.9%	17.5%	19.7%	18.8%	17.4%

1) Q2-14-Q4-14 in relation to pro forma sales.

Capitalization, indebtedness and other financial information

The tables in this section describe the Company's capitalization and indebtedness at Group level on 31 December 2014. The tables in this section should be read in conjunction with section "Operating and financial review" and the Company's financial information, including the related notes, which may be found elsewhere in this Offering Circular.

At the Annual General Meeting of the Company on 4 March 2015 it was resolved, conditional upon listing, on the conversion of preference shares into ordinary shares and on the Bonus Issue. For more information regarding the Company's share capital and shares see section "Share capital and ownership structure".

Capitalization

Presented below is Troax capitalization on 31 December 2014.

MEUR	December 31, 2014
Current debt	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total current debt	0
Non-current debt	
Guaranteed	0
Secured against stocks in Troax AB	70.0
Unguaranteed/unsecured	0
Total non-current debt	70.0
Shareholder's equity	
Share capital	0.5
Other contributed capital	38.6
Reserves	-5.9
Retained earnings	10.0
Total equity	43.2

Net indebtedness

Presented below is Troax's net indebtedness on 31 December 2014.

MEUR	31 december 2014
(A) Cash	13.2
(B) Cash equivalents	0
(C) Trading securities	3.4*
(D) Liquidity (A) + (B) + (C)	16.6
(E) Current financial receivables	0
(F) Current bank debt	0
(G) Current portion of non-current debt	0
(H) Other current financial debt	0
(I) Current financial debt (F) + (G) + (H)	0
(J) Net current financial indebtness (I) - (E) - (D)	16.6
(K) Non-current bank loans	0
(L) Bond issued	70.0
(M) Other non-current financial debt	0
(N) Non-current financial indebtness (K) + (L) + (M)	70.0*
(O) Net financial indebtness (J) + (N)	53.4

* Repurchased bonds, reported net in the balance sheet.

Capital structure in connection with the listing

In connection with the listing of the Company's shares on Nasdaq Stockholm, Troax main financing will consist of the Bond Loan of MEUR 100 2014/2020. The bond carries an annual variable EURIBOR interest rate (3 months) + 5.5 percent. As of the date of this Offering Circular the outstanding loan under the Bond Loan was MEUR 66.2. As security for The bond, Troax has pledged the shares of Troax AB as well as its rights under an intercompany loan to Troax AB. On 30 January 2015, the terms & conditions of the Bond Loan were amended to the effect that Troax Corp may pursue value transfers to Troax, which allows for dividends to shareholders provided that, inter alia, Troax Corp has made a MEUR 10 amortization under the Bond Loan to the bondholders. The board of directors of the Company intends to make such repayment prior to the end of 2015.

Share conversion in connection with the listing

In connection with listing of Troax's shares on Nasdaq Stockholm, following a decision by the Annual General Meeting on 4 March 2015, all preference shares will be converted to common shares (every preference share is converted to one common share, irrespective of which series) so that Troax will only have shares of one series issued after the listing (the "**Share Conversion**"). In addition, the Annual General Meeting resolved on a directed bonus issue, to reflect the share ownership among existing shareholders based on the respective types of shares Economic value, and adjust the total share capital to a company listed on a regulated market ("**Bonus Issue**"). The bonus issue covers the issuance of 16,100,345 new ordinary shares and will result in an increase in share capital of EUR 2,072,612 to EUR 2,574,618. The Bonus Issue has been decided based on an anticipated value within the price range of the Offering. The assumed value is solely determined for practical reasons in order to administratively facilitate the distribution of shares between the shareholders. If the offer price is different from this assumed value, a redistribution of ordinary shares between existing shareholders will take place after settlement of the Offering to ensure that existing shareholders' ownership reflects Troax market capitalization based on the offer price (the "**Share Redistribution**"). The Share Redistribution does not comprise any increase or decrease of the share capital or any other statute measure and is expected to be implemented after completion of the Offer. The resolution to implement the Bonus Issue is expected to be filed with Companies Registration Office after the publication of the offer price.

Financial risk management

Troax operates internationally and is exposed to financial risks including currency risk, commodity price risk, financing risk, liquidity risk and credit risk. Troax uses derivatives and other financial instruments to reduce these risks in accordance with the Group's financial policy. This section describes the major risk factors within the Group and how they are managed.

Currency risk management

Changes in exchange rates affect the Group's results and equity in different ways. Currency risk arises through:

- Flow exposures in the form of receipts and disbursements in different currencies.
- Recognized assets and liabilities of the subsidiaries.
- Translation of foreign subsidiary results to EUR, and
- The translation of net investments in foreign subsidiaries to EUR.

Changes in exchange rates may also affect the Group's own or customers' competitiveness and thereby indirectly affect the Group's revenue and earnings. The Group's total currency exposure has increased as the business expanded to new markets and geographic regions however will decrease from 2015 when Troax changes an accounting currency to EUR. Troax's policy is to secure 60-80 percent of its forecasted cash flows in currencies that have a material impact. Instruments that from time to time may be used are forward exchange contracts, currency options, interest rate swaps and interest rate options. The Group does not pursue any hedging arrangements as regards assets and liabilities.

Commodity price risk management

Troax does not hedge commodity prices since the Company does not consider that this is necessary in respect of the current business activities. Currently, Troax only has purchase contracts with suppliers of input goods, such as wire and pipe, which run short term and are procured for periods of one to three months. Troax commits to purchase materials within certain ranges and the supplier in exchange guarantees a price. Towards its customers Troax does not committed to supply at a fixed price, which means that a larger price change of materials can usually be transferred to the customer.

Liquidity risk management

Liquidity risk is the risk that Troax does not have sufficient funds to pay foreseen or unforeseen expenditures. Liquidity risk in a financial investments is the risk that the market for a specific instruments is illiquid or non-existent. To ensure short-term ability to pay, Troax maintains liquid assets in the form of an operational liquidity reserve of at least MEUR 5. The liquidity reserve is defined as bank accounts or invested funds that can be released without charge, or to a lesser charge, within two business days, as well as any unused lines of credit with terms of at least twelve months, less any outstanding uncommitted liabilities. Inaccessible assets, e.g., assets that that have been pledged or where the return to the parent company is prevented or costly because of provisions such as exchange rates, taxes or other rules, should not be included in the liquidity reserve. Financial investments must be made in highly liquid certificates or in bank deposits.

Financing risk management

Financing risk is the risk that it may be difficult or expensive to obtain financing or refinance existing debt. The financing risk is to be managed by ensuring access to negotiated long-term credit facilities and by diversifying maturities and sources of funding. Available liquidity shall exist to cover expected and unexpected expenses and working capital requirements. Financing of working capital is organized and supervised by the CFO and must comply with any restrictions in current credit agreements. Working capital is normally financed through local currency. Exceptions may be made in connection with financing of subsidiaries, for example in emerging markets.

Credit risk management

Credit risk is the risk that Troax does not receive remuneration from a third party/counterparty to an investment (credit risk) or a derivative (counterparty risk) that is due. Credit risk is limited by way of the Company not intending to invest in financial instruments other than their own. Further, the credit can be limited by controlling the counterparties eligible for financial investments and derivative transactions. These counterparties must have a credit corresponding to A- (Standard & Poor 's) or A2 (Moody's). If a counterparty's rating falls below the minimum acceptable level the risk shall be reduced or phased out as soon as possible, however taking the costs into consideration. In exceptional cases, local conditions may entail that a bank with lower credit ratings may be used for bank transfers. Any balance on such bank accounts should be kept to a minimum. The credit risk of such banking relationships should be under continuous control and monitoring.

Board of directors, senior management and auditors

Board of directors

Troax's board of directors consists of six (6) ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the Annual General Meeting 2015, and one (1) employee representative. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and/or the Principal Owner.

Name	Position	Member since	Independent in relation to	
			The Company	FSN
Lennart Sundén	Director and chairman	2013	Yes	No
Curt Germundsson	Director	2013	Yes	No
Peter Möller	Director	2013	Yes	No
Thomas Widstrand	Director	2014	No	Yes
Bength Håkansson	Director (employee representative)	2010	No	Yes
Lars Hellberg	Director	2014	Yes	Yes
Kennet Lundberg	Director	2014	Yes	Yes

Lennart Sundén

Born: 1952

Lennart Sundén has served as the chairman of the board of directors since 2013. Lennart Sundén had a long career at Electrolux in various positions including Head of Floor Care and Light Appliances from 1993 to 1998. From 1998 until 2004, Lennart Sundén was President and Chief Executive Officer of Swedish Match AB. In recent years, Lennart Sundén has worked with Private Equity companies serving as board member, chairman and CEO. In addition to his engagement with FSN Capital, Lennart Sundén serves as member of the board of directors of Preem AB.

Lennart Sundén holds a M.Sc. in Engineering Physics from the Royal Institute of Technology and a M.Sc. in Economics from the Stockholm School of Economics.

Other current assignments: Executive advisor to FSN Capital and member of the board of directors of Preem Aktiebolag, Aura Light International AB (chairman), Aura Light Holding AB (chairman), Strömma Varv AB (chairman), Skerpan AB, Strömma Kanal Fastighets AB (chairman) and Sundén Holding AB (chairman).

Previous assignments (last five years): Member of the board of directors of Green Landscaping Holding AB.

Lennart Sundén holds 157,327 shares in the Company.

Curt Germundsson

Born: 1944

Curt Germundsson has served as a member of the board of directors since 2013. Curt Germundsson has 35 years experience in the international automotive industry both with AB Volvo and Volvo Car Corporation where he was Executive vice president of Volvo Car Corp and member of the senior management team 1994–2005. Curt Germundssons previous board positions include Volvos joint ventures with Mitsubishi, Pininfarina, TWR, GETRAG and Bilia.

Curt Germundsson holds High School Diploma in Mechanical Engineering.

Other current assignments: Member of the board of directors of Monberg Thorsen A/S, MTH A/S, EFD A/S, Skamol A/S, Plastal Holding AB (chairman), DevPort AB (chairman), Green Landscaping Holding AB, Österlen Management Consulting AB.

Previous assignments (last five years): Member of the board of directors of Bandak A/S, Alignment Systems AB and Kongsberg Automotive A/S (chairman).

Other information: Chairman of the board of directors of Plastal Holding AB when the company was declared bankrupt in 2009. The bankruptcy process is ongoing in the District Court of Gothenburg, Sweden.

Curt Germundsson holds 53,952 shares in the Company.

Peter Möller

Born: 1972

Peter Möller has served as a member of the board of directors since 2013. Peter Möller has experience from Goldman Sachs working with mergers & acquisitions and from Permira working with investments. At Goldman Sachs, Peter Möller spent seven years in the Principal Investment group and the M&A team in London and New York. He was promoted to Vice President at Goldman Sachs in 2002. In January 2003 Peter Möller joined private equity firm Permira as an investment manager to help build Permira's Nordic office in Stockholm. Peter Möller has significant transaction experience from a wide range of industries and geographies.

Peter Möller holds a M.Sc. in Economics and Business Administration with a dual major from the Stockholm School of Economics and the Wharton School.

Other current assignments: Green Landscaping Holding AB, Vindora Holding AB, FSN Capital Partners AB (chairman), Instalco Sverige AB (chairman), Instalco Holding AB, Kjell Koncern AB, Dorothy Holding AB and Gimara Invest AB.

Previous assignments (last five years): Member of the board of directors of Kjell & Co Elektronik AB, Charge Holding AB (chairman), Vindora Utbildning AB, Utbildning och Vård Koncern Sverige AB, ACTIC Holding AB and SPG V.O.S Fastighets AB.

Peter Möller holds no shares in the Company.

Thomas Widstrand

Born: 1957

Thomas Widstrand has served as a member of the board of directors since 2014 and as the CEO of Troax since 2008. Thomas Widstrand has over 25 years of experience from leading positions within international businesses such as CEO of Borås Wärfveri AB, CEO of Cardo Pump and division manager at ESAB.

Thomas Widstrand holds a MBA from the University of Gothenburg, School of Business, Economics and Law.

Other current assignments: Profilgruppen AB, Bellman & Symfon AB, MoWidare Företagsutveckling AB (chairman), Thomas Widstrand Förvaltnings AB (chairman) and TX Intressenter AB (chairman).

Previous assignments (last five years): Member of the board of directors of Alvedoor AB and Alvedoor International AB.

Other information: : Member of the board of directors of Alvedoor AB and Alvedoor International AB when the companies were declared bankrupt in 2012. The bankruptcy processes ended on 18 September 2014 and on 9 April 2014 with no surplus.

Thomas Widstrand holds 1,146,603 shares in the Company.

Bength Håkansson

Born: 1957

Bength Håkansson has served as a employee representative of the board of directors since 2010. Bength Håkansson holds an operative position within Troax Nordic AB as the business area manager for PP and MHL in the Stockholm region.

Bength Håkansson holds a High School Diploma in Mechanical Engineering.

Other current assignments: -

Previous assignments (last five years): -

Bength Håkansson holds no shares in the Company.

Lars Hellberg

Born: 1959

Lars Hellberg has served as a member of the board of directors since 2014. Lars Hellberg has experience from Fortaco Group where he is currently the President and CEO. Lars Hellberg was previously a member of Wärtsilä Oy's Senior management and was Director of the Powertech division in 2004-2013. Lars Hellberg has 30 years of experience from leading international positions at General Motors, including as Executive Director of GM Quality Board Europe and from Volvo Cars of Vice President of Marketing, Sales & Services.

Lars Hellberg holds a High School Diploma in Mechanical Engineering and has completed courses within management at IMD Business School and within technology at the Chalmers University of Technology in Gothenburg, Sweden.

Other current assignments: President and CEO of Fortaco Group Oy, member of the board of directors of Walki Group Oy and LUNAB AB.

Previous assignments (last five years): Member of the board of directors of Komax Oy, Ulema AG, Fortaco Group Oy and chairman of Wärtsilä Oy's subsidiaries in Finland, Italy, Switzerland, Spain, Portugal, Norway and China.

Lars Hellberg holds no shares in the Company.

Kennet Lundberg

Born: 1957

Kennet Lundberg has served as a member of the board of directors since 2014. Kennet Lundberg has extensive experience in finance and funding from various industries such as shipping, engineering and medicine. Most recently from Xellia Pharmaceuticals where he held positions as CFO and Executive Vice President until 2014. Prior to that, Kennet Lundberg was CFO at FlexLink AB and CFO of the SKF Group. Kennet Lundberg is currently active as an independent consultant.

Kennet Lundberg holds an Executive MBA from the University of Gothenburg, School of Business, Economics and Law.

Other current assignments: -

Previous assignments (last five years): CFO of Xellia Group ApS.

Kennet Lundberg holds no shares in the Company.

Senior management

Thomas Widstrand

Born: 1957

Thomas Widstrand has served as CEO of Troax since 2008.

See section “Board of directors, senior management and auditors” for further information.

Ola Österberg

Born: 1966

Ola Österberg has served as CFO of Troax since 2008. Ola Österberg has more than 20 years of experience from positions as controller and CFO within Svedbergs i Dalstorp AB and ITAB.

Ola Österberg holds a B.Sc. in business administration from Växjö University, Sweden.

Other current assignments: Member of the board of directors TX Intressenter AB and partner of Ekonåmen Österberg HB.

Previous assignments (last five years): -

Ola Österberg holds 986,712 shares in the Company.

Lennart Lindeberg

Born: 1963

Lennart Lindeberg has served as Vice President and Supply Chain Manager of Troax since 2008. Lennart Lindeberg has more than 20 years of experience from purchasing, logistics, supply chain and management.

Lennart Lindeberg holds a M.Sc. in Mechanical Engineering from Chalmers University of Technology in Gothenburg, Sweden.

Other current assignments: Member of the board of directors of Le Petit Vin AB and Nässjö Plåtprodukter AB.

Previous assignments (last five years): -

Lennart Lindeberg holds 221,645 shares in the Company.

David Teulon

Born: 1953

David Teulon has served as Managing Director of Troax in UK and Ireland since 1992. David Teulon has more than 35 years of experience from sales and marketing.

David Teulon has taken courses in economics and politics at Edgware School (London Academy), England.

Other current assignments: -

Previous assignments (last five years): -

David Teulon holds 91,871 shares in the Company.

Javier Garcia

Born: 1971

Javier Garcia has served as Managing Director of Troax in Southern Europe and the US since 2008. Javier Garcia has more than 15 years of experience from sales and marketing.

Javier Garcia holds an MBA from IESE Business School, Spain, and a bachelor's degree in Computer Science and Engineering from Universitat Politècnica de Catalunya (UPC), Spain.

Other current assignments: -

Previous assignments (last five years): -

Javier Garcia holds 101,042 shares in the Company.

Wolfgang Falkenberg

Born: 1962

Wolfgang Falkenberg has served as Managing Director of Troax in Central Europe since 2008. Wolfgang Falkenberg has more than 25 years of experience from sales and marketing.

Wolfgang Falkenberg holds a degree in business from Commercial College DAG Cologne, Tyskland.

Other current assignments: -

Previous assignments (last five years): -

Wolfgang Falkenberg holds 88,704 shares in the Company.

Auditor

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor since 2013 (involved in the Group since 2011) and was re-elected as auditors at the Annual General Meeting 2014 until the end of the Annual General Meeting 2015. Anders Trast Winquist is the auditor in charge. Anders Trast Winquist is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Öhrlings PricewaterhouseCoopers AB office address is Torsgatan 21, 113 21 Stockholm, Sweden. Öhrlings PricewaterhouseCoopers AB has been auditor throughout the entire period which the historic financial information in this Offering Circular covers.

Other information about the board of directors and senior management

The ownership structure presented in this section, which presumes the registration of the Share Conversion and Bonus Issue, is based on the Offer Price representing the average price in the price range. In the event of a different Offer Price, the Share Conversion and Bonus Issue may, through the Share Redistribution, cause the final number of shares in the table to change slightly between shareholders.

There are no family ties between any of the members of the board of directors or senior management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and senior management of the Company and their private interests and/or other undertakings.

During the last five years, none of the members of the board of directors or the members of the senior management have (i) been sentenced for fraud-related offences, (ii) except as set out above, represented a company which has been declared bankrupt or filed for liquidation, (iii) been the subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law or (iv) been subject to injunctions against carrying on business.

All members of the board of directors and the members of the senior management are available at the Company's main office at Hillerstorp, Sweden.

Corporate governance

Corporate governance

Troax is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company has been listed on Nasdaq Stockholm, the Company will also comply with Nasdaq Stockholm's Rule Book for Issuers and apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied from the first Annual General Meeting held the year following the listing. The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviation and the chosen alternative solution is described and the reason therefore is explained in the corporate governance report (the so-called "comply or explain principle").

The Company will apply the Code from the time of the listing of the shares on Nasdaq Stockholm. Any deviation from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the 2014 financial year. However, in the first corporate governance report, the Company is not required to explain non-compliance with such rules that have not been relevant during the period covered by the corporate governance report. Any deviations from the Code will be reflected in the Company's corporate governance report. Currently, the Company does not expect to report any deviations from the Code in the report.

Shareholders' meeting

According to the Swedish Companies Act (SFS 2005:551) (*Sw. Aktiebolagslagen*), the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The Annual General Meeting must be held within six months from the end of the financial year. In addition to the Annual General Meeting, Extraordinary General Meeting may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (*Sw. Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

Right to participate in shareholders' meetings

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting, and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the shareholders' meeting.

Extraordinary General Meeting on 11 December 2014

On an Extraordinary General Meeting on 11 December 2014, it was resolved that, with effect from the first financial year starting after this resolution, i.e., FY 2015, the Company shall have EUR as accounting currency and the share capital and the shares' quota value shall be denominated in EUR. It was further resolved to change the Company's category from a private to a public company, to appoint the current members of the board of directors and to establish a nomination committee, see below under "*Nomination Committee*".

Annual General Meeting on 4 March 2015

At the Annual General Meeting on 4 March 2015 it was resolved to change the Company's name from Troax Holding AB (publ) at Troax Group AB (publ). At this meeting it was also decided to adopt Troax current articles of association, see the "*Articles of Association*". Further, it was resolved that each preference share shall be converted to an ordinary share and on the Bonus Issue to reflect the economic value of the different share classes and to change the Company's share capital to suit a regulated market, see "*Share capital and ownership structure—Share conversion, directed bonus issue and share redistribution in connection with the listing*".

Extraordinary General Meeting 2015

Investment AB Latour will be the largest shareholder of the Company on the listing date and has announced that they will summon to a Extraordinary General Meeting following the listing to enable Investment AB Latour to propose board representatives.

Nomination committee

Companies applying the Code shall have a nomination committee. According to the Code, the shareholders' meeting shall appoint the members to the nomination committee or resolve on the procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall independent in relation to the Company and Group management. At least one member of the nomination committee shall independent in relation to the largest shareholders in terms of voting rights or group of shareholders who cooperates in terms of a company's management.

On the Extraordinary General Meeting on 11 December 2014, it was resolved to establish a nomination committee for the Annual General Meeting 2015 comprising of Lennart Sundén (chairman of the board), Bo Adrianzon (representing the shareholder FSN), Stefan Henningsson (representing the shareholder Thomas Widstrand) and Kennet Lundberg (representing the shareholder Ola Österberg). Bo Adrianzon was appointed as the chairman of the nomination committee. The term of the nomination committee shall be until a new nomination committee has been established.

Board of directors

The board of directors is the second-highest decision-making body after the shareholders' meeting. According to the Swedish Companies Act (SFS 2005:551), the board of directors is responsible for the organization of the company and the management of the company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the board of directors appoints the CEO.

Members of the board of directors are normally appointed 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 members of the board of directors elected by the shareholders' meeting shall be not less than three and not more than eight members with no deputy members.

According to the Code, the chairman of the board of directors is to be elected by the Annual General Meeting and has a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is efficiently organized.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual pre-determined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discuss the management of the Company.

Currently, the Company's board of directors consists of six ordinary members and one employee representative, who are presented in the section "*Board of directors, senior management and auditors*".

Audit committee

The board of directors has decided to not establish a specific audit committee but to let the board of directors in its entirety fulfill the tasks of such committee. The tasks are set out in chapter 8, paragraph 49 b of the Swedish Companies Act (SFS 2005:551):

- monitor the Company's financial reporting;
- monitor the efficiency of the Company's internal controls, internal audits and risk management;
- keep itself informed regarding audit of the annual report and Group accounts;
- review and monitor the impartiality and independence of the auditor and, in conjunction therewith, pay special attention to whether the auditor provides the Company with services other than auditing services; and
- assist in conjunction with preparation of proposals to the shareholders' meeting resolution regarding election of an auditor.

Remuneration committee

The board of directors has decided to not establish a specific remuneration committee but to let the board of directors in its entirety fulfill the tasks as such committee would have according to the Code. As regards the remuneration questions, this means that the board of directors shall:

- prepare decisions in questions relating to remuneration principles, remunerations and miscellaneous employment terms for the Company management;
- follow and evaluate existing and completed programs regarding non-fixed remunerations for the Company management; and
- follow and evaluate the application of the guidelines for remuneration to senior management which the Annual General Meeting has resolved upon as well as remuneration structures and remuneration levels in the Company.

The CEO and other senior management

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the development of sales, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and senior management are presented in section "*Board of directors, senior management and auditors*".

