

Troax Group AB (publ)
Hillerstorp, the 26th of April 2023



TROAX EQUALS SAFETY

A SAFE FUTURE STARTS EVERY DAY

Safety means everything to us. We keep people, property and processes safe. It is our reason for being and the very purpose of this company. Our products are made of high-quality steel to keep what matters most out of harm's way.

Troax is the global market leader in metal-based mesh solutions for machine guarding, warehouse partitioning and property protection. We protect people from injuries and machinery as well as goods from getting damaged in everyday work.

Troax Group AB (publ), Reg. No. 556916-4030, is a global organization with an unparalleled sales force and an efficient logistics setup, enabling local presence and short delivery times. We are represented in 45 countries and employ around 1 100 people. Our headquarters are located in Hillerstorp, Sweden. In 2022, Troax net sales amounted to 284 MEUR.

Stay safe with Troax, today and tomorrow.

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INTERIM REPORT JANUARY- MARCH 2023

JANUARY – MARCH

- Order intake in the quarter decreased by 6 percent compared with the same period last year and amounted to 69,6 (74,5) MEUR. Adjusted for currency and acquisitions the decrease was 7 percent.
- Sales in the quarter decreased by 3 percent compared with the same period last year and amounted to 67,8 (69,6) MEUR. Adjusted for currency and acquisitions sales decreased by 4 percent.
- Operating profit before amortizations (EBITA) decreased to 12,7 (12,8) MEUR.
- Operating margin before amortizations (EBITA margin) increased to 18,7 (18,4) percent.
- Financial net was -0,6 (-0,2) MEUR.
- Profit after tax decreased to 8,9 (9,3) MEUR.
- Earnings per share after dilution amounted to 0,15 (0,16) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Jan-Dec 2021	Apr-Mar 2022/2023
Order intake	69,9	74,5	272,7	275,8	268,1
Sales	67,8	69,6	284,1	252,3	282,3
Gross profit	25,5	24,5	97,3	95,2	98,3
Gross margin, %	37,6	35,2	34,2	37,7	34,8
EBITA	12,7	12,8	51,1	53,4	51,0
EBITA margin, %	18,7	18,4	18,0	21,2	18,1
EBIT	12,2	12,5	49,6	52,4	49,3
EBIT margin, %	18,0	18,0	17,5	20,8	17,5
Profit after tax	8,9	9,3	36,8	39,7	36,4
EBITDA 1)	15,2	15,2	61,2	62,3	61,2
EBITDA margin, % 1)	22,4	21,8	21,5	24,7	21,7
Net debt / EBITDA			0,6	0,8	
Earnings per share after dilution in EUR	0,15	0,16	0,61	0,66	0,61
Closing rate SEK/EUR	11,28	10,34	11,12	10,22	10,83
Earnings per share after dilution in SEK. 2)	1,67	1,60	6,82	6,76	6,57

1) Earnings per share after dilution in SEK, is calculated based on result in Euro at Closing rate SEK/EUR.

CEO COMMENTS

Troax's order intake decreased slightly during the first quarter. This was expected, as demand from international customers within Automated warehouses has largely lost ground since the second half of 2022. This trend is expected to continue throughout 2023. However, we have noted a certain increase in demand within this segment among small and medium-sized customers, which is a signal that the long-term trend is still positive. It is also positive that we have not noted any significant decline in other customer segments, but inquiries and orders have continued at a reasonably even level during the quarter. No reduction due to a general drop in demand has been noticeable.

Automotive demand has been higher than in previous quarters. For the last few quarters, we have noticed increased requests for quotations from automotive customers, and this has now been manifested in the first quarter in a higher order intake. The weak demand from customers within the Automated warehouse segment is most noticeable in Natom Logistic (part of Continental Europe) and United Kingdom, where order intake has been low in the period. In terms of invoicing, however, we have been able to keep the numbers up in general by our loyal small and medium-sized customers continuing to buy at an undiminished rate. In total for the first quarter, order intake is 7% lower than in 2022, when we exclude acquisitions.