Remuneration to the members of the board of directors, CEO and senior management

Remuneration to the members of the board of directors

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the Annual General Meeting. However, in respect of the listing on Nasdaq Stockholm, the Extraordinary General Meeting held on 11 December 2014 resolved on remuneration to the board of directors. The remuneration to the chairman of the board of directors was resolved to SEK 350,000 and that the fee to Curt Germundsson, Kennet Lundberg and Lars Hellberg would be SEK 175,000. It was resolved that Thomas Widstrand, as CEO in the Company, and Peter Möller would not be paid any remuneration in their respective capacity as board members. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

Guidelines for remuneration to the CEO and other senior management

At the Annual General Meeting held on 4 March 2015, the meeting resolved on guidelines which shall apply in relation to remuneration to the CEO and the other members of the senior management.

KSEK	Basic salary/ board fee	Variable remuneration	Other benefits	Pension costs	Total
Lennart Sundén	30	-	-	-	30
Curt Germundsson	15	-	-	-	15
Peter Möller	-	-	-	-	-
Kennet Lundberg*	-	-	-	-	-
Bength Håkansson (employee representative)	-	-	-	-	-
Lars Hellberg*	-	-	-	-	-
Thomas Widstrand*	230	63	9	88	390
Other senior management	700	122	48	183	1,053
Total	975	185	57	271	1,488

* Appointed as members of the board of directors at the Extraordinary General Meeting held on 11 December 2014 and have for the financial year 2014 not received any remuneration.

Current employment agreements for the CEO and other senior management

Decisions as to the current remuneration levels and other conditions for employment for the CEO and the other members of the senior management have been resolved by the board of directors.

Agreements concerning pensions shall, wherever possible, be based on fixed premiums and must be in accordance with the levels, practice and collective bargaining agreements applicable in the country where the relevant member of the senior management is employed.

The CEO is entitled to a fixed annual salary of MSEK 1,986 and a variable remuneration that is linked to certain key figures and the integration of Satech which corresponds to a maximum of SEK 827,500. In 2014 the total compensation paid to the CEO was EUR 390,000. The CEO is in addition to the requirements of the Swedish National Insurance Act as regards pension further covered by the Swedish ITP plan on salaries up to 7.5 income base amounts. Thereafter, certain premium contributions are made in accordance with steps/increments that replace the alternative ITP.

As at the date of this Offering Circular, the senior executives consist of five persons in addition to the CEO. In 2014 the total compensation paid to senior executives was MEUR 1.053. The notice period for senior executives resident in Sweden are 3-6 months and the employer is bound by a notice period of 6-12 months. Some senior executives are entitled to severance pay of up to 12 months' salary in addition to salary during the notice period. Senior executives are covered by pension plans, apart from the Swedish National Insurance Act, in accordance with the ITP plan, including the right to the "10-taggar" solution.

Information policy and Insider policy and log book instruction

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

The Company has also adopted a policy document for the purpose of informing employees and others concerned within Troax of the rules and regulations applicable to the dissemination

Remuneration during the financial year 2014

Remuneration to the Company management consist of basic salary, variable remuneration, pension benefits and other benefits. The table below presents an overview of remuneration to the board of directors and the CEO for the 2014 financial year.

of information by the Company and the special requirements imposed on persons who are active in a listed company with regard to, e.g. price-sensitive information.

Internal control

According to the Swedish Companies Act (SFS 2005:551), the board of directors is responsible for the internal control and the governance of the Company. In order to maintain and develop a well functioned control environment, the board of directors of Troax has adopted a number of fundamental documents of relevance for the financial reporting, e.g. the Rules of procedure for the board of directors, Instructions for the managing director with instructions for the financial reporting, Insider policy and log book instruction, Information policy and Finance policy. In addition, a well functioned control environment requires a developed structure with frequent review. The responsibility for the daily work with maintaining the control environment is primarily allocated to the CEO. The CEO reports frequently to the board of directors and at each board meeting, the CEO presents economic and financial reports in respect of the Company's operations.

Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the Annual General Meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors and not more than two deputy auditors. The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with Anders Winqvist as auditor in charge. The Company's auditor is presented in more detail in section "Board of directors, senior management and auditors".

In 2014, the total remuneration of the Company's auditor amounted MSEK 0.3.

Share capital and ownership structure

Share information

Troax's registered share capital on 31 December 2014 was SEK 4,756,307.675643, divided into 3,899,655 shares (of which 946,364 common shares and 2,953,291 preferred shares distributed among 4 series (2,780,238 preference shares of series B, 21,104 preference shares Class C 150,351 preference shares of series D and 1,598 preference shares of Series E)). All shares carry one vote and are fully paid. Each share had a quota value of SEK 1.22¹⁾ At the shareholders' meeting on 11 December 2014 it was resolved that the Company would change the accounting currency from SEK to EUR. The change was registered with the Swedish Companies Registration Office on 18 December 2014 and on 9 January 2015 the Swedish Companies Registration Office registered the share capital conversion thus amounting to EUR 502,006.17, which is further the share capital as of the date of this Offering Circular. This entails that the quota value per share is EUR 0.13. At the Annual General Meeting on 4 March 2015 the articles of association were adjusted to reflect the currency change. The new articles of association stipulate that the share capital shall not be less than MEUR 2.5 and not exceed MEUR 10, divided into at least 18 million and no more than 72 million shares.

After completion of the Offer and the Bonus Issue adopted by the AGM on 4 March 2015, which will be implemented in connection with the listing of the Company's shares on Nasdaq Stockholm, Troax's registered share capital will amount to MEUR 2.6, divided into 20,000,000 shares, each share having a quota value of EUR 0.13.

Troax shares are issued in accordance with Swedish law, to fully paid for, freely transferable and denominated in EUR. The Shareholders rights may only be amended in accordance with the procedures specified in the Swedish Companies Act (SFS 2005:551). The Company's shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financial year.

Share conversion, bonus issue and share redistribution in connection with the listing

In connection with listing of Troax's shares on Nasdaq Stockholm, following a decision by the Annual General Meeting on 4 March 2015, all preference shares will be converted to common shares (every preference share is converted to one common share, irrespective of which series) so that Troax will only have shares of one series issued after the listing (Share Conversion). In addition, the Annual General Meeting resolved on a directed bonus issue, to reflect the share ownership among existing shareholders based on the respective types of shares Economic value, and adjust the total share capital to a company listed on a regulated

market (Bonus Issue). The bonus issue covers the issuance of 16,100,345 new ordinary shares and will result in an increase in share capital of EUR 2,072,612 to EUR 2,574,618. The Bonus Issue has been decided based on an anticipated value within the price range of the Offering. The assumed value is solely determined for practical reasons in order to administratively facilitate the distribution of shares between the shareholders. If the offer price is different from this assumed value, a redistribution of ordinary shares between existing shareholders will take place after settlement of the Offering to ensure that existing shareholders' ownership reflects Troax market capitalization based on the offer price (the "**Share Redistribution**"). The Share Redistribution does not comprise any increase or decrease of the share capital or any other statute measure and is expected to be implemented after completion of the Offer. The resolution to implement the Bonus Issue is expected to be filed with Companies Registration Office in connection with the publication of the offer price.

Certain rights associated with the shares

The offered shares are all of the same class.

Notice convening shareholders' meeting must be given through an announcement in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. Announcement to the effect that notice convening shareholders' meeting has been issued shall be made in Svenska Dagbladet. Shareholders who are registered in Troax's share register five weekdays prior to the meeting and have notified the Company of their participation no later than the date stated in the notice of the meeting are entitled to participate at the shareholders' meeting.

Voting rights

Each share in the Company entitle the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Preferential rights to new shares etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. However, the Company's articles of association contains no provision which restricts the possibility—pursuant to the provision of the Swedish Companies Act (SFS 2005:551)—to issue new shares, warrants or convertible instruments that deviate from the shareholders' preferential rights.

1) In accordance with Troax's articles of association which will be recorded in connection with the listing on the Nasdaq Stockholm 's share capital shall not be less than MEUR 2.5 and not exceed MEUR 10, comprised of a minimum of 18,000,000 and a maximum of 72,000,000 shares.

Central securities depository registration

The Company's shares are registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates are issued for the Company's shares. The account operator is Carnegie. The ISIN code for the Company's shares is SE0006732392.

Share capital development

The below table shows historic changes in the Company's share capital since the Company was formed in 2012, and the changes in the number of shares and the share capital which will be made in connection with the listing of the Company's shares on Nasdaq Stockholm, assuming that the Offering is fully extended and the Over-allotment Option is exercised in full].

Year	Event	Number of shares		Share capital (SEK if not stated otherwise)	
		Change	Total	Change	Total
2012	Establishment		100,000	100,000	100,000
2013	New issue	580,600 (A)	680,600	4,000,000	4,100,000
		3,419,400 (B)	4,100,000		
2013	New issue	213,175 (A)	4,313,175	377,872	4,477,872
		164,697 (B)	4,477,872		
2013	New issue	17,229 (A)	4,495,101	45,100	4,522,972
		27,871 (C)	4,522,972		
2014	New issue	35,043 (A)	4,558,015	211,101	4,734,073
		176,058 (D)	4,734,073		
2014	Reduction	-803,859 (B)	3,930,214	-836,333	3,897,740
		-6,767 (C)	3,923,447		
		-25,707 (D)	3,897,740		
2014	Bonus issue			856,232	4,753,972
2014	New issue	317 (A)	3,898,057	2,335,676	4,756,307,676
		1,598 (E)	3,899,655		
2015	Currency change	-	3,899,655	502,006.17 EUR	502,006.17 EUR
2015	Bonus issue	16,100,345	20,000,000	2,072,612 EUR	2,574,618 EUR

Warrants, convertible notes and share-based programs

As of today, the Company has no outstanding convertible notes, warrants or other financial instruments, which, if they were exercised, imply a dilutive effect for the shareholders of the Company.

Ownership structure

As of the date of this Offering Circular, Troax has 32 shareholders. The largest shareholder was FSN, with 74.3 percent of the total number of shares and voting rights in the Company. In addition, certain directors, senior executives and other employees in the Company hold 14.2 percent of shares and votes in the Company.

The table below sets forth Troax's ownership structure immediately before the Offering and directly after completion of the Offering, assuming that the Offering is fully extended and the Over-allotment Option is exercised in full. The ownership structure, which presumes the registration of the Share Conversion and Bonus Issue, is based on the Offer Price representing the average price in the price range. In the event of a different Offer Price, the Share Conversion and Bonus Issue may, through the Share Redistribution, cause the final number of shares in the table to change slightly between shareholders.

Shareholder	Number of shares* before the Offering		Number of shares* after the Offering	
	Number	%	Number	%
Shareholders whose holdings exceed 5% of the shares				
FSN Capital III Limited Partnership, directly or indirectly through subsidiaries	14,866,510	74.3	3,625,268	18.1
Directors, senior executives and other employees				
Thomas Widstrand	1,146,603	5.7	1,146,603	5.7
Ola Österberg	986,712	4.9	986,712	4.9
Lennart Lindeberg	221,645	1.1	221,645	1.1
Javier Garcia	101,042	0.5	101,042	0.5
Wolfgang Falkenberg	88,704	0.4	88,704	0.4
David Teulon	91,871	0.5	91,871	0.5
Lennart Sundén	157,327	0.8	157,327	0.8
Curt Germundsson	53,952	0.3	53,952	0.3

*The ownership structure, which presumes the registration of the Share Conversion and Bonus Issue, is based on the Offer Price representing the average price in the price range. In the event of a different Offer Price, the Share Conversion and Bonus Issue may, through the Share Redistribution, cause the final number of shares in the table to change slightly between shareholders.

After the Offering, FSN will own at least 18.1 percent of the shares in Troax (if the Offering is fully extended and the Over-allotment Option is exercised in full) and not more than 26.2 percent of the shares in Troax. Accordingly, FSN will continue, together with Investment AB Latour, to exercise significant influence over the Company and most decisions that require approval by the Company's shareholders. FSN may thereby be able to exercise control over the Company. However, such control is limited by virtue of the provisions of the Swedish Companies Act (SFS 2005:551).

Shareholders' agreements

At the time of this Offering Circular there is a shareholders' agreement in place between FSN and other current shareholders in the Company. However, this shareholders' agreement will terminate in conjunction with the listing of the Troax share on Nasdaq Stockholm.

As far as the board of directors of Troax is aware, no other shareholders' agreement or any other agreements between shareholders of the Company are in place which aim to exercise joint influence over the Company. Nor is the Company's board of directors aware of any agreements or equivalent which may result in any change of control over the Company.

Lock up-arrangements, etc.

Under the placing agreement which is expected to be entered into around 26 March 2015, the Principal Owner will undertake, with certain exceptions, not to sell its holdings during 180 days after trading on Nasdaq Stockholm has commenced (the "**Lock-up period**"). At the end of the lock-up period, the shares may be offered for sale, which may affect the market price of the share. Joint Bookrunners may make exceptions from these undertaking. Pursuant to the agreement, the Company will undertake, with certain exceptions, towards the Joint Bookrunners not to, e.g. resolve upon or propose to the shareholders' meeting an increase of the share capital through issuance of shares or other financial instruments for a period of 360 days from the first day of trading of the Company's shares on Nasdaq Stockholm without a written consent from the Joint Bookrunners. See section "*Legal considerations and supplementary information—Placing agreement*".

Dividend and dividend policy

General information

Shareholders shall be entitled to future dividends, including any dividends that are decided for the financial year 2015 and each subsequent financial year, provided that a resolution regarding dividend has been passed.

All shares have equal rights to dividends and the Company's assets and any surplus in the event of liquidation.

The decision is made by the shareholders' meeting and all shareholders registered in the share register maintained by Euroclear Sweden on the registration date adopted by the meeting are entitled to receive dividends. Dividend is normally granted to shareholders in the form of a per share cash payment made through Euroclear Sweden, however can also be paid through other than cash (dividend in kind). If a shareholder can not be reached via Euroclear Sweden, the shareholder maintains his dividend claim towards the Company, with a statutory limit of ten years. When the period has expired the amount is transferred and distributed to the Company.

There are no restrictions regarding dividend rights of shareholders resident outside of Sweden. Shareholders who are not resident for tax purposes in Sweden must usually pay Swedish withholding tax, see section "*Tax issues in Sweden*".

Dividend policy

The board of directors has adopted a dividend policy under which Troax goals is to pay approximately 50 percent of its net profit in dividends. The dividend proposal shall consider Troax long-term development potential, financial position and investment needs.

Dividend currency

The dividend is denominated in EUR, however the Company's shareholders can choose between receiving dividend distributions in SEK or EUR. An official exchange rate will be published in case of payment of dividend.

Dividend restrictions under Troax Corp's outstanding Bond Loan

On 30 January 2015, the terms & conditions of the Bond Loan was amended to the effect that Troax Corp may pursue value transfers to Troax, which allows for dividends to shareholders provided that:

1. The Company or Troax Corps' shares are traded on a regulated market, such as Nasdaq Stockholm;
2. Troax Corp has made an amortization of the Bond Loan to bondholders to a amount of MEUR 10; and
3. Troax Corp has not exercised the option under the T&Cs to make a dividend of MEUR 5 before 12 September 2015.

If the above conditions are met, Troax Corp may pursue value transfers of prior year net income in accordance with the following:

- 50 percent provided that the Group's interest-bearing net debt (As defined in the T&Cs) divided by Group EBITDA (as defined in the T&Cs) does not exceed 2.5;
- 60 percent provided that the Group's interest-bearing net debt (As defined in the T&Cs) divided by Group EBITDA (as defined in the T&Cs) does not exceed 2; and
- 70 percent provided that the Group's interest-bearing net debt (As defined in the T&Cs) divided by Group EBITDA (as defined in the T&Cs) not exceeding 1.5.

Legal and regulatory requirements

The declaration of dividends or other capital contributions is resolved by the shareholders' meeting. The amount that is available for distribution to the shareholders is determined based on the Company's last adopted balance sheet on a unconsolidated basis. Dividends or other capital contributions may only be declared to the extent that there must be full coverage for the Company's unrestricted equity (*Sw. fritt eget kapital*) after the distribution, meaning that there must be full coverage for the Company's restricted equity (i.e. the book value of the Company's assets must amount to at least the restricted equity together with any provisions and liabilities following the distribution). Restricted equity includes, *inter alia*, the Company's share capital and its statutory reserve. Further, dividends or other capital distributions may only be declared to the extent that such declaration is prudent taking into consideration; (a) the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations, and (b) the applicable need to strengthen the balance sheet, liquidity and financial position of the Company (*Sw. försiktighetsregeln*). The shareholders may, as a general rule, not declare dividends in an amount higher than the board of directors proposed or approved.

Dividends will normally be paid to shareholders in cash on a per share basis through Euroclear Sweden, however may also be paid in kind (*Sw. sakutdelning*). On the record date established by the shareholders' meeting, holders recorded as owners of shares in the register of shareholders maintained by Euroclear Sweden will be entitled to receive dividends.

If a shareholder cannot be paid through Euroclear Sweden, such shareholder still retains its claim to the dividend amount, and the claim remains against the Company subject to a statutory limitation of 10 years. Should the claim become barred by the statute of limitations, the dividend amount is forfeited to the Company. Neither the Swedish Companies Act (SFS 2005:551) nor the Company's articles of association contain any restrictions regarding dividend rights of shareholders outside Sweden. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdiction, payments to such shareholders are made in the same manner as for the shareholders resident in Sweden. However, shareholders with limited tax liability in Sweden are normally subject to Swedish withholding tax. For a discussion of withholding taxes on the payment of dividends, see "*Tax considerations in Sweden*".

Articles of association

The English text is an unofficial office translation. In the event of any discrepancy between the Swedish and the English texts, the Swedish text shall prevail.

BOLAGSORDNING **Articles of Association**

för / for

Troax Group AB (publ)

(org.nr / Reg. No. 556916-4030)

Antagen på årsstämma den 4 mars 2015¹⁾

Adopted at the Annual General Meeting on 4 March 2015

1 § Firma / Name

Bolagets firma är Troax Group AB (publ).

The company's name is Troax Group AB (publ).

2 § Säte / Registered office

Styrelsen har sitt säte i Gnosjö kommun, Jönköpings län.

The company's registered office shall be the municipality of Gnosjö, the county of Jönköping.

3 § Verksamhetsföremål / Object of the company's business

Bolaget har till föremål för sin verksamhet att äga och förvalta fast och lös egendom och därmed förenlig verksamhet.

The object of the company's business is to own and administer real and movable estates as well as any business compatible therewith.

4 § Aktiekapital / Share capital

Bolagets aktiekapital skall uppgå till lägst 2 500 000 euro och till högst 10 000 000 euro.

The company's share capital shall be not less than EUR 2,500,000 and not more than EUR 10,000,000.

5 § Antal aktier / Number of shares

Antalet aktier i bolaget skall uppgå till lägst 18 000 000 stycken och till högst 72 000 000 stycken.

The company shall have not less than 18,000,000 shares and not more than 72,000,000 shares.

6 § Räkenskapsår och redovisningsvaluta / Financial year and accounting currency

Bolagets räkenskapsår skall vara kalenderår.

The company's financial year shall be the calendar year.

Med verkan från ingången av det räkenskapsår som inleds närmast efter den 11 december 2014 skall Bolaget ha euro som redovisningsvaluta och aktiekapitalet och aktiernas kvotvärde skall vara bestämda i euro.

With effect from the beginning of the first fiscal year that begins after 11 December 2014, the Company shall have euro as accounting currency and the share capital and the shares' quota value shall be determined in euro.

7 § Styrelse / Board of directors

Styrelsen skall, till den del den utses av bolagsstämman, bestå av lägst tre (3) och högst åtta (8) styrelseledamöter, utan styrelsesuppleanter.

The board of directors elected by the shareholders' meeting shall consist of no less than three (3) members and no more than eight (8) members, with no deputy members.

8 § Revisor / Auditor

Bolaget skall ha lägst en (1) och högst två (2) revisorer samt högst två (2) revisorssuppleanter. Till revisor samt, i förekommande fall, revisorssuppleant skall utses auktoriserad revisor eller ett registrerat revisionsbolag.

The company shall have no less than one (1) and no more than two (2) auditors and no more than two (2) deputy auditors. As auditor and, where applicable, deputy auditor, an authorized public accountant or a registered public accounting firm shall be elected.

1) This Articles of Association is expected to be registered with the Swedish Companies Registration Office in connection with the listing of Troax on Nasdaq Stockholm.

9 § Orten för hållande av bolagsstämma / The place to hold the shareholders' meeting

Bolagsstämman skall hållas i Gnosjö, Jönköping eller Stockholm.

The shareholders' meeting shall be held in Gnosjö, Jönköping or Stockholm.

10 § Kallelse till bolagsstämma / Notice of shareholders' meeting

Kallelse till bolagsstämma skall ske genom annonsering i Post- och Inrikes Tidningar och genom att kallelsen hålls tillgänglig på bolagets hemsida. Vid tidpunkten för kallelsen skall information om att kallelse skett annonseras i Svenska Dagbladet.

Notice of a general meeting shall be made by announcement in the Swedish Official Gazette and by posting the notice on the company's website. An announcement that notice has been issued shall simultaneously be made in Svenska Dagbladet.

Kallelse till årsstämma samt kallelse till extra bolagsstämma, där fråga om ändring av bolagsordningen kommer att behandlas, skall ske tidigast sex (6) veckor och senast fyra (4) veckor före stämman. Kallelse till annan extra bolagsstämma skall utfärdas tidigast sex (6) veckor och senast två (2) veckor före stämman.

Notice of the annual general meeting and a extra general meeting at which the issue of amendment of the articles of association shall be resolved, shall be issued not earlier than six (6) weeks and not later than four (4) weeks prior to the meeting. Notice to attend other extra general meetings shall be issued not earlier than six (6) weeks and not later than two (2) weeks prior to the meeting.

11 § Rätt att delta på bolagsstämma / Right to attend shareholders' meeting

Aktieägare som vill delta vid bolagsstämma skall dels vara upptagen i utskrift eller annan framställning av hela aktieboken avseende förhållandena fem (5) vardagar före stämman, dels göra en anmälan till bolaget senast den dag som anges i kallelsen till stämman. Sistnämnda dag får inte vara söndag, annan allmän helgdag, lördag, midsommarafton, julafton eller nyårsafton och får inte infalla tidigare än femte vardagen före stämman.

A shareholder who wishes to attend a general meeting must be registered in the transcript, or other form, of the entire share ledger five (5) weekdays before the meeting, as well as notify the company no later than on the day set out in the notice. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

12 § Ärenden på årsstämma / Business at annual shareholders' meetings

Vid årsstämma skall följande ärenden förekomma till behandling:

1. val av ordförande vid bolagsstämman;
2. upprättande och godkännande av röstlängd;
3. godkännande av dagordningen;
4. val av en eller två justeringspersoner att underteckna protokollen;
5. prövning av om bolagsstämman har blivit behörigen sammankallad;
6. framläggande av årsredovisning och revisionsberättelse samt, i förekommande fall, koncernredovisning och koncernrevisionsberättelse;
7. beslut om fastställande av resultaträkning och balansräkning samt, i förekommande fall, koncernresultaträkning och koncernbalansräkning;
8. beslut om dispositioner beträffande bolagets vinst eller förlust enligt den fastställda balansräkningen;
9. beslut om ansvarsfrihet åt styrelseledamöter och verkställande direktör;
10. fastställande av antalet styrelseledamöter och, i förekommande fall, antalet revisorer och revisorssuppleanter;
11. fastställande av arvoden åt styrelsen och revisorerna;
12. val av styrelseledamöter, styrelseordförande, och, i förekommande fall, revisorer och revisorssuppleanter; och
13. annat ärende som ankommer på bolagsstämman enligt aktiebolagslagen eller bolagsordningen.

The following business shall be addressed at annual shareholders' meetings:

1. *election of a chairman of the meeting;*
2. *preparation and approval of the voting list;*
3. *approval of the agenda;*
4. *election of one or two persons who shall approve the minutes of the meeting;*
5. *determination of whether the meeting was duly convened;*
6. *submission of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group;*
7. *resolutions regarding the adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;*
8. *resolutions regarding allocation of the company's profits or losses in accordance with the adopted balance sheet;*

9. *resolutions regarding discharge of the members of the board of directors and the managing director from liability;*
10. *determination of the number of members of the board of directors and, where applicable, the number of auditors and deputy directors;*
11. *determination of fees for members of the board of directors and auditors;*
12. *election of the members and the chairman of the board of directors, and, where applicable, auditors and deputy auditors; and*
13. *other matters which are set out in the Swedish Companies Act or the company's articles of association.*

13 § Avstämningsförbehåll / Record day provision

Den aktieägare eller förvaltare som på avstämningsdagen är införd i aktieboken och antecknad i ett avstämningsregister enligt 4 kapitlet lagen (1998:1479) om kontoföring av finansiella instrument eller den som är antecknad på avstämningskonto enligt 4 kapitlet 18 § första stycket, punkterna 6-8 nämnda lag skall antas vara behörig att utöva de rättigheter som följer av 4 kapitlet 39 § aktiebolagslagen (2005:551).

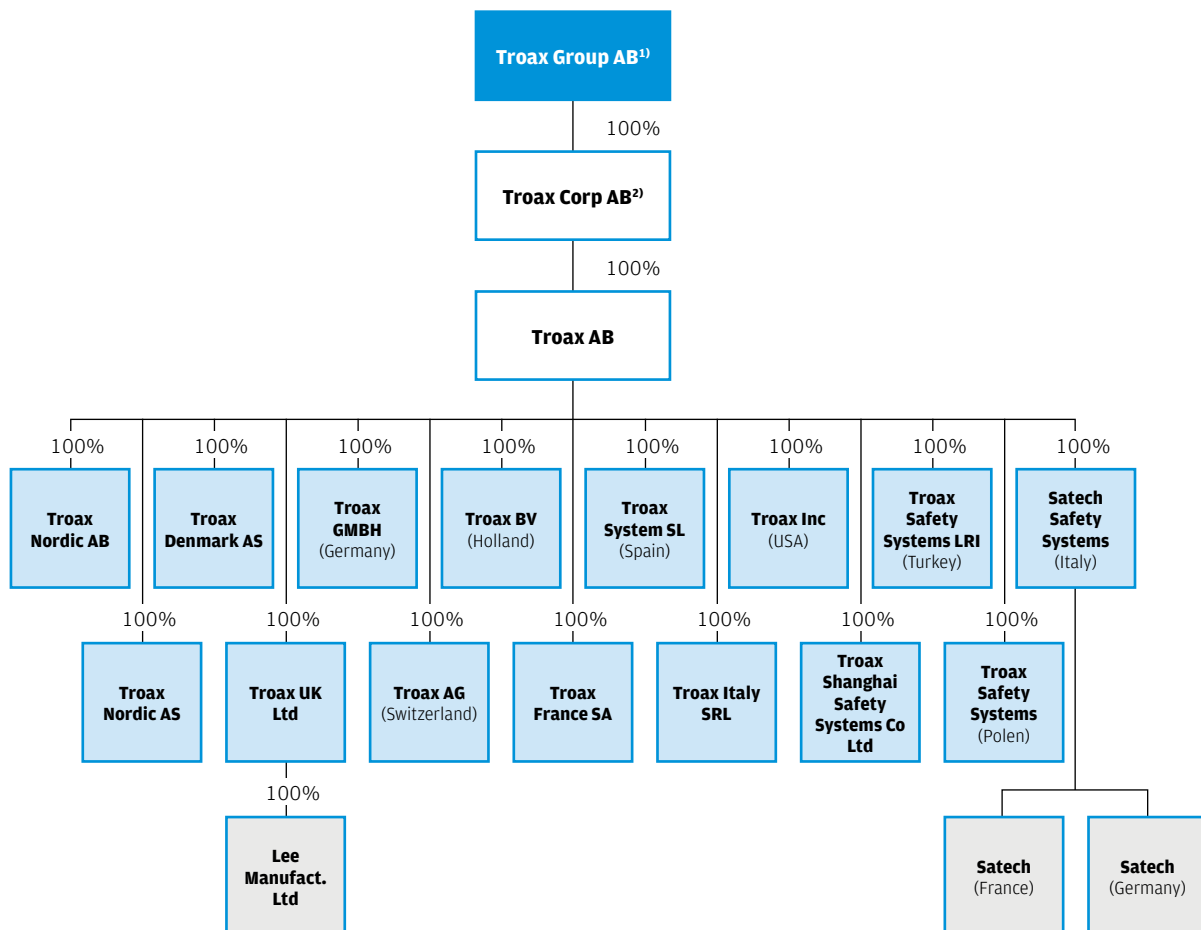
The shareholder or nominee who at the stipulated record day is entered in the share ledger and noted in the list of shareholders in accordance with Chapter 4 of the Swedish Financial Instruments Act (1998:1479) or if the person is noted in a record account in accordance with Chapter 4, Section 18, Paragraph 1, 6-8 of said Act, will be assumed to be entitled to exercise the rights stated in Chapter 4, Section 39 of the Swedish Companies Act (2005:551).

Legal considerations and supplementary information

Legal group structure

The Company's business is conducted in accordance with the Swedish Companies Act (SFS 2005:551). The parent company Troax Group AB (publ)¹⁾ (registration number 556916-4030) is a Swedish public limited liability company which was registered with the Swedish Companies Registration Office on 20 December 2012. The Company's registered office is situated in Jönköpings län, Gnosjö kommun, Sweden.

The Company is currently the parent company of 20 wholly-owned subsidiaries.



1) The Annual General Meeting resolved on 4 March 2015 to adopt the name Troax Group AB (publ). The name will be registered with the Swedish Companies Registration Office in connection with the listing.

2) The Annual General Meeting resolved on 4 March 2015 to adopt the name Troax Corp AB (publ). The name will be registered with the Swedish Companies Registration Office in connection with the listing of Troax.

Material agreements etc.

General information regarding customer and supplier agreements

Troax's customer and supplier agreements relates to Troax's ordinary course of business. The Group operates in different business areas in different geographical locations and has a large number of customers. The Group generally has strong, and often long-term, relationships with its suppliers. Troax does not consider the Group to be dependent on any particular customer agreement (no single customer accounts for more than 5 percent of consolidated revenue), although income from an individual customer can be significant. Customer and supplier agreements are generally entered on terms that are standard for the industry including a product guarantee valid for five years and reference is often made to general standard terms applicable to sales to customers.

Troax's customer and supplier agreements relate to the Company's ordinary course of business and mainly include contracts related to customer orders and procurement of input goods. The Group conducts activity in different business areas in several geographic regions. The Company has a large number of customers and is not deemed to be dependent on any single customer agreement. In 2014, no single customer accounted for more than five (5) percent of Group revenues. The Group in general has strong and often long-term relationships with its suppliers where Troax inputs consist mainly of standardized products used in a wide range of industries and markets. Troax does not believe that the Group is dependent on any specific supplier agreements, considering that there are several alternative suppliers of important inputs. Customer and supplier agreements are normally negotiated on standard terms and conditions as applicable in each geographic region. Products are normally subject to a product warranty which is applicable for five years, even if local deviations may occur.

Acquisition of Satech Safety Technology S.p.A.

On 17 June 2014, Troax completed the acquisition of Satech Safety Technology S.p.A. (registration number 00765000146), a private limited liability company (It. società per aziono) duly incorporated under the laws of Italy. Satech Safety Technology S.p.A. was first registered on 4 April 2000 and has its headquarters and a production facility in Calco, Italy. Through the acquisition, the Company acquired a market leader in Italy within modular protection systems for industrial machinery, adding a product offering consisting of machine guarding and portioning walls as well as fall prevention products and other accessories.

Merger of subsidiary

On 8 August 2013 the Group completed the merger of a former subsidiary of the Group in accordance with the rules in Chapter 23 of the Swedish Companies Act (SFS 2005:551). By way of the merger the former subsidiary, Troax Group AB (registration number 556823-2531), was absorbed into a newly formed company, Foil AcqCo AB (corporate 556916-4048). The outcome of the merger was that all assets, liabilities and obligations of the former subsidiary were transferred to the newly formed company. Following the merger, Foil AcqCo AB decided to change the company name to Troax Group AB. The merger was a step in achieving a certain ownership structure in connection with an earlier change of ownership.

Senior Secured Callable Floating Rate Bond

On 12 June 2014, Troax Corp issued Bond Loan with floating rate 2014/2020. The aggregate amount of the Bond Loan is up to EUR 100,000,000, each bond with a nominal amount of EUR 100,000. As of the date of this Offering Circular, Troax Corp AB has issued Bonds to a nominal amount of EUR 66,197,000. The interest rate comprises a floating rate of EURIBOR (3 months) plus 5.50 percent per annum which is paid on 12 March, 12 June, 12 September and 12 December. As collateral for the Bonds Troax has pledged the shares of Troax AB, its rights under an intercompany loan to Troax AB and an escrow account.

On 30 January 2015, the terms & conditions of the Bond Loan were amended to the effect that Troax Corp may pursue value transfers to Troax, which allows for dividends to shareholders provided that, *inter alia*, Troax Corp has made a MEUR 10 amortization under the Bond Loan to the bondholders. The board of directors of the Company intend to make such repayment prior to the end of 2015. For more information see "*Capitalization, indebtedness and other financial information—Capital structure in connection with the listing*" and "*Share capital and ownership structure—Dividend restrictions under Troax Corp's outstanding Bond Loan*".

Intellectual property

The Company's ambition is to register and actively work to protect their brands and names in the jurisdictions where Troax currently conducts business. Troax's intellectual property rights are handled centrally. The Group's primary intellectual property rights are trademarks, the most important of which is "Troax" and is protected in the majority of the jurisdictions in which the Company operates. In addition the trademark "Satech" is important in the Italian market. The Company also holds certain patents and community design registrations which are mainly related to the mounting system for panels (Rapid Fix) , brackets and fasteners. Troax does not consider any of the patents to be material for the Company's business.

Disputes

The Company is not, and has not been, party to any legal or arbitration proceedings during the last 12 months which may have, or have had, significant effects on the Company's or the Group's financial condition or profitability. However, there is a potential environmental issue that is further described in this Offering Circular. See "*Risk factors—Troax is exposed to environmental risks and could be liable for historical operations on the main production property in Hillerstorp*".

Insurance

The Group has insurance against covering (i) general and products liability; (ii) property and business interruption; (iii) contractor all risk policy; (iv) fidelity guarantee insurance; (v) directors' and officers' liability; (vi) marine cargo; and (vi) business travel.

The Company considers its insurances to be in line with those of other companies in the same business and that they are sufficient for the risks normally associated to the Company's business. However, there is no assurance that the Company will not suffer losses not covered by insurances.

Placing agreement

According to the terms of an agreement on placing of shares which is intended to be signed on or around 26 March 2015 between the Company, the Joint Bookrunners, FSN and certain other selling shareholders (the “**Placing agreement**”), the Principal Owner undertakes to divest 53.6 percent of the shares in the Company to the purchasers indicated by the Joint Bookrunners, or if the Joint Bookrunners fail to indicated purchasers, they have undertaken to themselves acquire the shares comprised by the Offering. The Principal Owner also intends to grant an Over-allotment option, whereby it pledges at the request of the Joint Bookrunners at the latest 30 days from the first day of trading in the Company’s shares to divest an additional maximum of 15 percent of the shares, corresponding to approximately 8 percent of the total number of shares in the Company. The Over-allotment Option may only be exercised in order to cover possible over-allotments within the framework of the Offering.

Through the Placing agreement, the Company makes customary representations and warranties to the Joint Bookrunners, primarily in relation to the information in the Offering Circular being correct, the Offering Circular and the Offering fulfilling requirements in laws and regulation and that there are no legal, or other, hindrances for the Company to enter into the agreement or for the completion of the Offering. Pursuant to the Placing agreement, the Mangers’ commitment to indicate purchasers to or, if the Joint Bookrunners fail to do so, themselves acquire the shares comprised by the Offering is conditional upon, among other things, the representations and warranties that the Company and the Principal Owner are correct. Under the Placing agreement, the Company will, subject to customary qualifications, undertake to indemnify the Joint Bookrunners against certain claims under certain conditions.

Through the Placing agreement, the Principal Owner undertakes, with customary conditions, not to sell its shares during the lock-up period (see further in section “*Share capital and ownership structure—Lock up-arrangements, etc.*”). Under the Placing agreement, the Company also undertakes, not to (i) issue, offer, pledge, sell, undertake to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements which wholly or partly assign financial risk associated with ownership of the Company to another party prior to 180 days at the earliest after the date when trading starts on Nasdaq Stockholm. The Joint Bookrunners may, however, grant exemptions from these limitations.

Stabilization

In connection with the Offering, the Joint Bookrunners may effect transactions aimed at supporting the market price of the shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. The Joint Bookrunners are, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at

levels above the price in the Offering. Within one week of the end of the stabilization period, the Joint Bookrunners will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

Related party transactions

None of the Company’s total purchases charged to operating profit relates to transactions with other companies within the Group. Within the Group, there are certain internal sales, see note 29 on page F-41 for more information. Related party transactions are also reported in note 6 on page F-25 regarding employees, personnel expenses and fees to the board of directors. Related party transactions are made on terms equivalent to those that prevail in arm’s length transactions.

Interests of advisors

The Joint Bookrunners provide financial advisory and other services to the Company and the Principal Owner in connection with the Offering, for which they will receive a commission from the Principal Owner equal to 3.25 percent of the gross proceeds of the shares sold in the Offering. In addition, the Principal Owner may choose to pay to the Joint Bookrunners a discretionary fee, the amount and allocation of which is to be determined on the first day of trading in the Company’s shares on Nasdaq Stockholm, equal to most 1.0 percent of the gross proceeds of the shares sold in the Offering. The total compensation received by the Joint Bookrunners is dependent on the success of the Offering. The Company will not pay any commission to the Joint Bookrunners.

From time to time, the Joint Bookrunners provide services in the ordinary course of business to the Principal Owner and parties affiliated to the Principal Owner in connection with other transactions.

Costs related to the Offering

In consideration of the Joint Bookrunners’ assistance in the Offering and the listing on Nasdaq Stockholm, the Joint Bookrunners will, subject to certain reservations, be reimbursed by the Company for external expenses incurred by them.

Troax’s costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to MSEK 9.4. Such costs primarily relate to costs for auditors, attorneys, printing of the Offering Circular, costs related to management presentations, etc. Troax will not receive any proceeds from the Offering.

Subscription undertakings

The Cornerstone Investors have on 12 March 2015 agreed with the Global Coordinator to acquire 6,020,000 and 1,980,000 shares in the Offering, respectively. The Cornerstone Investors will thereby, following completion of the Offering, each hold 30.1 percent and 9.9 percent of the number of shares and votes in the Company. Hence, the Offering is secured up to 64.9 percent (provided full exercise of the Over-allotment Option).

The Cornerstone Investors will not receive any compensation for their respective undertakings and the Cornerstone Investors’ investments are made on the same terms and conditions as for

other investors in the Offering. The Joint Bookrunners, the Principal Shareholder and the Company's board of directors deem the Cornerstone Investors' credit worthiness sound and that they will be able to meet their respective undertakings. The Cornerstone Investors undertakings are however not secured through a bank guarantee, blocked funds or pledge of collateral or similar arrangement. The Cornerstone Investors' undertakings are associated with certain conditions relating to, among other things, that a certain dispersion of the Company's shares is

achieved in connection with the Offering. In the event that any of these conditions are not fulfilled, there is a risk that the Cornerstone Investors do not fulfil their undertakings. Investment AB Latour, which will be the Company's largest shareholder at the listing date, has announced that the company will request that Troax's board of directors convenes an Extraordinary General Meeting after the listing to enable Investment AB Latour to propose board representatives.

Cornerstone Investors	Subscription undertaking (SEK)	Number of aktier	Address
Investment AB Latour	373,240,000-397,320,000	6,020,000	P.O. Box 336, SE-401 25 Göteborg, Sweden
Svolder AB	122,760,000-130,680,000	1,980,000	P.O. Box 70431, SE-107 25 Stockholm, Sweden
Total	496,000,000-528,000,000	8,000,000	

Description of Cornerstone Investors

Investment AB Latour

Investment AB Latour is a mixed investment company consisting primarily of wholly-owned industrial operations and an investment portfolio of listed holdings in which Latour is the principal owner or one of the principal owners. The investment portfolio consists of nine substantial holdings that had a market value of about SEK 31bn as of 31 December 2014. The wholly-owned industrial operations generated a turnover of approximately SEK 7.6bn in 2014.

Svolder AB

Svolder is a dedicated investment trust that invests in the shares of listed small and medium-sized Swedish companies. The company is located in central Stockholm with five employees. The company is since 1993 listed on Nasdaq Stockholm.

Documents available for inspection

Troax's (i) articles of association, and (ii) annual reports for the financial years 2011-2014, including auditors' reports, are available for inspection during office hours at the Company's head office at Tyngel, 330 33 Hillerstorp, Sweden. These documents are also available in electronic form on Troax's website, www.troax.com.

Tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only regarding the shares in the Company as from the admission for trading on Nasdaq Stockholm.

The summary does not cover:

- situations where shares are held as current assets in business operations;
- situations where shares are held by a limited partnership or a partnership;
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes);
- the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;
- the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (*Sw. investeraravdrag*);
- foreign companies conducting business through a permanent establishment in Sweden; or
- foreign companies that have been Swedish companies.

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend to some extent on the holder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the Company on Nasdaq Stockholm, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.

Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 percent.

Capital gains or losses equal the difference between the proceeds, after reduction for sales costs, and the purchase price. The aggregate purchase price for all shares of the same kind and class is divided on the number of shares. As an alternative rule, applicable on listed shares, the purchase price may be calculated to 20 percent of the proceeds, after reduction for sales costs.

Capital losses on listed shares may be fully offset against taxable capital gains the same year on shares, as well as on listed securities taxed as shares (however not mutual funds, (*Sw. värdepappersfonder*), or hedge funds, (*Sw. specialfonder*) or containing Swedish receivables only, (*Sw. räntefonder*)). Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Private individuals who own shares through investment savings account (*Sw. investeringssparkonto*) are not taxed on capital gain on sale or dividend on such shares. Consequently, losses are not deductible. Tax is levied on a standard income, based on an assessed capital value of the investment savings account multiplied with the government loan interest, regardless of whether the investment savings account bears profit or loss. The standard tax is imposed yearly and amounts to 0,27 percent of the assessed capital value during 2015.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 percent.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares.

A net capital loss on shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons, e.g. investment companies.

Shareholders with limited tax liability in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is 30 percent. The tax rate is, however, generally reduced through tax treaties for the avoidance of double taxation. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Shareholders not resident in Sweden for tax purposes—which are not conducting business through a permanent establishment in Sweden—are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties for the avoidance of double taxation.

Definitions

The terms defined below are used in the Offering Circular:

Troax, the Company or the Group	Troax Group AB (publ), the group in which Troax Group AB (publ) ¹⁾ is the parent company or a subsidiary of the group, as the context may require.
Troax Corp	Troax Corp AB (publ). ²⁾
Carnegie	Carnegie Investment Bank AB (publ).
FSN or the Principal Owner	FSN Capital III Limited Partnership, directly or indirectly through subsidiaries.
Global Coordinator	Carnegie.
Code	The Swedish Code of Corporate Governance.
EUR	Euro.
Euroclear Sweden	Euroclear Sweden AB.
Handelsbanken	Svenska Handelsbanken AB.
Joint Bookrunners	Carnegie and Handelsbanken.
Nasdaq Stockholm	The regulated market operated by Nasdaq Stockholm AB.
Offering	The offer as set out in this Offering Circular.
Offering Circular	This Offering Circular.
Offering price	The final offering price is expected to be determined within the range of SEK 62-66.
SEK	Swedish krona.
USD	US Dollar.
Swedish GAAP	The Annual Accounts Act (Sw. <i>Årsredovisninglagen (SFS (1995:1554))</i>) and general recommendations issued by Swedish Accounting Standards Board (Sw. <i>Bokföringsnämndens allmänna råd</i>) and FAR SRS.

1) The Annual General Meeting resolved on 4 March 2015 to adopt the name Troax Group AB (publ). The name will be registered with the Swedish Companies Registration Office in connection with the listing.

2) The Annual General Meeting resolved on 4 March 2015 to adopt the name Troax Corp AB (publ). The name will be registered with the Swedish Companies Registration Office in connection with the listing of Troax.

Audited consolidated annual accounts for the period 2011-2014

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2. Troax Group ABs (556916-4030) ²⁾ audited consolidated annual accounts for the years ending 31 December 2013 and 2014	F-13
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4. Report from independent auditor regarding the condensed financial reports–2013 and 2014	F-51

1) Troax Group AB, 556823-2531, was the parent company of the Group during the financial years 2011 and 2012.

2) Troax Group AB (publ) is the parent company of the Group since 31 January 2013, consequently the income and cash flow statement in the consolidated financial statement for 2013 only includes 11 months. For a presentation of the income statement and cash flow for 12 months for 2013, see note 3 on page F-21.