Invoicing has been good, even if we show a slightly lower level than the previous year for comparable companies. If we subtract price increases, the volume reduction will be in the order of 10%, entirely attributable to customers within Automated warehouses. This can be seen in the figures for United Kingdom and Continental Europe. Other regions have had a good development.

The gross margin has gradually improved and is beginning to approach the group's target of 39-40%. Behind this is the fact that purchase prices have been relatively stable during the period, while our previously made price increases have taken full effect. However, the margin is negatively affected by lower volumes, especially in our Polish factory during the first quarter. We have reduced our fixed costs in the first quarter of 2023 in our units in Chicago and Poland. We have also continued to reduce our stock levels during the quarter, which of course also negatively affects the capacity situation.

In the quarter, we have continued to invest long-term for continued capacity growth and for increased productivity, primarily in Natom Logistic in Poland, where additional production equipment has been taken into the operation. We are also partially moving production from an old rented factory to our own new facility in Sroda, Poland. Operation in Hillerstorp is being expanded further in 2023 and ground work is largely complete. The company in Spain acquired in 2022, Claitec, had a good development during the quarter. The same can be said about the smaller company Svenska Cykelrum, which was acquired at the end of 2022 and which is being integrated into our Nordic operations.

The improved gross margin can also be seen in an improved EBITA margin, where, despite volume reductions in our factories, we exceed the margin for the same period last year. In absolute terms, EBITA is almost at the same level as in 2022, despite the volume reduction.

Cash flow has been good during the first quarter and positively affected by reductions in inventory levels. This means that Troax has a continued stable financial situation and sees good opportunities to continue looking for interesting complementary companies to acquire.

Thomas Widstrand, President and CEO

THE GROUP SUMMARY

JANUARY – MARCH

The total order intake decreased in the quarter. Order intake amounted to 69,9 (74,5) MEUR, a decrease by 6 percent compared with the corresponding period last year. Adjusted for currency and acquisitions the decrease was 7 percent. Nordic and North America increased their order intake during the period compared with the corresponding period last year whereas other markets decreased their order intake.

Sales amounted to 67,8 (69,6) MEUR, a decrease of 3 percent compared with the corresponding period last year. Adjusted for currency and acquisitions sales decreased by 4 percent. All regions except United Kingdom and Continental Europe increased their sales during the period compared with the corresponding period last year.

Operating profit before amortizations (EBITA) amounted to 12,7 (12,8) MEUR, corresponding to an EBITA margin of 18,7 (18,4) per cent.

FINANCIAL NET

For the first quarter of 2023, financial net amounted to -0,6 (-0,2) MEUR.

TAXES

The tax expense was -2,7 (-3,0) MEUR for the first quarter 2023.

NET RESULT

Net result for the first quarter 2023 amounted to 8,9 (9,3) MEUR.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 8,5 (2,3) MEUR for the first quarter. Net debt was 32,6 (50,8) MEUR. Net debt in relation to the 12-month rolling EBITDA was 0,5 (0,8) to be compared with the company's financial target of less than 2,5.

INVESTMENTS

During the first quarter, investments were 2,3 (1,0) MEUR and relates mainly to machinery investments in Sweden and Poland.

REGIONAL DEVELOPMENT

Troax operations are reported as one segment. As secondary information Order intake and Sales are reported based on geographical regions.

Nordic – Sweden, Denmark, Norway and Finland

Continental Europe – Europe excluding Nordic and United Kingdom

United Kingdom – Great Britain and Ireland

North America – US and Canada

New Markets – rest of the world including all distributors directly connected to Sweden