Audited consolidated annual accounts for the period 2011-2012, Troax Group AB, 556823-2531

CONSOLIDATED INCOME STATEMENT

SEK thousand	Note	2012	2011
Net revenue	2	624,498	549,035
Cost of goods sold	3	-381,778	-347,289
Gross earnings		242,720	201,746
Sales costs	3, 4	-104,763	-113,544
Administration costs	3, 5	-38,075	-41,943
Other operating expenses		-	-180
Other operating income		4,491	1,814
Operating profit		104,373	47,893
Financial income		422	1,124
Financial expenses		-16,849	-20,795
Profit before tax		87,946	28,222
Tax	6, 7	-24,361	-13,474
Profit for the year		63,585	14,748

CONSOLIDATED BALANCE SHEET

SEK thousand	Note	2012-12-31	2011-12-31
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	8	150,342	158,193
Licenses	9	86	179
		150,428	158,372
<i>Tangible fixed assets</i>			
Buildings and land	10	20,986	24,293
Plant and Equipment	11	47,764	57,807
Equipment, tools, fixtures and fittings	12	7,936	8,878
Construction in progress and advance payments	13	3,275	245
		79,961	91,223
<i>Financial assets</i>			
Other long-term securities	14	363	364
Other long-term receivables	15	3,034	2,733
		3,397	3,097
Total non-current assets		233,786	252,692

CONSOLIDATED BALANCE SHEET *cont.*

SEK thousand	Note	2012-12-31	2011-12-31
Current assets			
<i>Inventories</i>			
Raw materials and consumables		7,044	6,507
Work in progress		22,334	19,977
Finished goods		11,574	13,133
		40,952	39,617
<i>Current receivables</i>			
Trade receivables		110,536	91,839
Other current receivables		6,454	3,974
Tax receivables		231	1,788
Prepayments and accrued income	16	5,416	4,679
		122,637	102,280
<i>Cash and cash equivalents</i>			
		48,160	78,347
Total current assets		211,749	220,244
Total assets		445,535	472,936
EQUITY AND LIABILITIES			
Equity			
	17		
Share capital		1,000	1,000
Retained earnings		82,501	68,088
Profit for the year		63,585	14,748
Total equity		147,086	83,836
Provisions			
Provisions for pensions and similar provisions	18	18,094	17,128
Deferred taxes		11,645	10,036
Other provisions		701	140
Total provisions		30,440	27,304
Long-term liabilities			
Liabilities to Group companies		30,013	117,236
Liabilities to credit institutions	19	115,622	115,622
Other long-term liabilities		-	29,079
Total long-term liabilities		145,635	261,937
Short-term liabilities			
Overdrafts		1,606	3,833
Accounts payable		43,510	34,856
Tax liabilities		18,214	5,284
Other short-term liabilities		12,698	12,990
Accrued expenses and deferred income	20	46,346	42,896
Total short-term liabilities		122,374	99,859
Total equity and liabilities		445,535	472,936
Pledged securities			
		None	None
Contingent liabilities	21	115,924	115,908

CASH FLOW ANALYSIS FOR THE GROUP

SEK thousand	2012	2011
Operating activities		
Operating profit before financial items	104,373	47,908
Depreciation and amortization	24,865	26,372
Other items not included in cash flow	92	3,457
Interest received	422	1,124
Interest paid	-16,849	-20,795
Tax paid	-6,922	-5,942
	105,981	52,124
Increase/reduction in inventories	-1,335	12,676
Increase/reduction in trade receivables	-18,697	1,135
Increase/reduction in other current receivables	-3,217	1,622
Increase/reduction in accounts payable	8,654	-6,915
Increase/reduction in other short-term liabilities	3,158	4,599
Cash flow from operating activities	94,544	65,241
Investment activities		
Investments in property, plant and equipment	-5,928	-1,923
Sales of property, plant and equipment	26	1,874
Investments in other financial assets	-300	-32
Cash flow from investing activities	-6,202	-81
Financing activities		
Raised loans	-	9,828
Repayment of debt	-116,302	-14,135
Group contribution received	-	-9,351
Increase/reduction in short-term financial liabilities	-2,227	-
Cash flow from financing activities	-118,529	-13,658
Cash flow for the year	-30,187	51,502
Cash and cash equivalents at the start of the year	78,347	26,845
Cash and cash equivalents at the end of the year	48,160	78,347

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	2012	2011
Net revenue	2	8,637	2,017
Gross earnings		8,637	2,017
Administration costs	3, 5	-10,301	-2,772
Other operating expenses		-170	-27
Operating profit		-1,834	-782
Earnings from financial items			
Other interests income and similar earnings items		4,363	7,639
Interest expenses and similar earnings items		-16,241	-19,532
Total earnings from financial items		-11,878	-11,893
		-13,712	-12,675
Tax on profit for the year	6, 7	6,128	2,630
Loss for the year		-7,584	-10,045

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	2012-12-31	2011-12-31
ASSETS			
Non-current assets			
<i>Non-current financial assets</i>			
Shares in group companies	22	236,435	236,435
Total non-current assets		236,435	236,435
Current assets			
<i>Short-term receivables</i>			
Receivables with group companies		-	94,956
Other short-term receivables		-	-
Prepayments and accrued income	16	118	-
		118	94,956
<i>Cash and bank</i>		183	838
Total current assets		301	95,794
Total assets		236,736	332,229
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		1,000	1,000
<i>Unrestricted equity</i>			
Retained earnings		81,285	74,158
Loss for the year		-7,584	-10,045
		73,701	64,113
Total Equity		74,701	65,113
Long-term liabilities			
Liabilities to credit institutions	19	115,622	115,623
Liabilities to Group companies		30,013	117,236
Other long-term liabilities		-	29,079
Total long-term liabilities		145,635	261,938
Short-term liabilities			
Accounts payable	19	36	-
Liabilities to Group companies		12,988	-
Other short-term liabilities		322	640
Accrued expenses and deferred income	20	3,054	4,538
Total short-term liabilities		16,400	5,178
Total equity and liabilities		236,736	332,229
Pledged securities	23	236,435	236,435
Contingent liabilities	21	115,622	115,623

Notes common to the Parent company and the Group

NOTE 1 Accounting and valuation principles

Troax Group AB's annual report has been prepared in accordance with the Annual Accounts Act (Sw. *SFS (1995:1554)*) and general recommendations issued by Swedish Accounting Standards Board (Sw. *Bokföringsnämndens allmänna råd*).

Consolidated financial statements

The consolidated financial statements include subsidiaries in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling influence.

Consolidated financial statements are prepared using the acquisition method, which means that the subsidiaries' equity at acquisition, determined as the difference in fair value between assets and liabilities, is fully eliminated. Thus, the group's shareholders' equity only includes the portion of the subsidiaries' equity that arose after the acquisition.

Companies acquired during the year are included in the consolidated accounts from the period after the acquisition.

Troax Group AB's foreign subsidiaries are classified as independent subsidiaries, the current method is applied for translating their accounts. This means that the foreign subsidiaries' assets and liabilities are translated at the closing rate. All items in the income statement are translated at the average annual rate. Translation differences are booked directly towards equity.

Intra-group profits are eliminated entirely.

In the parent company's financial statements, investments in subsidiaries are presented as acquisition costs less any impairment losses. Dividend from subsidiaries is only recognized if dividend is earned after the acquisition.

Foreign currencies

Assets and liabilities in foreign currencies are translated at the closing rate. In cases where hedging measures are taken, such as forward contracts, the forward rate is used. Transactions in foreign currency are translated using the transaction date and current rate.

Revenues

Revenues are recognized upon delivery of products to customers, in accordance with the terms of sale. Sales are reported after deduction of VAT and discounts. In the consolidated financial statements inter-company sales have been eliminated.

Income tax

Reported income tax includes tax payable or refundable for the current year, adjustments to prior years' taxes and changes in deferred tax.

All tax liabilities/assets are valued at nominal amounts and are based on tax rules and tax rates that have been resolved or announced and are therefore highly likely to be confirmed.

Items which are recognized in the income statement are also reported as related tax effects in the income statement. Tax effects of items which are recognized directly in equity are reported in equity.

Deferred tax is calculated using the balance sheet method on temporary differences arising between the tax bases of assets and liabilities. The temporary differences have mainly arisen

through depreciation of property, revaluation of long-term securities, derivative contracts, provisions for pensions and tax losses.

Deferred tax loss carryforwards or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset against future taxable profits. Deferred tax liabilities on temporary differences arising on investments in subsidiaries, branches, associates and interests in joint ventures are not reported in the consolidated financial statement example when the parent company in all cases can control the reversal of the temporary differences and it is not considered likely to reverse in foreseeable future.

In the parent company - because of the relationship between accounting and taxation - the deferred tax liability on untaxed reserves is reported as part of the untaxed reserves.

Intangible assets

Concessions, patents, licenses, trademarks and similar rights

Expenditure on acquired concessions, patents, licenses and trademarks are capitalized and amortized on a linear basis over its contractual useful life of 5 years. The amortization is included in the line item Cost of goods sold.

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the group's share of the acquired subsidiary's net assets at the acquisition date. The company believes that 20 years is a reasonable period for amortization of goodwill, considering future potential and cash flow. The growth that characterizes the industry is expected to accelerate further and the company's concepts have proven viable.

Non-current financial assets

Financial assets that are intended for long-term holding are accounted for at acquisition value. If a financial asset on the balance sheet date has a value that is lower than the book value, the asset is written down to this lower value if it can be assumed that the decline in value is permanent.

Non-current tangible assets

Tangible fixed assets are reported at acquisition value less depreciation. Expenses for improving the performance of assets, further to the original performance level, increases the reported asset value. Costs for repairs and maintenance are reported as expense. Certain borrowing costs are capitalized, see the section on borrowing costs.

Tangible assets are systematically depreciated over the asset's estimated useful life. When the depreciation amount is determined, where appropriate, the asset's residual value is considered.

Linear depreciation is used for all types of tangible assets. The following depreciation periods apply:

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

Leasing agreements

All leases, whether they are financial or operational, are recognized as rental agreements (operating leasing agreements). Leasing fees are expensed on a linear basis over the lease term.

Receivables

Receivables with maturities greater than 12 months after the balance sheet date are recognized as assets, others as current assets. Receivables are reported at the amount they, after individual testing, are expected to be paid.

Inventories

The value for inventories is calculated on a first-in, first-out (FIFO) basis and inventories are valued at acquisition cost or net sales value, whichever is less on the balance date. For own-produced goods, acquisition value includes a reasonable proportion of indirect costs.

Staff remuneration***Pension obligations***

The group's Swedish pension obligations are recognized in accordance with FAR SRS No. 4. The foreign subsidiaries' pension obligations are reported according to local regulations in each country.

The majority of the group's pension obligations are covered by insurances provided by insurance companies. Some minor pension obligations are not secured through insurance. The capital value of these is the present value of future obligations and is calculated on an actuarial basis. The capital value is recognized as a provision in the balance sheet. The interest portion of change in pension liability is recognized as a financial cost. Other pension costs are charged to operating profit.

Cash flow analysis

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions involving cash payments.

Cash and cash equivalents includes cash and bank balances, short-term financial investments that are subject to an insignificant risk of change in value, and

- are traded on an open market for known amounts, or
- have a remaining maturity of less than three months from the date of acquisition.

NOTE 2 Distribution of income

SEK thousand	Group		Parent company	
	2012	2011	2012	2011
Net sales by geographic markets as follows:				
The Nordics	178,048	167,021	8,637	2,017
Europe (excluding the Nordics)	426,055	351,747	-	-
Other markets	20,395	30,267	-	-
Total	624,498	549,035	8,637	2,017

NOTE 3 Employees

SEK thousand	Group		Parent company	
	2012	2011	2012	2011
Average number of employees				
Women	63	54	-	-
Men	265	247	3	2
Total	328	301	3	2
Pay, compensation, social security contributions and pensions				
Pay and remuneration to the Board of Directors and the CEO	-10,575	-10,101	-2,578	-1,040
Pay and remuneration to other employees	-114,658	-106,328	-2,901	-521
	-125,233	-116,429	-5,479	-1,561
Social security contributions according to law and agreements	-32,576	-29,775	-2,191	-494
Pension costs for the Board of Directors and the CEO	-1,735	-1,680	-622	-
Pension costs for other employees	-4,648	-3,963	-796	-
Total	-164,192	-151,847	-9,088	-2,055
Board and company management				
Number of Board members on the balance sheet day				
Men	3	3	3	3
Total	3	3	3	3
Number of CEOs and other senior executives				
Men	9	9	3	2
Total	9	9	3	2

NOTE 4 Operating lease expenses

SEK thousand	Group		Parent company	
	2012	2011	2012	2011
Leasing costs (excluding rent for premises)	-6,218	-5,879	-149	-

NOTE 5 Auditors' fees and costs

SEK thousand	Group		Parent company	
	2012	2011	2012	2011
PwC				
Audit duties	-275	-135	-25	-25
Other duties	-210	-129	-	-45
Total	-485	-264	-25	-70
Others				
Audit duties	-314	-431	-	-
Other duties	-408	-63	-	-
Total	-722	-494	0	0

NOTE 6 Tax on profit for the year

SEK thousand	Group		Parent company	
	2012	2011	2012	2011
Current tax for the year	-21,409	-5,942	-	-
Deferred tax (specified in note 7)	-2,952	-7,532	6,128	2,630
Total	-24,361	-13,474	6,128	2,630

NOTE 7 Deferred tax

SEK thousand	Group		Parent company	
	2012	2011	2012	2011
The difference between the income tax reported in the income statement and the income tax on operations consists of:				
deferred tax on group contribution received	-	-	6,128	2,630
deferred tax assets not utilized deficit	-	1,104	-	-
deferred tax liabilities on non-current assets	-171	-42	-	-
deferred tax on excess depreciation	-2,781	-8,594	-	-
	-2,952	-7,532	6,128	2,630

NOTE 8 Goodwill

SEK thousand	Group	
	2012	2011
Opening acquisition values	168,464	168,464
Closing cumulative acquisition values	168,464	168,464
Opening balance depreciation	-10,271	-
Depreciation on year	-7,929	-7,903
Reclassifications	-	-2,385
Translation differences	78	17
Closing cumulative depreciation	-18,122	-10,271
Closing residual value according to plan	150,342	158,193

NOTE 9 Concessions, patents, licenses, trademarks and similar rights

SEK thousand	Group	
	2012	2011
Opening acquisition values	405	405
Translation differences	-6	-
Closing cumulative acquisition values	399	405
Opening balance depreciation	-226	-
Depreciation on year	-87	-226
Closing cumulative depreciation	-313	-226
Closing residual value according to plan	86	179

NOTE 10 Buildings and land

SEK thousand	Group	
	2012	2011
Opening acquisition values	27,812	27,674
Acquisitions	348	118
Translation differences	-441	20
Closing cumulative acquisition values	27,719	27,812
Opening balance depreciation	-3,519	-
Depreciation on year	-3,489	-3,509
Translation differences	275	-10
Closing cumulative depreciation	-6,733	-3,519
Closing residual value according to plan	20,986	24,293

Book value of land in Sweden	1,546	1,546
Book value of buildings in Sweden	13,847	16,592
Tax value of buildings in Sweden	28,981	30,622
Tax value of land in Sweden	3,767	3,691

NOTE 11 Machinery and other technical facilities

SEK thousand	Group	
	2012	2011
Opening acquisition values	68,096	69,990
Translation differences	-455	178
Disposed of or scrapped	-40	-3,031
Investments in year	636	959
Closing cumulative acquisition values	68,237	68,096
Opening balance depreciation	-10,289	-
Disposed of or scrapped	14	1,157
Depreciation on year	-10,591	-11,286
Translation differences	393	-160
Closing cumulative depreciation	-20,473	-10,289
Closing residual value according to plan	47,764	57,807

NOTE 12 Equipment, tools, fixtures and fittings

SEK thousand	Group	
	2012	2011
Opening acquisition values	9,282	11,350
Translation differences	-687	51
Disposed of or scrapped	-230	-3,103
Investments in year	1,914	984
Closing cumulative acquisition values	10,279	9,282
Opening balance depreciation	-404	-
Disposed of or scrapped	230	3,103
Depreciation on year	-2,739	-3,448
Translation differences	570	-59
Closing cumulative depreciation	-2,343	-404
Closing residual value according to plan	7,936	8,878

NOTE 13 Construction in progress and advance payments for non-current tangible assets

SEK thousand	Group	
	2012	2011
Opening accrued expenses	245	383
Costs during the year	3,030	-
Reallocations during the year	-	-138
Closing accrued expenses	3,275	245

NOTE 14 Other long-term securities

SEK thousand	Group	
	2012	2011
Haga Industrihotell	308	308
Other items	55	56
Closing cumulative acquisition values	363	364

NOTE 15 Other long-term receivables

SEK thousand	Group	
	2012	2011
Opening acquisition values	2,733	2,701
Change for the year	301	32
Closing cumulative acquisition values	3,034	2,733

NOTE 16 Prepaid expenses and accrued income

SEK thousand	Group		Parent company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Prepaid rent	724	442	-	-
Prepaid lease expenses	89	143	-	-
Accrued energy tax	340	295	-	-
Prepaid insurance premiums	248	587	-	-
Other items	4,015	3,212	118	-
Total	5,416	4,679	118	0

NOTE 17 Change in equity

SEK thousand	Share capital	Free reserves and profit for the year	Total equity
Equity 2012-01-01	1,000	82,836	83,836
Translation difference	-	-335	-335
Profit for the year	-	63,585	63,585
Equity 2012-12-31	1,000	146,086	147,086

SEK thousand	Share capital	Other non-restricted capital	Total equity
Equity 2012-01-01	1,000	64,113	65,113
Received Group contribution	-	23,300	23,300
Tax effect from group contribution	-	-6,128	-6,128
Profit for the year	-	-7,584	-7,584
Equity 2012-12-31	1,000	73,701	74,701

The share capital consists of 1,000 shares.

NOTE 18 Provisions for pensions and similar obligations

SEK thousand	Group	
	2012	2011
Provisions for FPG / PRI pensions	15,078	14,284
Other	3,016	2,844
Total	18,094	17,128

NOTE 19 Borrowings

SEK thousand	Group		Parent company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Interest-bearing liabilities				
<i>Long-term liabilities</i>				
Liabilities to credit institutions	115,622	115,623	115,622	115,623
Liabilities to Group companies	30,013	117,236	30,013	117,236
Other liabilities	-	29,079	-	29,079
Total interest-bearing liabilities	145,635	261,938	145,635	261,938
Maturities				
<i>The portion of long term debt maturing later than five years after the balance sheet date</i>				
Liabilities to Group companies	-	117,236	-	117,236
Total	0	117,236	0	117,236

NOTE 20 Accrued expenses and deferred income

SEK thousand	Group		Parent company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Accrued interest expense	169	2,698	169	2,698
Accrued salaries	10,010	9,517	1,185	885
Accrued vacation pay	11,493	10,663	653	436
Accrued social security contributions	9,473	7,176	969	494
Other items	15,201	12,842	78	25
Total	46,346	42,896	3,054	4,538

NOTE 21 Contingent liabilities

SEK thousand	Group		Parent company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Guarantees	302	286	-	-
Other contingent liabilities	115,622	115,622	115,622	115,623
Total contingent liabilities	115,924	115,908	115,622	115,623

NOTE 22 Shares in subsidiaries

SEK thousand	2012-12-31	2011-12-31
Opening acquisition values	236,435	236,435
Change for the year		
Closing cumulative acquisition values	236,435	236,435

Specification	Registration number	Headquarters	Capital-voting rights	Book value
Troax AB	556093-5719	Gnosjö	100%	236,435
Troax Sverige AB	556053-0809	Gnosjö	100%	
Troax UK Ltd	1 707 609	Swindon	100%	
Troax Lee Manufact. Ltd, England	2 565 032	Swindon	100%	
Troax Italy SRL	1 186 792 156	Genova	100%	
Troax Schweiz, AG	2 039 146 499	Altendorf	100%	
Troax Inc	27-1496374	Nashville	100%	
Gunnebo Troax A/S	923 798 439	Oslo	100%	
Troax SA	351 485 388	Chambéry	100%	
Troax BV	28 044 491	Lisse	100%	
Troax Gmbh	HRB18817	Niedernhausen	100%	
Troax Shanghai System	310 000 400 675 457	Shanghai	100%	
Troax Denmark A/S	37 515 914	Ishøj	100%	
Troax Systems SL	B62914163	Barcelona	100%	
				236,435

NOTE 23 Pledged securities

SEK thousand	Group		Parent company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
For own provisions and liabilities				
Shares in subsidiaries	-	-	236,435	236,435
Total own liabilities and provisions	0	0	236,435	236,435
Total pledged securities	0	0	236,435	236,435

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CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Net revenue	2	84,538	64,361
Cost of goods sold		-49,858	-38,525
Gross earnings		34,680	25,836
Other operating income	4	386	121
Sales costs		-14,610	-11,434
Administration costs		-5,967	-6,813
Other operating expenses	5	-696	-924
Operating profit	6, 7, 8, 24, 32	13,793	6,786
Financial income		52	102
Financial expenses		-3,555	-4,253
Net financial income/expenses	9, 32	-3,503	-4,151
Profit before tax		10,290	2,635
Tax	10	-1,572	-925
Profit for the year		8,718	1,710
Earnings per share	19		
before dilution (EUR)		5.94	-1.02
after dilution (EUR)		5.94	-1.02

STATEMENT OF (TOTAL) COMPREHENSIVE INCOME FOR THE GROUP

EUR thousand	Note	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Profit for the year		8,718	1,710
Other (total) comprehensive income	18		
Items that have been translated or can be translated to profit for the year			
Translation differences during the year		-4,710	-1,177
Tax attributable to items that have been translated or can be translated to profit for the year		-21	-24
		-4,731	-1,201
Items that cannot be translated to profit for the year			
Revaluations of defined benefit pension plans		-591	36
Tax attributable to items that cannot be translated to profit for the year		130	8
		-461	44
Other (total) comprehensive income for the year		-5,192	-1,157
(Total) Comprehensive income for the year		3,526	553

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	31/12/2014	31/12/2013
Assets	3, 32		
Intangible assets	11	80,698	64,389
Property, plant and equipment	12	15,599	16,970
Non-current financial assets	13	464	2,441
Total non-current assets		96,761	83,800
Inventories	14	6,518	4,907
Trade receivables	15	17,556	10,851
Prepayments and accrued income	16	1,230	485
Other receivables	17	1,189	1,013
Cash and cash equivalents	30	13,174	15,462
Total current assets		39,667	32,718
Total assets		136,428	116,518
Equity	18, 19		
Share capital		531	506
Other contributed capital		38,552	44,803
Reserves		-5,932	-1,201
Unappropriated profits including profit for the year		10,011	1,754
Total equity		43,162	45,862
Liabilities	3, 32		
Long-term interest-bearing liabilities	20, 24	66,597	48,679
Pension provisions	21	4,663	3,434
Other provisions		111	79
Deferred tax liabilities	10	1,884	2,425
Total long-term liabilities		73,255	54,617
Short-term interest-bearing liabilities	20, 24	0	2,340
Trade payables		8,679	4,455
Tax liabilities	10	814	1,394
Other liabilities	22	2,950	1,952
Accrued expenses and deferred income	23	7,568	5,898
Total short-term liabilities		20,011	16,039
Total liabilities		93,266	70,656
Total equity and liabilities		136,428	116,518

Information regarding the group's investment actions, pledged securities and contingent liabilities, see notes 26 and 27.

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

EUR thousand	Note	Share capital	Other contributed capital	Reserves	Pension revaluation ¹⁾	Unappropriated profits including profit for the year	Total equity
Opening equity 31/01/2013		12	0	0	0	0	12
Adjustment for retrospective application/change							0
Adjusted equity 31/01/2013		12	0	0	0	0	12
(Total) Comprehensive income for the year							
(Total) Comprehensive income for the year						1,710	1,710
Other (total) comprehensive income for the year				-1,201	44		-1,157
(Total) Comprehensive income for the year		0	0	-1,201	44	1,710	553
Transactions with the Group's owners							
Dividends							0
New issues		494	44,803				45,297
Total transactions with the Group's owners		494	44,803	0	0	0	45,297
Closing equity 31/12/2013		506	44,803	-1,201	44	1,710	45,862

EUR thousand	Note	Share capital	Other contributed capital	Reserves	Pension revaluation ¹⁾	Unappropriated profits including profit for the year	Total equity
Opening equity 01/01/2014		506	44,803	-1,201	44	1,710	45,862
Adjustment for retrospective application/change							0
Adjusted equity 01/01/2014		506	44,803	-1,201	44	1,710	45,862
(Total) Comprehensive income for the year							
Profit for the year						8,718	8,718
Other (total) comprehensive income for the year				-4,731	-461		-5,192
(Total) Comprehensive income for the year		0	0	-4,731	-461	8,718	3,526
Transactions with the Group's owners							
Share issues		94	-94				0
Injection from and value transfer to owners							
New issue			34				34
Issue against subscription		23	3,596				3,619
Reduction in share capital for repayment to owners		-92	-9,787				-9,879
Total injections from and value transfers to owners		25	-6,251	0	0	0	-6,226
Total transactions with the Group's owners		25	-6,251	0	0	0	-6,226
Closing equity 31/12/2014		531	38,552	-5,932	-417	10,428	43,162

1) The item is part of the unappropriated profit in the balance sheet

CASH FLOW ANALYSIS FOR THE GROUP

EUR thousand	Note	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Operating activities	30		
Operating profit before financial items		13,793	6,786
Adjustment for items not included in cash flow		2,419	2,515
Interest received		33	47
Interest paid		-3,264	-2,299
Income tax paid		-2,550	-916
Cash flow from operating activities before changes in working capital		10,431	6,133
Cash flow from changes in working capital			
Increase/reduction in inventories		-694	552
Increase/reduction other short-term liabilities		-1,539	2,722
Increase/reduction other short-term operating liabilities		3,098	615
Cash flow from operating activities		11,296	10,022
Investment activities			
Investments in property, plant and equipment		-1,967	-650
Acquisition of other intangible assets		-515	-11
Acquisition of operations, net impact on cash and cash equivalents	3	-19,014	-68,487
Investment in non-current financial assets		1,996	-1,828
Disposal of subsidiaries/operations, net impact on cash and cash equivalents		1,301	-
Cash flow from investment activities		-18,199	-70,976
Financing activities			
New issues		34	45,297
Repurchase of own shares		-9,879	0
Raised loans		70,000	52,000
Amortisation of loans		-54,513	-19,615
Cash flow from financing activities		5,642	77,682
Cash flow for the year		-1,261	16,728
Cash and cash equivalents at the start of the year		15,462	12
Exchange rate differences in cash and cash equivalents		-1,027	-1,278
Cash and cash equivalents at the end of the year		13,174	15,462

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	01/01/2014- 31/12/2014	2012-12-20- 31/12/2013
Net revenue		0	0
Gross earnings		0	0
Administration costs		-9,553	-577
Other operating expenses	5	-12	-1,314
Operating profit	6, 7	-9,565	-1,891
<i>Earnings from financial items</i>			
Other interest income and similar earnings items		20,065	642
Interest expenses and similar earnings items		-2,510	0
Total earnings from financial items	9	17,555	642
Earnings after financial items		7,990	-1,249
Balance sheet provisions		-8,000	0
Profit before tax		-10	-1,249
Tax on profit for the year	10	2	275
Loss for the year		-8	-974

STATEMENT OF (TOTAL) COMPREHENSIVE INCOME FOR THE PARENT COMPANY

SEK thousand	Note	01/01/2014- 31/12/2014	2012-12-20- 31/12/2013
Profit for the year		-8	-974
Other (total) comprehensive income for the year		0	0
Other (total) comprehensive income for the year		-8	-974

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	31/12/2014	31/12/2013
ASSETS			
Non-current assets			
Non-current financial assets			
Shares in group companies	28	74,159	41,236
Other long-term receivables	13	0	17,886
Deferred tax receivables	10	277	275
Total non-current financial assets		74,436	59,397
Total non-current assets		74,436	59,397
Current assets			
Short-term receivables			
Receivables with group companies		360,178	331,227
Tax receivables	10	0	0
Other short-term receivables	17	172	0
Total short-term receivables		360,350	331,227
Cash and bank		485	131
Total current assets		360,835	331,358
Total assets		435,271	390,755

SEK thousand	Note	31/12/2014	31/12/2013
EQUITY AND LIABILITIES			
Equity			
18			
<i>Restricted equity</i>			
Share capital		4,756	4,523
<i>Unrestricted equity</i>			
Share premium reserve		329,846	386,715
Unappropriated earnings		-974	0
Loss for the year		-8	-974
Total equity		333,620	390,264
Short-term liabilities			
Trade payables		113	0
Liabilities to group companies		93,228	491
Prepayments and accrued income		8,310	0
Total short-term liabilities		101,651	0
Total equity and liabilities		435,271	390,755

PLEGGED SECURITIES AND CONTINGENT LIABILITIES FOR THE PARENT COMPANY

SEK thousand	Note	31/12/2014	31/12/2013
Pledged securities	27	0	59,123
Contingent liabilities	27	44,085	320,696

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

SEK thousand	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Profit for the year		
Opening equity 20/12/2012	100	0	0		100
Adjustment for retrospective application/change					0
Adjusted equity 20/12/2012	100	0	0		100
(Total) Comprehensive income for the year					0
Profit for the year			-974		-974
Other (total) comprehensive income for the year					0
(Total) Comprehensive income for the year	0	0	-974		-974
New issues	4,423	386,715			391,138
Closing equity 31/12/2013	4,523	386,715	-974		390,264

SEK thousand	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Profit for the year		
Opening equity 01/01/2014	4,523	386,715	-974		390,264
Adjustment for retrospective application/change					0
Adjusted equity 01/01/2014	4,523	386,715	-974		390,264
(Total) Comprehensive income for the year					0
Profit for the year			-8		-8
Other (total) comprehensive income for the year					0
(Total) Comprehensive income for the year	0	0	-8		-8
Share issues	856	-856			0
Reduction in share capital for repayment to shareholders	-836	-89,028			-89,864
New issues	2	305			307
Issue against subscription	211	32,710			32,921
Adjusted equity 31/12/2014	4,756	329,846	-982		333,620

CASH FLOW ANALYSIS FOR THE PARENT COMPANY

SEK thousand	Note	01/01/2014- 31/12/2014	20/12/2012- 31/12/2013
Operating activities	30		
Operating profit before financial items		-9,565	-1,891
Interest received		20,065	642
Interest paid		-2,510	0
Income tax paid		0	100
Cash flow from operating activities before changes in working capital		7,990	-1,149
Cash flow from changes in working capital			
Increase/reduction in operating receivables		-11,828	-348,622
Increase/reduction in operating liabilities		93,650	0
Cash flow from operating activities		89,812	-349,771
Investment activities			
Acquisition of subsidiaries		0	-41,237
Cash flow from investment activities		0	-41,237
Financing activities			
New issues		307	391,138
Repurchase of own shares		-89,864	0
Cash flow from financing activities		-89,557	391,138
Cash flow for the year		255	130
Cash and cash equivalents at the start of the year		130	0
Cash and cash equivalents at the end of the year		385	130

Notes common to the Parent Company and the Group

NOTE 1 Accounting and valuation policies

(a) Compliance with standards and laws

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the EU. 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 other than where stated below under the section "Parent company accounting policies".

The annual report and consolidated financial statements were approved for preparation by the Board of Directors and President and CEO on 12 February 2012. The consolidated income statement and statement of (total) comprehensive income and the consolidated balance sheet, plus the income statement and balance sheet for the parent company will be presented for adoption at the Annual General Meeting on 4 March 2015.

(b) Bases for assessment applied when drawing up the financial statements

Assets and liabilities are recognised at historical acquisition value, except for certain financial assets and liabilities that are valued at fair value. Financial assets and liabilities that are valued at fair value consist of derivative instruments.

(c) Functional currency and accounting currency

The parent company's accounting currency is Swedish kronor. However, the group's presentation currency is euro. This means that the financial statements for the parent company have been presented in SEK, while the consolidated financial statements are presented in EUR. All amounts are, unless otherwise stated, rounded to the nearest thousand.

(d) Judgments and estimates in the financial statements

Preparing the financial statements in accordance with IFRS requires the company management to make judgments and estimates and to make assumptions that impact the application of the accounting policies and the recognised amounts for assets, liabilities, income and expenses. Actual earnings may deviate from these estimations and judgments.

The estimates and assumptions are reviewed regularly. Changes to estimates are recognised in the period the change takes place if the change only affects this period, or in the period that the change was made and future periods if the change affects both the current and future periods.

Judgments made by the company management with the application of IFRS that have significant impact on the financial statements and estimates that may result in significant adjustments in the following year's financial statements are described in more detail in note 32.

(e) Changed accounting policies

(i) Transition to IFRS

The annual accounts for 2014 are the first financial statements that Troax has prepared in compliance with IFRS.

The timing of the transition to IFRS was 20 December 2012, which is also the timing of the establishment of the parent

company. Therefore no IFRS-compliant opening balance sheet has been presented. The group was established on 31 January 2013 when the parent company purchased 100% of the shares in Troax Group AB. The comparison figures for the period 20 December 2012 to 31 December 2013 have been recalculated in accordance with IFRS. A description of the effects of this recalculation is available in note 32.

(ii) New IFRS that have not been applied

A number of new or changed standards and interpretations in IFRS will enter into force during the next financial year, and have not been applied in advance during the preparation of these financial statements. New additions or changes with future application are not planned for advance application. No changes to IFRS with future application are judged to have significant effect on the group's reporting.

(f) Classification

Non-current assets and long-term liabilities essentially consist of amounts that are expected to be retrieved or repaid after more than 12 months, calculated from the balance sheet date. Current assets and short-term liabilities essentially consist of amounts that are expected to be retrieved or repaid within 12 months, calculated from the balance sheet date.

(g) Operating segment reporting

An operating segment is a part of the group that operates business activities from which it can generate income and incur costs, and for which independent financial information is available. Earnings from an operating segment are also followed up by the company's highest decision maker in order to assess earnings and to be able to allocate resources to the operating segment. See note 2 for more details of the structure and presentation of operating segment.

(h) Consolidation principles and operating acquisitions

Subsidiaries are companies in which Troax Holding AB has a controlling interest. Troax Holding AB has a controlling interest if it has an interest in the investment object, is exposed to or entitled to variable returns from its commitments and can exercise its influence over the investment to influence the return. When deciding whether there is a controlling influence, one considers potentially voting shares and whether one has de facto control.

Subsidiaries are reported by the acquisition method. This method means that acquiring a subsidiary is regarded as a transaction whereby the group acquires that subsidiary's assets and assumes its liabilities indirectly. The acquisition analysis establishes the fair value of the identifiable assets of the company acquired and its liabilities assumed and minority interests if any. Transaction costs that arise are reported directly in profit for the year.

For operating acquisitions where the payment made exceeds the fair value of the assets acquired and liabilities assumed, the difference is reported as goodwill.

Intra-group receivables and liabilities, income and costs and unrealised profits or losses arising from intra-group transactions between group companies are eliminated completely when producing consolidated financial statements.

(i) Foreign currencies**(i) Transactions in foreign currencies**

Transactions in foreign currencies are converted to the functional currency at the exchange rate current on the transaction date. The functional currency is the currency in the primary economic environments in which the company does business. Cash assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate on the balance sheet date. Exchange rate differences that arise in conversions are reported in profit for the year. Non-cash assets and liabilities stated at historical acquisition value are converted at the exchange rate as at the transaction date. Non-cash assets and liabilities stated at fair value are converted to the functional currency at the rate prevailing at the time they are valued at their fair value.

(ii) Foreign business activities' financial statements

Assets and liabilities in foreign business activities, including goodwill and other group unrealised gains and losses, are converted from foreign business activities' functional currencies to the group presentation currency (euros) at the exchange rate on the balance sheet date. Foreign business activities' income and costs are converted to euros at an average rate which is an approximation of the exchange rates which applied on the transaction dates concerned. Conversion differences that arise when converting currencies of foreign business activities are reported in other (total) comprehensive income and accumulated in a separate component of equity called the conversion reserves. If we cease to have a controlling interest over a foreign business activity, the conversion differences attributable to that business activity are realised, and are then reclassified from the conversion reserves in equity to profit for the year.

(j) Product sales

The group's reported net sales are mainly income from sales of products. Net revenue is reduced by the value of discounts granted and goods returned where applicable. Income from product sales is reported as significant risks and benefits involved in owning those products are transferred to external parties, normally as deliveries are made to customers.

(k) Leasing

Costs associated with operational leasing agreements are reported in profits for the year on a straight line basis over the term of the lease. Benefits obtained in connection with signing contracts are reported in profits for the year as a reduction in leasing charges on a straight line basis over the term of the lease agreement. Variable costs are reported as a cost in the periods in which they arise.

(m) Financial income and costs

Financial income is interest income, exchange rate differences and other financial income.

Financial costs are mainly interest costs on loans, defined benefits pensions and exchange rate differences.

Exchange rate gains and losses are reported net.

(n) Taxes

Taxes on income are current and deferred tax. Taxes on income are reported in profits for the year except where underlying transactions are reported in other (total) comprehensive income

or in equity, with the associated tax effect being reported in other (total) comprehensive income or in equity.

Current tax is tax due or recoverable for the current year at the tax rates which are decided or decided in practice on the balance sheet date. Current tax also includes adjusting current tax attributable to previous periods.

Deferred tax is calculated by the balance sheet calculation method based on temporary differences between reported values of assets and liabilities and their value for tax purposes. Temporary differences are ignored in consolidated goodwill, as is the difference which arose when first reporting assets and liabilities that are not operating acquisitions which did not affect reported profits or profit for tax purposes at the time of the transaction. Temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be returned within the foreseeable future are ignored. How deferred tax is valued depends on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and rules which are decided or decided in practice as at the balance sheet date.

Deferred tax receivables for deductible temporary differences and shortfall deductions are only reported insofar as it is likely they can be used. The value of accrued tax claims is reduced if it is no longer thought likely that it can be used.

(o) Financial instruments

Financial instruments that are included in the report on the company's financial position include, on the assets side, cash and cash equivalents, trade receivables, other receivables, long-term securities held and derivatives. On the liabilities side, there are trade payables, loan liabilities and derivatives.

(i) Reporting in removal from the report on the company's financial position

Financial assets and liabilities are included in the report on the financial position when the company becomes a party according to the instrument's contractual conditions. Receivables are included if the company provided services and the counterparty is contractually liable to pay, even if an invoice has not yet been sent. Trade receivables are included in the report on the company's financial position once invoices have been sent. Liabilities are included once the counterparty has provided its services and there is a contractual liability to pay, even if an invoice has not yet been received. Trade payables are included when invoices are received.

Financial assets are removed from the report on the company's financial position when the rights under the contract are realised, lapse or the company loses control of them. The same applies to parts of financial assets. Financial liabilities are removed from the report on the financial position when the obligations under the contract are performed or are extinguished otherwise. The same applies to parts of financial liabilities.

Financial assets and liabilities are receipted and reported at a net amount in the report on the financial position only when there is a legal right to set off the amount and the intention is to settle the items with a net amount or realise assets and settle liabilities simultaneously.

Acquisitions and disposals of financial assets are reported on the transaction date. The transaction date is the date the company binds itself to acquire or dispose of the asset.

(ii) Classification and valuation

Financial instruments other than derivatives are reported initially at their acquisition value, equivalent to the instrument's fair value plus transaction costs for all financial instruments except those that belong to the category of financial assets which are reported at fair value via the results, which are reported at fair value excluding transaction costs. Financial instruments are classified when first reported amongst other things by the purpose for which they are acquired. How financial instruments are classified governs how they are valued after they are first reported as described below.

Cash and cash equivalents are cash funds.

Financial assets valued at fair value via results

This category is divided into two sub-groups: financial assets held for trading purposes, and other financial assets which the company opted to put in this category initially (using the 'fair value option'). Financial instruments in this category are valued on an ongoing basis at their fair value with changes to value reported in the profit for the year. The first sub-group includes derivatives with a positive fair value except derivatives that are identified and effective hedging instruments. The group does not have any instruments in the other sub-group.

Loan receivables and trade receivables

Loan receivables and trade receivables are financial assets which are not derivatives that have defined or definable payments and that are not listed on an active market. These assets are valued at accrued acquisition value. Accrued acquisition value is determined from the effective interest calculated at the time of acquisition. Trade receivables are reported at the amount that is expected to be received, i.e. less potential bad debts.

Financial liabilities valued at fair value via earnings

This category consists of two sub-groups: financial liabilities held for trading purposes and other financial liabilities which the company has opted to put in this category ('fair value option'), see description above under "Financial assets valued at fair value via earnings". The first category covers the group's derivatives with negative fair value. Changes to fair value are reported in profit for the year. The group does not have any instruments in the other sub-group.

Other financial liabilities

This category includes loans and other financial liabilities, such as trade payables. Liabilities are valued at their accrued acquisition value.

(iii) Derivatives

The group acquires derivatives to hedge the risks of exchange rate exposures to which the group is exposed financially. Troax does not use hedge accounting, which means changes to fair value of derivatives are reported directly in the income statement for the period in which they occur. Changes to derivatives' fair value are reported net as other operating income or costs.

(p) Property, plant and equipment

Property, plant and equipment is reported at group level at its acquisition value less cumulative depreciation and writedowns, if applicable. Acquisition value comprises the purchase price plus costs directly attributable to putting it in place and in order to be used as was intended when acquiring assets. Loan costs which are directly attributable to purchasing, constructing or making assets which take considerable time to make for their intended use or sale are included in their acquisition value. The reporting principles for writedowns are as shown below.

The reported value of property, plant and equipment is removed from the balance sheet when they are scrapped or disposed of or if no future financial benefits are expected from using, scrapping or disposing of them. Profits or losses made on disposing of or scrapping assets is equal to the difference between their selling price and reported value less direct selling costs. Profits and losses are reported as other operating income/costs.

Assets are depreciated on a straight line basis over estimated working lives, land is not depreciated.

Estimated working lives:

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

Depreciation in the income statement is allocated to the functions concerned.

(q) Intangible assets**(i) Goodwill**

Goodwill is valued at acquisition value less any cumulative writedowns. Goodwill is divided amongst cash-generating units and reviewed at least annually to see if it needs writing down. Goodwill is not amortised.

(ii) Licences

Licences acquired are reported at acquisition value less cumulative amortisation and writedowns if any. Licences are written down on a straight line basis over their contractual working life of five years. Costs of goods sold includes amortisation.

(iii) Trademarks

Trademarks acquired are reported at acquisition value less any writedowns. Trademarks are considered as having non-determinable working lives, so are not amortised.

(r) Inventories

Inventories are valued at acquisition cost or net sales value, whichever is less. The acquisition value for inventories is calculated on a first-in, first-out (FIFO) basis. For own-produced goods, acquisition value includes a reasonable proportion of indirect costs.

(s) Writedowns

The group's reported assets are considered at each balance sheet date to decide if they need writing down. IAS 36 applies to writedowns of financial assets other than those reported in accordance with IAS 39.

(i) Writedowns on tangible and intangible assets

If there is an indication that assets are impaired, their recovery value is calculated (see below). Goodwill also has its recovery value calculated annually. Writedowns are reported if the reported value of an asset or cash-generating unit exceeds its recovery value. Writedowns are stated as costs in profit for the year. As writedown requirements are identified for cash-generating units, the writedown amount is allocated to goodwill in the first instance. Other assets included in the unit are then written down pro rata.

Recovery value is fair value less costs of sale or use value, whichever is the greater. When calculating use value, future cash flow is discounted using a discount factor that takes account of the zero-risk interest rate and the risk specific asset involves.

(ii) Impairment of financial assets

In each report cycle, the company considers whether there is any objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable matters that have arisen and which have an adverse effect on the ability to recover their acquisition value.

Whether receivables are impaired is based on past experience of bad debts on similar receivables. Trade receivables that are impaired are stated at the present value of forecast future cash flow. However, current receivables are not discounted.

(iii) Reversing writedowns

Asset writedowns which come within the scope of IAS 36 may be reversed if there are indications that they are no longer impaired and that there has been a change in the assumptions underlying the estimated recovery value. If goodwill is written down, this is never reversed, however. Reversals are only made insofar as the stated value of assets once reversed does not exceed the stated value which would have been reported less depreciation where applicable if no writedown had been made.

Writedowns of loan receivables and trade receivables stated at accrued acquisition value will be reversed if the previous grounds for writedowns no longer apply and that the customer can be expected to make payment in full.

(t) Dividends

Dividends are reported as liabilities once the annual general meeting has approved them.

(u) Earnings per share

Earnings per share is based on the consolidated profit for the year attributable to the parent company's owners and on the weighted average number of ordinary shares outstanding during the year. There were no potentially diluted ordinary shares either in the current financial year or in the comparison year. Hence there is no dilution effect.

(v) Staff remuneration**(i) Current remuneration**

Current remuneration to staff is calculated undiscounted and stated as costs when the services concerned are obtained.

(ii) Pension obligations

Defined-contribution pension schemes are schemes in which the company's obligations are limited to the contributions it agreed to pay. Most of the group's pension obligations are defined contribution and are secured by being insured with insurers. The group also has certain defined benefit schemes, however. Defined benefit schemes are non-defined contribution schemes. The defined contribution schemes in Sweden are ITP 2. The group also has certain pension commitments at subsidiaries in Germany and France which are classified as defined benefit schemes for the purposes of IAS 19.

The group's obligations in respect of defined benefit schemes are calculated separately for each scheme by estimating the future remuneration staff have earned in both current and past periods; this remuneration is discounted to a present value. The discount rate is the rate as at the balance sheet date on a first-class corporate bond, including housing bonds, with a term that corresponds to the group's pension obligations. The calculations are made by a qualified actuary using the so-called projected unit credit method.

The group's net obligations are the present value of the obligations. Interest costs on defined benefit obligations are stated in net financial income/expenditure. Net financial income/expenditure is based on the interest that arises when discounting net obligations, i.e. interest on those obligations. Other components are stated broken down by their respective functions in the income statement.

Revaluation effects are actuarial profits and losses. Revaluation effects are stated in other (total) comprehensive income. Separate income tax comes under actuarial assumptions, so is stated as part of net obligations. The proportion of separate income tax which is calculated based on the Pension Obligations Vesting Act in entities in law is reported as accrued costs for reasons of simplicity instead of as part of net liabilities/assets.

Tax on investment income is reported on an ongoing basis in the income statement for the period to which tax relates and is not therefore included when calculating the liabilities.

(x) Provisions

Provisions are made at what is the best estimate of what is required to settle existing liabilities on the balance sheet date. As the effect of when payment is made is significant, provisions are calculated by discounting the forecast future cash flow at a rate of interest before tax which reflects what the market thinks is the present value of the money and the risks a liability involves, where applicable.

(y) Contingent liabilities

Contingent liabilities are reported if there is a possible commitment as a result of events that have occurred and whose occurrence is only confirmed by one or more uncertain events beyond the group's control, or if there is a commitment which is not reported as a liability or provision on the grounds that it is unlikely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

Parent company's accounting policies

The parent company has produced its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Financial Reporting Board's opinions on listed companies have also been followed. RFR 2 requires the parent company to use all EU approved IFRS and opinions in the annual report for the legal entity insofar as this is possible in the context of the Annual Accounts Act, Pensions Obligations Vesting Act and with regard to the link between reporting and taxation. This recommendation indicates what exemptions from and additions to IFRS must be made.

Differences between group and parent company accounting policies

The differences between the group and parent company accounting policies are as follows: The parent company's accounting policies as stated below have been applied consistently to all the periods presented in the parent company's financial statements.

Changes to accounting policies

The parent company's accounting policies in 2014 have been changed in accordance with what is stated for the group above unless stated otherwise below.

Classification and presentation

The difference from the group's reports which apply to the parent company's income statement and balance sheets is mainly in reporting financial income and costs, fixed assets, equity and the use of provisions as a heading in the balance sheet in its own right.

Classification and presentation

The parent company's income statement and balance sheet are produced in accordance with the Annual Accounts Act schedule. The difference to IAS 1 Presentation of financial statements, used in producing the consolidated financial statements are mainly reporting financial income and costs, fixed assets and equity.

Subsidiaries

Shares in subsidiaries are reported in the parent company using the acquisition cost method. This means that the reported value of holdings in subsidiaries includes transaction costs. In the consolidated financial statements, transaction costs attributable to subsidiaries are reported directly in the income statement as they arise.

Financial instruments

Given how reporting and taxation are based, the rules on financial instruments and hedging accounts in IAS 39 are not applied at the parent company.

NOTE 2 Operating segment

An operating segment is a part of the group which engages in business from which it can generate income and incur costs and for which independent financial information is available.

An operating segments' earnings are also monitored by the company's chief operating decision maker, the group management, to evaluate the earnings and be able to allocate resources to the operating segment. The Troax group management monitors financial developments within the group as a whole. Therefore the operating segment report consists of one segment only, mesh panels. The segment thus coincides with the group's financial information.

The reason why the group is monitored as one segment is that earnings are only measured at an overall level, as production and other overall costs are kept at headquarters and not allocated to other areas. The only things that are monitored at a level lower than the operating segment are regional sales and orders received in volume. Therefore, the chief operating decision maker does not use any earnings measures when allocating resources.

Internal transfer prices between different regions of the group are based on the 'arm's length' principle, i.e. between parties which are independent of one another, well-informed and with an interest in the transactions being completed. All development and much of the production is carried out at the group's headquarters in Hillerstorp in Sweden.

Geographical areas

The group's segments are divided into the following four geographical areas: The Nordic region, the UK, Rest of Europe and New Markets.

Intra-group sale between the different geographic segments does not occur, except between the headquarters and others. Sales and installation are handled mainly through own sales companies in Europe, the US and China, and through a minor number of agents in Asia and South America.

Geographical areas

THE GROUP

Revenue		
EUR thousand	2014	2013
The Nordic region*	17,629	17,633
UK	15,519	11,719
Rest of Europe	45,655	30,641
New Markets	5,735	4,368
Total	84,538	64,361

*Of which Sweden with revenue of 9,498 (11,199).

None of the group's customers account for 10% or more of revenue on their own.

Non-current assets		
EUR thousand	2014	2013
The Nordic region**	74,356	78,926
UK	472	434
Rest of Europe	20,398	1,050
New Markets	356	335
Total	95,582	80,745

**Of which Sweden with non-current assets of 74,299 (78,862).

NOTE 3 Acquisitions of operations**Acquisitions 2014**

On 14 June 2014, Troax acquired the Italian company Satech Safety Technology SPA for EUR 24,238 thousand, 85% paid in cash and the remainder paid for by issuing shares in Troax Holding AB. 100% of the voting rights were acquired.

Satech Safety Technology SPA manufactures and sells machine guarding and safety solutions for the industry in Southern Europe, with its strongest position in the Italian market. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to be able to reduce costs through synergy effects in the long term. The goodwill of EUR 18,577 thousand from this acquisition is attributed to a strong market organisation, the staffs' knowhow and a strong market position. None of the reported goodwill is expected to be deductible from taxes on income.

When analysing the intangible assets it was found that the main value drivers from the acquired business are high production capacity, highly reliable deliveries, distributors and agents with good understanding for customisation, and competitive pricing. Sales often take place in conjunction with projects, and are made in principle entirely via negotiation. Purchases from customers are highly decentralised, which requires a large network of distributors and agents with strong market presence. There are no binding contracts on volumes or exclusive rights to supply customers in the sector. Satech carried out its operations for many years, and is market leader in Italy in its field.

An analysis of the company's customer relations has also been carried out. The analysis has been based on the factors that are critical for sales. These include being able to offer customised solutions, effective logistics and attractive prices. Therefore customer relations do not significantly affect customers' purchasing decisions. Accordingly, no material value can be assigned to the company's customer relations. One intangible asset that was identified in this light was the Satech brand.

The Satech brand does not imply any price premium in itself, but generates a volume premium in that it amounts to an invitation to negotiate or provides an opportunity to submit offers for work. As the brand is aimed at professionals, it is of limited value compared with consumer brands. The value of the brand has been estimated using what is known as the relief from royalty method; it was also concluded that the brand's economic working life is indeterminable, as it has been used for a long time and because Satech has a strong market position and has started expanding outside Italy.

Acquisition-related costs of EUR 395 thousand were included in administrative costs in the consolidated financial statements for 2014.

The impact of this acquisition on the group's assets and liabilities is as shown below. Net assets of the company acquired at the time of the acquisition:

EUR thousand	Reported value of acquisition	Fair value, adjusted	Fair value reported within the group
Intangible assets	82	457	539
Property, plant and equipment	220		220
Inventories	1,272		1,272
Trade receivables and other receivables	6,437		6,437
Cash and cash equivalents	1,605		1,605
Interest-bearing liabilities	-25		-25
Provisions	-1,173		-1,173
Trade payables and other operating liabilities	-3,113		-3,113
Accrued tax liabilities		-101	-101
Net identifiable assets and liabilities	5,305	356	5,661
Goodwill			18,577
Purchase price paid*			24,238
Cash (acquired)			-1,605
Assets contributed in kind			-3,619
Net cash outflow			19,014

* As well as the purchase price paid, fees for legal services at EUR 254 thousand were reported as a cost under administrative costs in the income statement for 2014.

Of consolidated revenue for 2014, EUR 7,817 thousand came from acquiring Satech plus EUR 1,370 thousand reported earnings. Had the acquisition been made as at 1 January 2014, consolidated revenue would have been EUR 91,178 thousand and reported earnings EUR 8,707 thousand.

The income statement below shows the position as if Satech had been acquired as at 1 January 2014. Adjustments for financial costs were calculated as if Satech had been acquired as at 1 January 2014.

INCOME STATEMENT FOR THE GROUP 2014

EUR thousand	Reported earnings for 2014	Satech 1 January -17 June	Financial adjustments	Pro forma 2014
Net revenue	84,538	6,640	0	91,178
Cost of goods sold	-49,858	-3,016	0	-52,874
Gross profit	34,680	3,624	0	38,304
Other operating income	386	-50	0	336
Sales costs	-14,610	-988	0	-15,598
Administrative costs	-5,967	-1,595	0	-7,562
Other operating expenses	-696	151	0	-545
Operating profit	13,793	1,142	0	14,935
Financial income	52	-2	0	50
Financial expenses	-3,555	-2	-906	-4,463
Net financial income/expenses	-3,503	-4	-906	-4,413
Profit before tax	10,290	1,138	-906	10,522
Tax	-1,572	-442	199	-1,815
Profit for the year	8,718	696	-707	8,707

Acquisitions 2013

On 31 January 2013, Troax Group AB (publ), Corp. Reg. No. 556823-2531 was acquired including subsidiaries via Foil AcqCo AB, Corp. Reg. No. 556916-4048, which were then merged. As part of the merger, Foil AcqCo AB changed its name to Troax Group AB. The purchase price of the acquisition was EUR 73,789 thousand, which was paid partly in cash, partly via promissory notes and partly via key members of the company's management swapping their shares for new shares in Troax Holding AB (publ).

The impact of this acquisition on the group's assets and liabilities is as shown below.

Net assets of company acquired at the time of acquisition:

EUR thousand	Reported value prior to the acquisition	Fair value, adjusted	Fair value reported within the group
Property, plant and equipment	8,948	10,206	19,154
Intangible assets		2,793	2,793
Non-current financial assets	71	487	558
Inventories	4,959		4,959
Trade receivables and other receivables	14,171		14,171
Cash and cash equivalents	5,302		5,302
Interest-bearing liabilities	-16,065		-16,065
Provisions	-2,184	-1,229	-3,413
Trade payables and other operating liabilities	-13,756		-13,756
Accrued tax liabilities	-1,016	-2,966	-3,982
Net identifiable assets and liabilities	430	9,291	9,721
Goodwill			64,068
Purchase price paid			73,789
Cash (acquired)			-5,302
Net cash outflow			68,487

Cash flow as if Troax Group had been acquired on 1 January 2013 is as follows.

EUR thousand	01/01/2013-31/12/2013
Operating activities	
Operating profit	7,475
Adjustment for items not included in cash flow	2,865
Interest received	47
Interest paid	-2,355
Income tax paid	-994
Cash flow from operating activities before changes to working capital	7,038
Cash flow from changes in working capital	
Increase/reduction in inventories	372
Increase/reduction in operating receivables	2,695
Increase/reduction in operating liabilities	106
Cash flow from operating activities	10,211
Investment activities	
Property, plant and equipment acquired	-650
Acquisition of other intangible assets	-11
Operations acquired, net impact on liquidity, note 3	-68,487
Financial assets acquired	-2,017
Cash flow from investment activities	-71,165
Financing activities	
New issues	45,297
Raised loans	52,000
Amortisation of loans	-19,615
Cash flow from financing activities	77,682
Cash flow for year	16,728
Cash and cash equivalents at the start of the year	12
Exchange rate differences in cash and cash equivalents	-1,278
Cash and cash equivalents at the end of the year	15,462

All revenues and reported earnings for 2013 derive from the acquisition of Troax Group AB. Had the acquisition occurred on 1 January 2013, consolidated revenues would have been EUR 70,112 thousand and reported earnings would have been EUR 2,175 thousand, see statement below.

The total surplus value of EUR 10,206 thousand has been allocated to the properties at Hillerstorp and Vallentuna. The property at Vallentuna was sold in 2014 at a value in line with its new book value.

The analysis of the intangible assets found that the main value drivers of the business acquired are highly reliable delivery, short lead times, production capacity and competitive pricing. Products are often sold by way of negotiation, where a number of companies in the industry are invited to submit tenders. There are many customers, and the average order size is relatively low. Customers often use many different suppliers, which means that the company's customers also buy from its competitors. There are no binding contracts on volumes or exclusive rights to supply customers in this sector. Troax began operating 60 years ago and is a clear market leader in its area today. Therefore, the Troax brand was identified as an intangible asset. The Troax brand does not imply any price premium in itself, but generates a volume premium in that it amounts to an invitation to negotiate or provides an opportunity to submit offers for work.

As the brand is aimed at professionals, it is of limited value compared with consumer brands. The value of the brand has been estimated using the relief from royalty method. It was also concluded that the brand's economic working life is indeterminable, as it has been used for a long time and that Troax has a strong position in the market.

The company's customer relations have also been analysed based on factors that are critical to sales. These include being able to offer customised solutions, effective logistics and attractive prices. Therefore the customer relations do not significantly affect how customers decide to buy. Accordingly, no material value can be assigned to the company's customer relations. The unallocated surplus value, i.e. consolidated goodwill, was regarded as representing a strong sales organisation, staff knowhow and a strong position in the market.

The income statement below is as if Troax Group had been acquired on 1 January 2013.

Adjustments to acquisition estimates compared with 2013 annual financial statements are adjustments to assets and liabilities according to IFRS, which concerns market value of currency and rate derivatives, and provision for pensions. See also note 32 on adjustments in accordance with IFRS 3.

CONSOLIDATED INCOME STATEMENT 2013

EUR thousand	31/01/2013- 31/12/2013	01/01/2013- 30/01/2013	Total
Net revenue	64,361	5,751	70,112
Cost of goods sold	-38,525	-3,562	-42,087
Gross earnings	25,836	2,189	28,025
Other operating income	121	0	121
Sales costs	-11,434	-1,103	-12,537
Administrative costs	-6,813	-374	-7,187
Other operating expenses	-924	-23	-947
Operating profit	6,786	689	7,475
Financial income	102	0	102
Financial expenses	-4,253	-56	-4,309
Net financial income/ expenses	-4,151	-56	-4,207
Profit before tax	2,635	633	3,268
Tax	-925	-168	-1,093
Profit for the year	1,710	465	2,175

NOTE 4 Other operating income

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Lease income	0	81
Profits on disposals of subsidiaries	343	0
Other	43	40
	386	121

NOTE 5 Other operating costs

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Changes to fair value of currency derivatives	-239	-924
Exchange rate losses on receivables/liabilities of an operating nature	-457	0
	-696	-924

SEK thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Parent company		
Exchange rate losses on receivables/liabilities of an operating nature	0	-1,314
Other	-12	0
	-12	-1,314

NOTE 6 Staff and personnel costs

PAY, COMPENSATION, SOCIAL SECURITY CONTRIBUTIONS AND PENSIONS

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Pay and remuneration	16,460	14,581
Pension costs, defined benefit (see also note 20)	124	115
Pension costs, contribution-based schemes	1,074	886
Social security contributions	4,069	3,698
Total	21,727	19,280

AVERAGE NUMBER OF EMPLOYEES

	2014	of which men	2013	of which men
Parent company				
Sweden	0	0%	0	0%
Total for parent company	0		0	
Subsidiaries				
Sweden	157	76%	153	78%
Norway	2	100%	1	100%
Denmark	8	75%	12	75%
Finland	4	100%	4	100%
Great Britain	56	86%	55	87%
Benelux	14	79%	13	85%
France	19	74%	17	71%
Germany	37	78%	32	72%
Switzerland	1	100%	1	100%
Italy	61	69%	5	80%
Spain	15	73%	15	73%
China	13	69%	13	85%
USA	9	100%	5	100%
Others	3	100%	2	100%
Total for subsidiaries	399		328	
Total for group	399	77%	328	80%

COMPANY MANAGEMENT BY GENDER

	Proportion of women as at 31/12/2014	Proportion of women as at 31/12/2013
Parent company		
Board of Directors	0%	0%
Other top management	0%	0%
Group		
Board of Directors	0%	0%
Other top management	0%	0%

PAY, COMPENSATION, SOCIAL SECURITY CONTRIBUTIONS AND PENSIONS

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Parent company		
Pay and remuneration	45	46
Pension costs, defined benefit (see also note 20)	15	11
(of which pension costs)	(0) ¹⁾	(0) ¹⁾
Total	60	57

1) Of the parent company's pension costs, EUR 0 thousand (0) concern the group management and President and CEO. There are no outstanding pension obligations to group management or the President and CEO.

PAY AND OTHER REMUNERATION DISTRIBUTED BETWEEN BOARD MEMBERS AND OTHERS AND OTHER EMPLOYEES

EUR thousand	2014		2013	
	Board of directors and CEO	Other employees	Board of directors and CEO	Other employees
Parent company total	45	0	46	0
(of which bonus etc.)	(0)	(0)	(0)	(0)
The group total	293	16,167	295	14,286
(of which bonus etc.)	(63)	(742)	(72)	(540)

Of the pay and remuneration paid to other group staff, EUR 822 thousand (EUR 827 thousand) was to top management other than the Board of Directors and President and CEO.

Severance pay

The CEO can terminate his contract of employment at six months' notice. No severance payments or other benefits have been agreed on for either for the Chairman of the Board or other Board members other than the CEO. The CEO is entitled to the equivalent of 12 months' pay if the company terminates his contract. Subject to new employment in the last six months.

The CEOs of subsidiaries have similar agreements entitling them to 6-12 months' pay.

Benefits to top management**Principles for payments to Board of Directors**

The Chairman of the Board and other Board members are paid fees as determined by the annual general meeting. Staff representatives on the Board are not paid directors' fees. The annual general meeting 2014 resolved that the fees to the Board for its work in 2015 should amount to SEK 350 thousand to the Chairman and SEK 175 thousand to each Board member. Neither the CEO nor any representatives of FSN Capital on the Board receive any fees.

Principles for remuneration to the CEO and President Remuneration

The President and CEO is paid a base salary, pension, and variable remuneration. The base salary was SEK 1,986 thousand in 2014. The variable remuneration may be up to five months' pay. Any bonus paid is determined based on the Troax group's earnings and capital.

The President and CEO was paid SEK 2,615 thousand in 2014, including benefits, SEK 571 thousand of which was bonus for the financial year 2013.

Notice periods and severance pay

The President and CEO can terminate his contract of employment at six months' notice. The President and CEO is entitled to the equivalent of 12 months' pay if the company terminates his contract. Subject to new employment in the last six months.

Pensions

The President and CEO can retire at 65. The pension scheme is not a defined benefit.

The President and CEO's premium expenses amounted to SEK 798 thousand in 2014.

Principles for remuneration to other members of group management

Remuneration

Members of group management who hold positions in companies other than the parent company are paid by their respective companies. The President decides the remuneration, assisted by the Chairman of the Board, and consisting of base salary, pen-

sion, variable remuneration and other benefits. Other members of group management can earn variable remuneration of up to four months' pay. Any bonuses to be paid and the size of these are decided by the Board of Directors based on the Troax group's earnings and capital. Other members of group management were paid EUR 822 thousand in 2014, including EUR 122 thousand in bonuses for the financial year 2013.

Notice periods and severance pay

Other members of group management are entitled to six to 12 months' notice if the company terminates their contracts, or three to six months' notice if they terminate them themselves. Other members of group management are entitled to full pay and other employment benefits while on notice. None of the other members of group management are entitled to severance pay.

Pensions

Other members of group management can retire at 65. Pension payments are governed by the contractual group ITP scheme.

The company's commitment is based on their final salary at the time of retirement. Premium expenses for other members of group management were EUR 183 thousand in 2014.

REMUNERATION AND OTHER BENEFITS DURING YEAR, 2014

EUR thousand	Base pay Board fees	Variable remuneration	Other benefits	Pension costs	Total
Lennart Sundén, Chairman of the Board	30				30
Curt Germundsson, Board Member	15				15
Peter Möller, Board Member	0				0
Bengt Håkansson, Board Member	0				0
Thomas Widstrand, President and CEO	230	63	9	88	390
Other top management (five people)	700	122	48	183	1,053
Total	975	185	57	271	1,488
Of which from parent company	45	0	0	0	45

REMUNERATION AND OTHER BENEFITS DURING YEAR, 2013

EUR thousand	Base pay Board fees	Variable remuneration	Other benefits	Pension costs	Total
Lennart Sundén, Chairman of the Board	30				30
Curt Germundsson, Board Member	15				15
Peter Möller, Board Member	0				0
Bengt Håkansson, Board Member	0				0
Thomas Widstrand, President and CEO	223	72	9	84	388
Other top management (five people)	666	160	46	221	1,093
Total	934	232	55	305	1,526
Of which from parent company	45	0	0	0	45

PENSION LIABILITIES FOR TOP MANAGEMENT

EUR thousand	2014 Top management (one person)	2013 Top management (one person)
Group		
Pension liabilities	1,131	778

NOTE 7 Auditors' fees and costs

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
<i>PwC</i>		
Audit duties	52	18
Audit activities in addition to audit duties	12	0
Tax advice	9	0
Other duties	0	52
Total	73	18
<i>Other auditors</i>		
Audit duties	86	56
Audit activities in addition to audit duties	104	110
Total	190	166

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Parent company		
<i>PwC</i>		
Audit duties	73	0
Audit activities in addition to audit duties	227	0
Other duties	0	52
Total	300	52

'Audit duties' means auditing the annual and consolidated financial statements and bookkeeping, the Board of Directors' and President and CEO's management as required by law and audits and other examinations are conducted by agreement or under contract.

This includes other duties that the company's auditors are required to perform and advise and assist otherwise in the light of what such examinations or other work finds.

NOTE 8 Operating costs by type

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Cost of materials	-20,113	-14,993
Changes to inventories, finished products and work in progress	376	489
HR costs	-22,678	-18,319
Other external costs	-25,573	-22,804
Depreciation	-2,229	-2,069
Writedowns	-914	0
	-71,131	-57,696

NOTE 9 Net financial income/expenses

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Interest earned on bank balances	33	47
Changes to fair value of interest rate derivatives	0	55
Net exchange rate changes	19	
Financial income	52	102
Interest costs on financial liabilities valued at accrued acquisition value	-2,084	0
Interest costs, financial institutions	-769	-1,483
Other interest costs	-611	-1,020
Changes to fair value of rate derivatives	-91	0
Net exchange rate changes	0	-1,750
Financial expenses	-3,555	-4,253
Net financial income/expenses	-3,503	-4,151

SEK thousand	Interest income and similar posts	
	01/01/2014- 31/12/2014	20/12/2012- 31/12/2013
Parent company		
Interest income, group companies	19,828	0
Net exchange rate changes	237	642
Financial income	20,065	642

SEK thousand	Interest income and similar posts	
	01/01/2014- 31/12/2014	20/12/2012- 31/12/2013
Interest costs, group companies	-2,510	0
Financial expenses	-2,510	0
Net financial income/expenses	17,555	642

NOTE 10 Tax

REPORTED IN INCOME STATEMENT AND VIA OTHER (TOTAL) COMPREHENSIVE INCOME

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Current tax costs (-)/tax income (+)		
Tax costs in period	-1 970	-2 510
	-1 970	-2 510
Deferred tax costs (-)/tax income (+)		
Deferred tax costs as a result of using values for tax purposes previously capitalised in shortfall deductions	-13	1 382
Deferred tax from revaluing reported value of deferred tax receivables	411	203
	398	1 585
Total reported tax costs	-1 572	-925

SEK thousand	01/01/2014- 31/12/2014	20/12/2012- 31/12/2013
Parent company		
Current tax costs (-)/tax income (+)		
Tax costs in period	0	0
	0	0
Deferred tax costs (-)/tax income (+)		
Deferred tax costs as a result of using values for tax purposes previously capitalised in shortfall deductions	2	275
Total reported tax costs	2	275

RECONCILING EFFECTIVE TAX

EUR thousand	2014 (%)	01/01/2014- 31/12/2014	2013 (%)	31/01/2013- 31/12/2013
Group				
Profit before tax		10,290		2,635
Tax at current rate for parent company	22.0%	-2,264	22.0%	-580
Effects of other tax rates on foreign subsidiaries	7.0%	-716	10.5%	-278
Non-deductible costs	0.8%	-86	2.7%	-70
Non-taxable income	-12.6%	1,292	-0.1%	3
Increase in shortfall deductions without capitalising deferred tax accordingly	0.0%		0.0%	
Use of shortfall deductions not capitalised previously	-1.8%	190	0.0%	
Shortfall deductions capitalised not used previously	0.0%		0.0%	
Tax attributable to past years	0.0%		0.0%	
Effect of changes to tax rates and/or rules	0.0%		0.0%	
Revaluation of deferred tax	0.0%		0.0%	
Imputed interest on periodisation fund	-0.1%	12	0.0%	
Other	0.0%		0.0%	
Reported effective tax	15.3%	-1,572	35.1%	-925

RECONCILING EFFECTIVE TAX

SEK thousand	2014 (%)	01/01/2014- 31/12/2014	2013 (%)	20/12/2012- 31/12/2013
Parent company				
Profit before tax		-10		-1,249
Tax at current rate for parent company	22.0%	2	22.0%	275
Reported effective tax	20.0%	2	22.0%	275

TAX ATTRIBUTABLE TO OTHER (TOTAL) COMPREHENSIVE INCOME

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Group		
Tax attributable to revaluing defined benefit pensions	109	-16
	109	-16

Reported on balance sheet**Deferred tax receivables and liabilities****Reported deferred tax receivables and liabilities**

Deferred tax receivables and liabilities are attributable as follows:

EUR thousand	Deferred tax 2014			Deferred tax 2013		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Group						
Property, plant and equipment		1,686	-1,686		2,083	-2,083
Intangible assets		715	-715		614	-614
Pension provisions	110		110		19	-19
Untaxed reserves		1,463	-1,463		1,667	-1,667
Shortfall deduction	1,463		1,463	1,604		1,604
Others	422	15	407	369	15	354
Tax receivable/liabilities	1,995	3,879	-1,884	1,973	4,398	-2,425
Receipt	-1,995	-1,995	0	-1,973	-1,973	0
Net tax receivables/liabilities	0	1,884	-1,884	0	2,425	-2,425

CHANGES TO DEFERRED TAX IN TEMPORARY DIFFERENCES AND SHORTFALL DEDUCTIONS

EUR thousand	Balance as at 1 Jan 2014	Reported profit for the year	Reported other (total) comprehensive income	Operations acquired/ disposed of	Balance as at 31 Dec 2014
Group					
Property, plant and equipment	-2,083	397			-1,686
Intangible assets	-614			-101	-715
Pension provisions	-19	19	110		110
Periodisation funds	-1,667	204			-1,463
Shortfall deduction	1,604	-141			1,463
Other	354	53			407
	-2,425	532	110	-101	-1,884

EUR thousand	Balance as at 20 Dec 2012	Reported profit for the year	Reported other (total) comprehensive income	Operations acquired/ disposed of	Balance as at 31 Dec 2013
Group					
Property, plant and equipment	0	162		-2,245	-2,083
Intangible assets	0			-614	-614
Pension provisions	0	12	-31		-19
Periodisation funds	0			-1,667	-1,667
Shortfall deduction	0	1,604			1,604
Other	0	176		178	354
	0	1,954	-31	-4,348	-2,425

Deferred tax receivables reported for shortfall deductions for tax purposes insofar as it is likely that they can be made good by taxable profits in future. The group reported deferred accumulated tax receivables amounting to EUR 1,604 thousand (EUR 1,463 thousand) which can be offset against future taxable profits.

NOTE 11 Intangible assets**Group**

EUR thousand	Acquired intangible assets			Total
	Licences	Trademarks	Goodwill	
<i>Cumulative acquisition value</i>				
Opening balance 31/01/2013	0	0	0	0
Operations acquired	10	2,793	64,068	66,871
Other investments	1			1
Exchange rate differences on year			-2,475	-2,475
Closing balance 31/12/2013	11	2,793	61,593	64,397
<i>Cumulative amortisation and writedowns</i>				
Opening balance 31/01/2013	0			0
Amortisation on year	-8			-8
Closing balance 31/12/2013	-8			-8
<i>Reported values</i>				
As at 31/01/2013	0	0	0	0
As at 31/12/2013	3	2,793	61,593	64,389
<i>Cumulative acquisition value</i>				
Opening balance 01/01/2014	11	2,793	61,593	64,397
Operations acquired	97	457	18,577	19,131
Other investments	2		513	515
Exchange rate differences on year			-3,335	-3,335
Closing balance 31/12/2014	110	3,250	77,348	80,708
<i>Cumulative amortisation and writedowns</i>				
Opening balance 01/01/2014	-8			-8
Amortisation on year	-2			-2
Closing balance 31/12/2014	-10			-10
<i>Reported values</i>				
As at 2014-01-01	3	2,793	61,593	64,389
As at 2014-12-31	100	3,250	77,348	80,698

The group does not have any intangible assets produced internally.

Depreciation and amortization

Depreciation is included in the following lines in the income statement

EUR thousand	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
Group		
Cost of goods sold	0	0
Sales costs	-2	-8
	-2	-8

Consolidated goodwill is the strategic value of the business obtained when acquiring it.

Impairment test for cash-generating unit including goodwill

EUR thousand	Reported value	
	2014	2013
Troax (excluding Satech)	58,771	61,593
Satech	18,577	0
	77,348	61,593

The value of reported goodwill is reviewed annually to see if it is impaired. The recovery value of the cash-generating unit is based on its value in use. Value in use is based on the company's management's business forecast for a five-year period. Cash flow for subsequent years is based on an assumed annual growth rate of 2%. Significant assumptions in business forecasts which affect estimated cash flows are market growth and forecast price trends. These are in line with past experience and external information sources.

The discount rates (before tax) used in calculating value in use are as follows:

Discount rate before tax	2014	2013
Troax (excluding Satech)	10.66%	11.90%
Satech	14.80%	-

The company's management does not believe there are any reasonably possible changes to any significant assumptions involved in impairment-testing its cash-generating units which would make their recoverable value less than their reported value.

The following cash flow-generating units hold trademarks:

EUR thousand	Reported value	
	2014	2013
Troax (excluding Satech)	2,793	2,793
Satech	457	0
	3,250	2,793

The value of reported trademarks is reviewed at least once a year to see if it is impaired.

NOTE 12 Property, plant and equipment

Group

EUR thousand	Land and buildings	Machinery Plant	Tools and equipment	New plant under construction	Total
<i>Cumulative acquisition value</i>					
Opening balance 31/01/2013	0	0	0	0	0
Operations acquired	12,512	5,142	911	376	18,941
Investment in year		110	535	5	650
Disposed of or scrapped		-258	-77		-335
Reclassified		341		-341	0
Exchange rate differences on year	-272	-82	30	-2	-326
Closing balance 31/12/2013	12,240	5,253	1,399	38	18,930

Cumulative depreciation and writedowns

Opening balance 31/01/2013					0
Operations acquired					0
Depreciation on year	-770	-1,160	-264		-2,194
Disposed of or scrapped		258	77		335
Exchange rate differences on year	-16	-28	-57		-101
Closing balance 31/12/2013	-786	-930	-244	0	-1,960

Reported values

As at 31/01/2013	0	0	0	0	0
As at 31/12/2013	11,454	4,323	1,155	38	16,970

Cumulative acquisition value

Opening balance 01/01/2014	12,240	5,253	1,399	38	18,930
Operations acquired		654	445		1,099
Investment in year	46	108	207	1,606	1,967
Disposed of or scrapped	-1,867	-56	-345		-2,268
Exchange rate differences on year	-507	-60	175	-72	-464
Closing balance 31/12/2014	9,912	5,899	1,881	1,572	19,264

Cumulative depreciation and writedowns

Opening balance 01/01/2014	-786	-930	-244	0	-1,960
Depreciation on year	-752	-1,130	-361		-2,243
Disposed of or scrapped	786	55	40		881
Exchange rate differences on year	-51	-136	-156		-343
Closing balance 31/12/2014	-803	-2,141	-721	0	-3,665

Reported values

As at 01/01/2014	11,454	4,323	1,155	38	16,970
As at 31/12/2014	9,109	3,758	1,160	1,572	15,599

Mortgages on the company's land and buildings to the value of EUR 0 thousand (EUR 895 thousand) were furnished as security for bank loans. See also notes 20 and 28.

Depreciation and writedowns

Depreciation is included in the following lines in the income statement

Group

EUR thousand	01/01/2014- 31/12/2014	31/01/2013- 31/12/2013
Cost of goods sold	-2,040	-796
Sales costs	-71	-344
Administrative costs	-132	-1,054
	-2,243	-2,194

NOTE 13 Non-current financial assets**Group**

EUR thousand	31/12/2014	31/12/2013
<i>Long-term receivables that are non-current assets</i>		
Frozen funds at bank	0	2,000
Other	464	441
	464	2,441

Parent company

EUR thousand	31/12/2014	31/12/2013
<i>Long-term receivables that are non-current assets</i>		
Frozen funds at bank	0	17,886
	0	17,886

Frozen funds at bank were dissolved during the year in connection with loans to former owners redeemed.

NOTE 14 Inventories**Group**

EUR thousand	31/12/2014	31/12/2013
Raw materials and consumables	2,181	750
Work in progress	2,139	2,790
Finished products and merchandise	2,198	1,367
	6,518	4,907

Consolidated cost of goods sold includes writedowns on inventories at EUR 156 thousand (EUR 159 thousand).

NOTE 15 Trade receivables

Trade receivables are reported allowing for bad debts incurred over the year amounting to EUR 194 thousand (EUR 220 thousand) (consolidated). These losses arose in connection with being handled in accordance with the group's credit policy.

Trade receivables as credit risks

The risk that the group's customers will fail to meet their obligations, i.e. fail to pay, is a customer credit risk. The group runs credit checks on its customers, obtaining details of their financial situation from credit information companies. The group has laid down a credit policy on how customer credits are to be handled. This includes decisions taken on customer credits of various sizes and how credit and potential bad debt matters are to be handled.

Age analysis, trade receivables due and not written down**Group**

EUR thousand	2014	2013
Trade receivables not due	14,106	7,655
Trade receivables due at 1-30 days	2,807	2,882
Trade receivables due at 31-90 days	889	519
Trade receivables due at >90 days	-156	-205
Total	17,646	10,851

Concentration of credit risks in trade receivables

The company's credit risk per customer is low. The average customer buys to the value of EUR 3 thousand on any one occasion and around EUR 10 thousand p.a. in all.

Provisions for potential bad debts in 2014 were EUR -1,007 thousand (EUR -1,091 thousand).

NOTE 16 Prepaid costs and accrued income**Group**

EUR thousand	2014-12-31	2013-12-31
Prepaid hire/leasing	136	90
Insurance	59	24
Energy tax	0	36
Other items	1,035	335
Total	1,230	485

NOTE 17 Other current receivables**Group**

EUR thousand	2014-12-31	2013-12-31
Fair value of currency and interest rate derivatives	0	107
Other receivables	1,189	906
	1,189	1,013

Parent company

EUR thousand	2014-12-31	2013-12-31
Other receivables	172	0
	172	0

NOTE 18 Equity**Breakdown of equity item reserves****Group**

EUR thousand	2014	2013
<i>Conversion reserves</i>		
Conversion reserves (opening balance)	-1,201	0
Conversion reserves this year	-4,731	-1,201
Conversion reserves (closing balance)	-5,932	-1,201
Share capital and number of shares		
<i>Stated as number of shares</i>		
Issued as at 1 January	4,522,972	100,000
Cash issue	1,915	4,422,972
Issue against subscription	211,101	
Reduction	-836,333	
Issued and paid for as at 31 December	3,899,655	4,522,972

The group's cash issue 2013 was mainly to increase its equity to acquire Troax Group AB from its former owners. Lesser cash issues have been made since in 2013 and 2014 in connection with inviting key persons to subscribe for shares. The increase in capital by way of contribution in kind in 2014 derives from the proportion of the Satech acquisition financed with own shares.

Registered share capital breaks down as follows:

Stated as number of shares	Voting rights at general meetings	2014	2013
A shares (ordinary shares)	One vote per share	946,364	911,004
B shares (preference shares)	One vote per share	2,780,238	3,584,097
C shares (preference shares)	One vote per share	21,104	27,871
D shares (preference shares)	One vote per share	150,351	
E shares (preference shares)	One vote per share	1,598	
		3,899,655	4,522,972

As at 31 December 2014, the registered capital was 946,364 (911,004) ordinary shares and 2,953,291 (3,611,968) preference shares. The parent company will report its share capital in EUR as of 1 January 2015.

Ordinary (series A) shareholders are entitled to dividends which are set on a case by case basis. Preference (series B, C, D and E) shareholders are entitled to all forms of dividends up to a maximum amount calculated as follows. The maximum amount for preference shares is calculated as the subscription price which was initially paid for the shares multiplied by a factor of 1.10 increased by the ratio between the number of days which have passed since the Board resolved to allocate preference shares in question at the dividend date and 360.

Once the total maximum amount has been distributed, series B, C, D and E shares are not entitled to any further dividends. Series A shares are entitled to any dividends remaining once the maximum total is distributed to series B, C, D and E shares.

Other contributed capital

Refers to equity contributed by the shareholders. This includes issue premiums paid.

Reserves**Conversion reserves**

Conversion reserves cover all exchange rate differences which arise when converting financial statements from foreign businesses which produce their financial statements in a currency other than that in which the consolidated financial statements are presented. The consolidated financial statements are presented in euros.

Unappropriated profits including profit for the year

Balance sheet profits including profit for the year are profits earned by the parent company and its subsidiaries.

Parent company**Unrestricted equity**

The funds shown below, together with the profit for the year, constitute free equity, that is, the amount available to be distributed to the shareholders.

Share premium reserve

If shares and other equity instruments are issued at a premium, premiums received and amounts in excess of the shares' pro rata value are put in the premium fund. Amounts transferred to premium fund as of 20 December 2012 are included in free capital.

Unappropriated profits

Unappropriated profits are last year's unappropriated profits and earnings less dividends paid during the year.

Capital management

The group strives to maintain a good financial position which helps retain lenders' and the market's confidence, which is one reason for continuing to develop the business. The group defines managed capital as total reported equity.

NOTE 19 Profit per share

The company made a number of new issues in 2013-2014 which affected the number of ordinary shares issued. There are no instruments that could induce any future dilution effects, however. Profit per share is calculated based on a weighted average number of outstanding ordinary shares (series A). Preference shares are not included in the average number of outstanding ordinary shares.

EARNINGS PER SHARE

	2014	2013
Profit for the year attributable to parent company shareholders	8,718	1,710
Adjusted for cumulative dividends on preference shares	-3,198	-2,573
Earnings per share	5.94	-1.02

Weighted average number of outstanding shares

Number	2014	2013
Total number of shares as at 1 January	911,004	100,000
Effects of new issues in 2013		743,853
Effects of new issues and issues in kind in 2014	18,821	
Weighted average number of shares over year before dilution	929,825	843,853

NOTE 20 Interest-bearing liabilities

This note provides information on the company's terms of contract on interest-bearing liabilities. For more details of the company's exposure to rate risks and foreign exchange fluctuation risks, see note 23.

Group

EUR thousand	2014	2013
Long-term liabilities		
Bank loans	0	35,860
Promissory note, including accrued interest	0	10,745
Environmental loan, including accrued interest	0	2,074
Bond loans	66,597	0
	66,597	48,679
Short-term liabilities		
Short-term component of bank loans	0	2,340
	0	2,340

Terms and redemption periods

For terms and redemption periods see table below. The company has given mortgages on property, company mortgages and shares in subsidiaries as security for loans (cf. note 28).

EUR thousand	Currency	Nominal interest rate %	Due	2014		2013	
				Nominal value	Reported value	Nominal value	Reported value
Bank loans	EUR	Eurobor + 2.75%	¹⁾			38,200	38,200
Bonds	EUR	Eurobor + 5.50%	2020-06-17	70,000	66,597		
Promissory note to former owners	EUR	8.00%	¹⁾			10,000	10,745
Environmental loan	EUR	4.00%	¹⁾			2,000	2,074
Total interest-bearing liabilities					66,597		51,019

1) Amortised 2014 in connection with refinancing.

On 12 June 2014, Troax Group AB (publ) issued a six-year senior secured bond loan totalling EUR 70 million. Troax Group AB (publ) has been authorised to issue a further EUR 30 million during the term of the bond, provided covenants are met.

Interest is paid quarterly at a rate equivalent to EURIBOR plus 5.5%. Troax Group AB (publ) repurchased bonds to the value of EUR 3.4 million in 2014. All covenants were performed as at 31/12/2014, see note 24 for details.

NOTE 21 Pensions**Defined benefit schemes****Group**

EUR thousand	2014	2013
Present value of wholly- or partly-funded obligations	4,663	3,438
Total present value of defined benefit obligations	4,663	3,438
Reported net in the case of defined benefit schemes (see below)	4,663	3,438
Net amount is reported in the following balance-sheet items:		
Pension provisions	4,663	3,438
Net amount on the balance sheet	4,663	3,438

Statement of defined benefit schemes

The group has defined benefit schemes in Sweden, Germany, Italy and France. Most of the Swedish pension schemes are defined contribution, which is represented by unfinanced obligations to PRI Pensionsgaranti. In Germany, pension obligations are in respect of the contract with the President. Pension obligations in Italy and France are in respect of statutory leaving payments all staff receive at the time of retirement.

Defined-contribution schemes are exposed to actuarial risks like life expectancy, currency, rate and investment risks.

The information below concerns all schemes together.

Changes to present value of obligations for defined benefit schemes**Group**

EUR thousand	2014	2013
Obligations in connection with defined benefit schemes as at 1 January	3,438	0
Service costs this period	124	115
Interest costs	140	120
Revaluations		
- Actuarial gains and losses on amended demographic assumptions		
- Actuarial gains and losses on amended demographic assumptions	568	-43
- Experience-based adjustments	23	67
Effects of acquiring/disposing of operations	523	3,339
Effects of reductions and settlements		
Remuneration paid	-56	-67
Exchange-rate differences	-97	-93
Obligations in connection with defined benefit schemes as at 31 December	4,663	3,438

Present value of obligations breaks down over scheme members as follows:

Active members	55%	(2013: 38%)
Paid-up policy holders	36%	(2013: 53%)
Pensioners	9%	(2013: 9%)

Reported costs in income statement**Group**

EUR thousand	2014	2013
Service costs this period	124	115
Interest costs on liabilities	140	120
Total net costs in income statement	264	235

Lines of the income statement in which costs appear are as follows:**Group**

EUR thousand	2014	2013
Sales costs	124	115
Financial expenses	140	120
	264	235

Costs reported in other (total) comprehensive income**Group**

EUR thousand	2014	2013
Revaluations:		
Actuarial gains (-) and losses (+)	591	24
Net reported in other (total) comprehensive income	591	24

Assumptions as to defined benefit obligations

Main actuarial assumptions as at the balance sheet date (expressed as weighted averages)

Group

EUR thousand	2014	2013
Discount rate as at 31 December	2.75%	3.75%
Future pay rises	2.50%	3.00%
Future increases in pensions	1.50%	2.00%

Life expectancy assumptions based on published statistics and mortality figures. Current life expectancies on which obligations are based are shown in the table below:

	2014	2013
Life expectancy at age 65 (retired members):		
Men	23	23
Women	25	25
Life expectancy at age 65 for members aged 45:		
Men	43	43
Women	45	45

Sensitivity analysis

The table below shows how actuarial assumptions might change as at the year end, other assumptions remaining unchanged, and how this would affect defined benefit liabilities.

Group

EUR thousand	Increase	Reduction
Discount rate (0.5% change)	-382	440
Forecast mortality (1 year change)	142	-142
Future pay rises (0.5% change)	193	-155
Inflation (0.5% change)	330	-296

Effects on future cash flow

The weighted average maturity of liabilities as at 31/12/2014 was 29.0 years (28.7 years).

The group estimates that EUR 106 thousand will be set aside for funded and unfunded defined benefit schemes stated as defined benefit in 2015 and that EUR 526 thousand will be paid to defined benefit schemes stated as defined contribution ones in 2015.

Commitments in terms of retirement and family pensions for salaried staff in Sweden are secured through a policy with Alecta. According to an opinion from the Accounting Standards Board's Emergency Group, URA 42, this is a defined benefit scheme which covers a number of employers. The company has not had access to such information for the financial year 2014 which would make it possible to report this scheme as defined benefit. The pension scheme as per ITP which is secured on a policy with Alecta is therefore stated as a defined contribution scheme. Pension insurance taken out with Alecta cost EUR 238 thousand this year (227 and 189 respectively). Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2014, the surplus on Alecta in the form of the collective consolidation level was 143% (148 and 129 respectively). The collective consolidation level comprises the market value of Alecta's assets as a percentage of policy commitments according to Alecta's actuarial estimate assumptions, which is not consistent with IAS 19.

Defined contribution schemes

In Sweden, the group has defined contribution pension schemes for staff which are funded entirely by the companies. There are defined contribution schemes in other countries which are funded partly by subsidiaries and partly by staff contributions.

Payments to these schemes are made on an ongoing basis in accordance with the rules of the scheme in question.

Expenses for defined contribution plans¹⁾

Group

EUR thousand	31/12/2014	31/12/2013
Alecta	0	0
Others	0	0
	0	0

Parent company

EUR thousand	31/12/2014	31/12/2013
Alecta	0	0
Others	0	0
	0	0

1) This includes EUR 0 thousand (EUR 0 thousand) in respect to the ITP-plan financed in Alecta, see above.

Next year's expected contributions to defined benefit plans covered by several employers but which is shown as if the plan was a defined contribution amounts to EUR 0 thousand.

NOTE 22 Other liabilities

Group

EUR thousand	31/12/2014	31/12/2013
Other short-term liabilities		
Staff-related liabilities	1,462	64
VAT liabilities	776	1,029
Fair value currency derivatives	603	465
Fair value rate derivatives	109	23
Other liabilities	0	371
	2,950	1,952

NOTE 23 Accrued costs and prepaid income

Group

EUR thousand	31/12/2014	31/12/2013
Other short-term liabilities		
Staff-related costs	3,471	3,535
Accrued interest costs	204	4
Other items	3,893	2,359
	7,568	5,898

NOTE 24 Financial risk management and financial instruments

Financial policy and financial risk management

The Group's financial risk management is based on a finance policy established by the Board of Directors, which aims to achieve a low risk level by effectively handling and controlling the Group's financial risks. The Group is, through its operations, exposed to currency risk, interest rate risk, liquidity and funding risk, commodity risk and credit risk.

Currency risk

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

Transaction exposure

Transaction exposure is the risk of an adverse effect on the Group's earnings due to changes in an exchange rate that affects the value of a commercial transaction, conducted in a foreign currency, relative to the functional currency for the Group that conducts the transaction. The Group's transaction exposure is handled as far as possible by matching inflows and outflows in the same currency.

The remaining exposure is handled through the use of currency derivatives.

According to the financial policy, 60-80% of the forecasted net inflows or outflows of the currencies with significant effect on the Group should be hedged.

Hedging should be continuously done over a horizon of 12 to 24 months into the future. The main currencies which the Group has a transaction exposure to are EUR and GBP to SEK. The Group has positive net flows in these currencies.

Other currencies are deemed to only have a minor effect on the Group's results and financial position.

According to the financial policy, currency futures and currency options can be used for hedging.

At the balance sheet date there were only outstanding currency futures.

The Group does not apply hedge reporting. Therefore, all changes in the fair value of currency futures are accounted for directly in the income statement for the period in which they arise.

At the balance sheet date, the fair value of all outstanding currency derivatives amounted to a net value of EUR -603 thousand (EUR -395 thousand).

Net profit (+)/ net loss (-) during the financial year from the futures amounted to EUR -239 thousand (EUR -924 thousand) before taxes.

Translation exposure

Translation exposure arises from the translation of income statements and balance sheets of the subsidiaries that do not use Euro as their functional currency, as the Group is denominated in EUR. The Group primarily has a translation exposure in SEK to EUR as a significant part of the Group's net assets are in SEK. Translation exposure is not hedged.

Currency risk sensitivity analysis

An appreciation of 5% of EUR against SEK would result in a positive effect on the Group's reported results with around EUR 600 thousand.

Interest rate risk

Interest rate risk is the risk that a change in market interest rates will have a negative impact on earnings. Troax issued a bond with a par value of EUR 70,000 thousand in June 2014. The bond carries a variable interest based on the EURIBOR 3 month rate plus a margin of 5.5%. Therefore, changes in EURIBOR affect the Group's net financial income/loss.

To hedge the exposure to interest rate risk, Troax entered into an interest rate swap of EUR 24,000 thousand, where the company receives EURIBOR and pays a fixed interest rate. The swap matures in May 2016. At the balance sheet date, there was also an outstanding interest rate cap with a nominal value of SEK 68,303 thousand and a redemption rate of 5%. The interest rate cap was acquired during 2011 to hedge the outstanding debts in SEK at the time.

The interest rate cap matures in May 2015.

An increase of EURIBOR with 100 basis points would result in an increase in interest costs of EUR 460 thousand before taxes, given the debt at the balance sheet date and considering the outstanding hedges.

The Group does not apply hedge reporting. Therefore, all changes in the fair value of interest rate derivatives are accounted for directly in the income statement for the period in which they arise.

At the balance sheet date, the fair value of all outstanding currency derivatives amounted to a net value of EUR -108 thousand (EUR +14 thousand).

Net profit (+)/ net loss (-) during the financial year from the interest rate derivatives amounted to EUR -91 thousand (EUR -55 thousand) before taxes.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Group will not have access to sufficient funds to meet its contractual obligations, or that it can only be done by incurring substantially higher costs. According to the financial policy, the Group's cash and overdraft facility should amount to at least 5 EUR million. At the balance sheet date, cash amounted to EUR 13.2 million (EUR 15.5 million). The Group did not have any central overdraft facility available at the report day.

The bond issued in June 2014 matures in June 2020.

According to the bond contract, Troax has the possibility to issue additional bonds of EUR 30,000 thousand. The bond has loan conditions which must be met.

The ratio between net interest bearing debt and EBITDA should not exceed 3.5 and the interest coverage ratio should exceed 3.00. At the balance sheet date, Troax fulfilled these conditions.

The loan agreement also contains restrictions on Troax's ability to pay dividends or make other types of distributions to its shareholders. Distributions exceeding a total of EUR 5,000 thousand are not allowed according to the terms of the loan agreement. The restriction applies as long as the bond is outstanding.

According to the loan agreement, issued bonds should be listed on NASDAQ Stockholm no later than 12 months after the deportation date.

Full terms and conditions for the bond are available on Troax website (www.troax.com).

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 the interest payment is shown. For liabilities with variable interest rates, the future interest rate payments are estimated based on the moving spot rate prevailing at the balance sheet day.

Group

2014 EUR thousand	Contractual payments of principal and interest				
	2015	2016	2017	2018	2019 and later
Interest-bearing liabilities					
Long term interest-bearing liabilities					70,000
Interest rate	3,801	3,801	3,801	3,801	5,702
Non-interest-bearing liabilities					
Payables	8,679				
Other short-term liabilities					
Currency derivatives	711				
Liabilities that are not derivatives	2,239				
Accrued expenses	4,097				
Total	19,527	3,801	3,801	3,801	75,702

2013 SEK million	Contractual payments of principal and interest				
	2014	2015	2016	2017	2018 and later
Interest-bearing liabilities					
Long term interest-bearing liabilities		3,060	3,780	5,040	23,980
Short-term interest-bearing liabilities	2,340				
Other long term liabilities					12,000
Interest rate	1,568	1,998	2,089	2,173	2,312
Non-interest-bearing liabilities					
Payables	4,455				
Other short-term liabilities					
Currency derivatives	488				
Liabilities that are not derivatives	1,504				
Accrued expenses	2,363				
Total	12,718	5,058	5,869	7,213	38,292

Commodity price risk

Commodity price risk is the risk that the change in price of the raw materials required in the manufacture of Troax product will have an adverse effect on the consolidated income statement. The Group is especially exposed to fluctuations in the price of the wire and the pipe that is required in the manufacture of mesh panels. Troax does not currently hedge this price exposure as the costs associated with such hedging are deemed to exceed the benefits.

Credit risk**Commercial credit risk**

Commercial risk is that risk of losses if one of the Group's customers becomes insolvent and is not able to meet its obligations.

The Group has historically occurred very small credit losses. Write offs of account receivables during the financial year amounted to EUR 194 thousand (EUR 220 thousand). For an age analysis of account receivables, see note 15.

Financial credit risk

Financial credit risk is the risk that a counterparty will default and therefore fail to meet their obligations with respect to, for example, investment or derivative claims. In essence, the Group's exposure to financial credit risk on receivables comprises of

Swedish commercial banks with good credit ratings, which means that the financial credit risk is seen as limited.

Fair value of financial assets and financial liabilities

The carrying amount of financial assets and financial liabilities are considered to be reasonable estimates of the fair value of each class of financial assets and financial liabilities, except with respect to the bond.

The carrying amount of the bond was EUR 66,597 thousand on December 31, 2014, while the fair value was estimated at approximately EUR 66,900 thousand.

All trade receivables and payables are current and therefore their carrying values are considered reasonable approximations of fair value.

The fair values of the derivatives belong to the 2nd level of the hierarchy of fair value valuations, which means that fair value has been determined directly or indirectly from observable data. The fair value of derivative instruments is based on valuation obtained from the counterparty.

The carrying amount of financial assets and financial liabilities by measurement category

The table below shows the carrying amount of financial assets and financial liabilities by measurement category in IAS 39.

Group

EUR thousand	Financial assets valued at fair value through profit or loss		Loans and accounts receivable	
	2014	2013	2014	2013
Financial assets valued at fair value				
Other current assets				
<i>Currency derivatives</i>		71		
<i>Interest rate derivatives</i>		36		
Financial assets not valued at fair value				
Financial fixed assets			464	2,441
Accounts receivable			17,556	10,851
Other current receivables			1,056	773
Cash and cash equivalents			13,174	15,662
Total financial assets	0	71	32,250	29,727

EUR thousand	Financial assets valued at fair value through profit or loss		Financial liabilities valued at amortized costs	
	2014	2013	2014	2013
Financial liabilities valued at fair value				
Other current liabilities				
<i>Currency derivatives</i>	603	466		
<i>Interest rate derivatives</i>	108	22		
Financial liabilities not valued at fair value				
Long term interest-bearing liabilities			66,597	35,860
Other long term liabilities				12,819
Current interest-bearing liabilities				2,340
Accounts payables			8,679	4,455
Other short term liabilities			2,239	1,464
Accrued expenses			4,097	2,363
Total financial liabilities	603	466	81,612	59,301

Currency hedges belong to the category “held for trading” in IAS 39 as the Group does not apply hedge reporting. The Group has entered into these derivative contracts in order to hedge the exposure to currency and interest rate risks.

NOTE 25 Operational leasing***Lease agreements in which the company is lessee***

Future payments on fixed term lease agreements amount to:

Group	31/12/2014	31/12/2013
EUR thousand		
Within one year	2,341	2,406
Within more than one but within five years	5,261	7,142
More than five years	739	1,198
	8,341	10,746

Of the group's operational lease agreements, most are leases on properties and offices in which work is done.

Costs booked for operational lease agreements:

Group	2014	2013
EUR thousand		
Minimum leasing cost	2,406	2,355
Total leasing costs	2,406	2,355

NOTE 26 Investment commitments***Group***

During 2014, the group concluded a contract to acquire property, plant and equipment for EUR 5.8 million (EUR 0 million) for a new painting facility.

NOTE 27 Pledged securities, contingent liabilities and contingent assets**Group**

EUR thousand	31/12/2014	31/12/2013
Pledged securities		
<i>By way of pledged securities for own liabilities and provisions</i>		
Mortgages on property	0	895
Company mortgages	0	2,236
Net assets at subsidiaries	130,291	74,667
Frozen funds at bank	0	2,000
Total pledged securities	130,291	79,798
Contingent liabilities		
Other contingent liabilities	0	36
Total contingent liabilities	0	36

Troax's previous business activities have led to an increased level of trichloroethylene in ground water around the property at Hillerstorp in Sweden. Investigations are in progress at this time, including via drilling, with a view to assessing what impact the old business had on the environment. Test results from the samples, which are taken quarterly, currently show levels that would not normally require further measures. A final decision is expected from the County Administrative Board or local authority during Autumn 2015 (preliminary schedule). Test results from past drillings are not enough to be able to predict or decide with any

Parent company

SEK thousand	31/12/2014	31/12/2013
Pledged securities		
<i>By way of pledged securities for own liabilities and provisions</i>		
Shares in subsidiaries	0	41,237
Frozen funds at bank	0	17,886
Total pledged securities	0	59,123
Contingent liabilities		
Guarantee liabilities in favour of subsidiaries	44,085	320,696
Total contingent liabilities	44,085	320,696

certainty what the final results will be. The Company has not made any provision for current environmental issues at the time of this Prospectus. From historical data on clean-up costs and post-treatment actions, including in response to the Swedish Environmental Protection Agency's report 5663 of February 2007, the Company has estimated that the financial risks involved should not exceed SEK 10 million. This figure may be too low if the investigations above show further action is required, however.

NOTE 28 Group companies**Holdings in group companies**

		31/12/2014	31/12/2013
	Subsidiary headquarters, land	Shareholding in %	Shareholding in %
Troax Group AB (publ)	Gnosjö, Sweden	100.0%	100.0%
Troax AB	Gnosjö, Sweden	100.0%	100.0%
Troax Nordic AB	Gnosjö, Sweden	100.0%	100.0%
Troax UK Ltd	Swindon, UK	100.0%	100.0%
Troax Lee Manuf. Ltd	Swindon, UK	100.0%	100.0%
Troax Italy SRL	Genoa, Italy	100.0%	100.0%
Troax Schweiz AG	Altendorf, Switzerland	100.0%	100.0%
Troax Inc.	Nashville, USA	100.0%	100.0%
Troax Nordix AS	Oslo, Norway	100.0%	100.0%
Troax SA	Chambéry, France	100.0%	100.0%
Troax BV	Lisse, The Netherlands	100.0%	100.0%
Troax GmbH	Niedernhausen, Germany	100.0%	100.0%
Troax Güvenik Sistem	Istanbul, Turkey	100.0%	100.0%
Troax Shanghai System	Shanghai, China	100.0%	100.0%
Troax Denmark A/S	Ishøj, Denmark	100.0%	100.0%
Troax System SL	Barcelona, Spain	100.0%	100.0%
Troax Safety Systems Poland Sp.z.o.o.	Klodawa, Poland	100.0%	100.0%
Satech Safety Technology SPA	Milan, Italy	100.0%	100.0%
Satech Safety Technology Sarl	Lyon, France	100.0%	100.0%
Satech Safety Technology GmbH	Stuttgart, Germany	100.0%	100.0%

Parent company

SEK thousand	31/12/2014	31/12/2013
Acquisition value		
Acquisition value (opening balance)	41,237	
Purchases	0	41,237
Issue against subscription	32,922	
Reported value as at 31 December	74,159	41,237

Specification of the Parent company's direct holdings of shares in subsidiaries

Subsidiary / Corp. Reg. No. / Registered offices	Number of shares	Holding in %	31/12/2014	31/12/2013
			Reported value	Reported value
Troax Group AB (publ), 556916-4048, Gnosjö	4,686,873	100	74,159	41,237
			74,159	41,237

NOTE 29 Closely-related parties**Close relations**

The company has close relations with its subsidiaries, see note 28. These accounted for 0% of sales and 0% of purchases in 2014.

Transactions with key persons in management positions

For pay and other remuneration to key persons in management positions, see note 6.

NOTE 30 Details on cash flow report**Group – Cash and cash equivalents**

EUR thousand	31/12/2014	31/12/2013
<i>Cash and cash equivalents break down as follows:</i>		
Cash and bank balances	13,174	15,462
Total from cash flow analysis	13,174	15,462

Parent company – Cash and cash equivalents

SEK thousand	31/12/2014	31/12/2013
<i>Cash and cash equivalents break down as follows:</i>		
Cash and bank balances	385	130
Total from cash flow analysis	385	130

Adjustments for items not included in cash flow**Group**

	2014	2013
<i>Future payments on fixed term lease agreements:</i>		
Amortisation	2,245	2,202
Changes to value of financial instruments	330	171
Pension provisions	0	21
Provisions	88	100
Other items	-244	21
	2,419	2,515

Subsidiaries and other business units acquired – Group

	2014	2013
<i>Future payments on fixed term lease agreements:</i>		
Assets and liabilities acquired		
Intangible assets	82	
Property, plant and equipment	220	19,154
Non-current financial assets	0	558
Inventories	1,272	4,959
Operating receivables	6,437	14,171
Cash and cash equivalents	1,605	5,302
Total assets	9,616	44,144
Non-current provisions	1,173	3,413
Long-term interest-bearing liabilities	25	16,065
Deferred tax liabilities	0	3,368
Current operating liabilities	3,113	13,756
Total provisions and liabilities	4,311	36,602
Goodwill	18,933	66,247
Purchase price	-24,238	-73,789
Less: Issue against subscription	3,636	
Remuneration from minority shareholders		3,779
Promissory notes		12,000
Purchase price paid	-20,602	-58,010
Less: Cash and cash equivalents in businesses acquired	1,605	5,302
Impact on cash and cash equivalents	-19,014	-68,487

NOTE 31 Information about the Parent Company

Troax Holding AB (publ), registration number 556916-4030, is a Swedish public limited liability company registered in Gnosjö.

The address of the headquarters is Box 89, 330 30 Hillerstorp.

The consolidated financial statements for the year 2014 comprise the Company and its subsidiaries, together referred to as the Group.

NOTE 32 Transition to reporting in compliance with IFRS

These consolidated financial statements are the first to be prepared in accordance with IFRS rules, as stated in note 1.

The accounting policies indicated in note 1 have been applied during the preparation of the consolidated financial reports for the 2014 financial year and for the comparison year 2013, as well as for the consolidated opening balance as at 1 January 2013. Troax Group AB (publ), Corp. Reg. No. 556916-4030 was acquired on 31 January 2013, which in turn acquired the Troax group. These acquisitions gave it decisive influence in the Troax group.

Cumulative conversion differences that arose when converting foreign operations include conversion differences accumulated as of 31 January 2013 and are reported as a separate component of equity (Conversion reserves).

IFRS 3

In the consolidated financial statements, IFRS 3 has been applied on all operating acquisitions made from and including 31 January 2013, the date of the transition to IFRS. Goodwill is not amortised as of 31 January 2013. Instead, goodwill is reviewed annually, or if there are any signs of any loss of value, to determine if it should be written down.

Reversed amortisation on goodwill for 2013 was EUR 2,898 thousand, which is included under cost of goods sold. All these goodwill items relate to acquired goodwill, hence no deferred tax is reported for these reversed write-downs.

At the time of acquisition of Troax Group as at 31/01/2013, adjustment was made for pension provisions in accordance with IAS 19, which increased pension provisions by EUR 1,229 thousand for this acquisition. As this corresponds to a reduction in net assets, a corresponding value has been added to goodwill.

IAS 17

According to previously applied accounting policies, lease agreements have been recognised as operational. The transition to IFRS has meant that a part of the agreement is classified as a financial leasing agreement and is thus recognised as assets and interest-bearing liabilities in the consolidated balance sheet. In the income statement, leasing costs have been replaced with write-downs and interest expenses. This is considered to be intangible for the Troax group.

IAS 19

In connection with the transition to IFRS, actuarial calculations in accordance with IAS 19 have been carried out on significant pension plans. These calculations have meant increasing pension obligations formerly reported by EUR 1,277 thousand, of which EUR 1,229 thousand was acquired in connection with the acquisition, see IFRS 3 above for details.

IAS 39

According to IFRS, all derivative instruments are recognised at fair value in the balance sheet. As hedge accounting is not applied, the changes in fair value are recognised in the income statement.

The company acquired bond loans in 2013 for which all acquisition-related costs were reported as a cost during the year. According to IFRS, these are periodised over the duration of the loan at the interest rate in effect.

RFR 2 concerning IFRS 3

The company has incurred costs in connection with the acquisition attributable directly to the acquisition as costs. These should be entered in the acquisition value for the shares in accordance with RFR 2.

Effects on income statement, balance sheet and equity

The statements below show the effects above on the income statement, balance sheet and equity as if IFRS had been followed in 2013.

CONSOLIDATED BALANCE SHEET 1 JANUARY 2013

EUR thousand	According to previously used policies	Impact of IFRS 3	Impact of IAS 17	Impact of IAS 19	Impact of IAS 39	According to IFRS
Assets						
Intangible assets	0					0
Property, plant and equipment	0					0
Non-current financial assets	0					0
Deferred tax receivables						0
Total non-current assets	0	0	0	0	0	0
Inventories	0					0
Tax receivables						0
Trade receivables	0					0
Prepayments and accrued income	0					0
Other receivables	0					0
Cash and cash equivalents	12					12
Total current assets	12	0	0	0	0	12
Total assets	12	0	0	0	0	12
Equity						
Share capital	12					12
Other contributed capital						0
Reserves						0
Unappropriated profits including profit for the year						0
Total equity	12	0	0	0	0	12
Liabilities						
Long-term interest-bearing liabilities	0					0
Other long-term liabilities	0					0
Pension provisions	0					0
Other provisions	0					0
Deferred tax liabilities	0					0
Total long-term liabilities	0	0	0	0	0	0
Short-term interest-bearing liabilities	0					0
Trade payables	0					0
Tax liabilities	0					0
Other liabilities	0					0
Accrued expenses and deferred income	0					0
Total short-term liabilities	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0
Total equity and liabilities	12	0	0	0	0	12

CONSOLIDATED INCOME STATEMENT 31 JANUARY-31 DECEMBER 2013

EUR thousand	According to previously used policies	Impact of IFRS 3	Impact of IAS 17	Impact of IAS 19	Impact of IAS 39	According to IFRS
Net revenue	64,361					64,361
Cost of goods sold	-41,346	2,821				-38,525
Gross earnings	23,015	2,821	0	0	0	25,836
Other operating income	121					121
Sales costs	-11,498			64		-11,434
Administration costs	-6,813					-6,813
Research and development costs	0					0
Other operating expenses	0				-924	-924
Operating profit	4,825	2,821	0	64	-924	6,786
Financial income	47				55	102
Financial expenses	-4,133			-120		-4,253
Net financial income/expenses	-4,086	0	0	-120	55	-4,151
Profit before tax	739	2,821	0	-56	-869	2,635
Tax	-1,128		0	12	191	-925
Profit for the year	-389	2,821	0	-44	-678	1,710

STATEMENT OF (TOTAL) COMPREHENSIVE INCOME FOR THE GROUP

EUR thousand	According to previously used policies	Impact of IFRS 3	Impact of IAS 17	Impact of IAS 19	Impact of IAS 39	According to IFRS
Profit for the year	-389	2,821	0	-44	-678	1,710
Other (total) comprehensive income						
<i>Items that have been translated or can be translated to profit for the year</i>						
Translation difference for the year with translation of foreign business activities	-1,283			106		-1,177
Tax attributable to items that have been translated or can be translated to profit for the year				-24		-24
	-1,283	0	0	82	0	-1,201
<i>Items that cannot be translated to profit for the year</i>						
Revaluation of defined benefit pension plans				36		36
Tax attributable to items that cannot be translated to profit for the year				-8		-8
	0	0	0	28	0	28
Other (total) comprehensive income for the year	-1,283	0	0	110	0	-1,173
(Total) Comprehensive income for the year	-1,672	2,821	0	66	-678	537

CONSOLIDATED BALANCE SHEET 31 DECEMBER 2013

EUR thousand	According to previously used policies	Impact of IFRS 3	Impact of IAS 17	Impact of IAS 19	Impact of IAS 39	According to IFRS
Assets						
Intangible assets	60,238	4,151				64,389
Property, plant and equipment	16,970					16,970
Non-current financial assets	2,441					2,441
Deferred tax receivables					84	84
Total non-current assets	79,649	4,151	0	0	84	83,884
Inventories	4,907					4,907
Tax receivables						0
Trade receivables	10,851					10,851
Prepayments and accrued income	485					485
Other receivables	773	662			-422	1,013
Cash and cash equivalents	15,462					15,462
Total current assets	32,478	662	0	0	-422	32,718
Total assets	112,127	4,813	0	0	-338	116,602
Equity						
Share capital	506					506
Other contributed capital	44,803					44,803
Reserves	-1,283	0	0	82	0	-1,201
Unappropriated profits including profit for the year	-373	2,821	0	-16	-678	1,754
Total equity	43,653	2,821	0	66	-678	45,862
Liabilities						
Long-term interest-bearing liabilities	48,679					48,679
Pension provisions	2,291	1,229		-86		3,434
Other provisions	79					79
Deferred tax liabilities	1,875	721		20	-107	2,509
Total long-term liabilities	52,924	1,950	0	-66	-107	54,701
Short-term interest-bearing liabilities	2,340					2,340
Trade payables	4,455					4,455
Tax liabilities	1,394					1,394
Other liabilities	1,463	42			447	1,952
Accrued expenses and deferred income	5,898					5,898
Total short-term liabilities	15,550	42	0	0	447	16,039
Total liabilities	68,474	1,992	0	-66	340	70,740
Total equity and liabilities	112,127	4,813	0	0	-338	116,602

Auditor's report regarding audited consolidated annual accounts for the period 2011-2014



To the Board of Directors of Troax Group AB (publ)

Auditor's report regarding condensed historical financial information

We have audited the condensed historical financial information for Troax Group AB on pages F-2-F-12, which refer to the two-year period ending on 31 December 2011 and 2012.

The Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for ensuring that the condensed historical financial information for Troax Group AB, presented on pages F-2-F-12 in the offer documentation, has been reproduced from the annual report for 2012 and is presented fairly and accurately. The Board of Directors is also responsible for the preparation and the fair presentation of the condensed historical financial information on pages F-2-F-12 in accordance with Financial Instruments Trading Act (1991:980) and the requirements of the Prospectus Directive implementing Regulation 809/2004/EC.

The auditor's responsibility

Our responsibility is to express an opinion on the condensed historical financial information based on our audit. We conducted our audit in accordance with FAR SRS's Recommendation RevR 5 *Examination of Prospectuses*.

Opinion

In our opinion, the information presented in the condensed historical financial information for the two-year period ending on 31 December 2011 and 2012 is presented fairly and accurately.

We have audited the annual report for 2012 and have presented an auditor's report prepared according to the standard formulation for the financial year 2012.

Stockholm, 16 March 2015

Öhrlings PricewaterhouseCoopers AB

Anders Trast Winqvist
Authorised Public Accountant



To the Board of Directors of Troax Group AB (publ)

Auditor's report regarding condensed historical financial information

We have audited the condensed historical financial information for Troax Group AB (publ) on pages F-23-F-45, which refer to the two-year period ending on 31 December 2013 and 2014.

The Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for ensuring that the condensed historical financial information for Troax Group AB (publ), presented on pages F-23-F-45 in the offer documentation, has been reproduced from the annual report for 2014 and is presented fairly and accurately. The Board of Directors is also responsible for the preparation and the fair presentation of the condensed historical financial information on pages F-23-F-45 in accordance with Financial Instruments Trading Act (1991:980) and the requirements of the Prospectus Directive implementing Regulation 809/2004/EC.

The auditor's responsibility

Our responsibility is to express an opinion on the condensed historical financial information based on our audit. We conducted our audit in accordance with FAR SRS's Recommendation RevR 5 Examination of Prospectuses.

Opinion

In our opinion, the information presented in the condensed historical financial information for the two-year period ending on 31 December 2013 and 2014 is presented fairly and accurately.

We have audited the annual report for 2014 and have presented an auditor's report prepared according to the standard formulation for the financial year 2014.

Stockholm, 16 March 2015

Öhrlings PricewaterhouseCoopers AB

Anders Trast Winqvist
Authorised Public Accountant
Auditor-in-Charge

Bo Lagerström
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