Order intake MEUR	3 Months	3 Months	Diff	12 Months	12 Months	Diff	12 Months
	Jan-Mar 2023	Jan-Mar 2022		Jan-Dec 2022	Jan-Dec 2021		Apr-Mar 2022/2023
Continental Europe	35,2	38,6	-9%	132,3	136,6	-3%	128,9
Nordic region	11,9	11,8	1%	41,6	32,2	29%	41,7
United Kingdom	6,7	10,3	-35%	30,6	30,6	0%	27,0
North America	11,2	9,2	22%	40,3	58,7	-31%	42,3
New Markets	4,2	4,6	-9%	21,0	17,7	19%	20,6
Total excl Currency	69,2	74,5	-7%	265,8	275,8	-4%	260,5
Currency effect	-0,6	0,0	-1%	2,6	0,0	1%	2,0
Order intake acquisitions	1,3	0,0	2%	4,3	0,0	2%	5,6
Total Order intake	69,9	74,5	-6%	272,7	275,8	-1%	268,1
Total Sales MEUR	3 Months	3 Months		12 Months	12 Months		12 Months
	Jan-Mar 2023	Jan-Mar 2022	Diff	Jan-Dec 2022	Jan-Dec 2021	Diff	Apr-Mar 2022/2023
Continental Europe	31,2	36,5	-15%	142,0	123,6	19%	136,7
Nordic region	10,9	8,3	31%	38,6	30,0	29%	41,2
United Kingdom	6,2	8,9	-30%	34,5	30,9	12%	31,8
North America	13,9	12,1	15%	44,1	51,0	-14%	45,9
New Markets	4,8	3,8	26%	19,3	16,8	15%	20,3
Total excl Currency	67,0	69,6	-4%	278,5	252,3	10%	275,9
Currency effect	-0,4	0,0	-1%	2,9	0,0	1%	2,5
Sales acquisitions	1,2	0,0	2%	2,7	0,0	1%	3,9
Total Sales	67,8	69,6	-3%	284,1	252,3	13%	282,3

* Note that organic growth is reported excluding currency effect.

THE GROUP - SUMMARY

INCOME STATEMENT

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Jan-Dec 2021	Apr-Mar 2022/2023
Sales	67,8	69,6	284,1	252,3	282,3
Cost of goods sold	-42,3	-45,1	-186,8	-157,1	-184,0
Gross profit	25,5	24,5	97,3	95,2	98,3
Sales expenses	-8,3	-7,6	-30,5	-28,0	-31,2
Administrative expenses	-4,3	-3,7	-15,9	-14,1	-16,5
Other operating income and expenses	-0,2	-0,4	0,2	0,3	0,4
Operating profit before Amortizations (EBITA)	12,7	12,8	51,1	53,4	51,0
Amortization	-0,5	-0,3	-1,5	-1,0	-1,7
Operating profit (EBIT)	12,2	12,5	49,6	52,4	49,3
Financial income and expenses	-0,6	-0,2	-1,4	-1,0	-1,8
Result after financial expenses	11,6	12,3	48,2	51,4	47,5
Taxes	-2,7	-3,0	-11,4	-11,7	-11,1
Net result for the period	8,9	9,3	36,8	39,7	36,4
Earnings per share before / after dilution	0,15 €	0,16 €	0,61 €	0,66 €	0,61 €
Number of shares before / after dilution in thousands	60 000	60 000	60 000	60 000	60 000

STATEMENT OF COMPREHENSIVE INCOME

	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Jan-Dec 2021	Apr-Mar 2022/2023
Net result for the period	8,9	9,3	36,8	39,7	36,4
Other comprehensive income:					
Items that may be reclassified to the income statement					
Translation differences	-1,9	-0,9	-7,8	1,1	-8,8
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0
	-1,9	-0,9	-7,8	1,1	-8,8
Items that will not be reclassified to the income statement					
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	1,3	-0,3	1,3
Tax related to items that may be reclassified	0,0	0,0	-0,2	0,0	-0,2
	0,0	0,0	1,1	-0,3	1,1
Other comprehensive income, net of tax	-1,9	-0,9	-6,7	0,8	-7,7
Total comprehensive income for the period	7,0	8,4	30,1	40,5	28,7

EBITDA	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Jan-Dec 2021	Apr-Mar 2022/2023
Operating result (EBIT)	12,2	12,5	49,6	52,4	49,3
Amortizations	0,5	0,3	1,5	1,0	1,7
Adjusted operating result (EBITA)	12,7	12,8	51,1	53,4	51,0
Depreciations	2,5	2,4	10,1	8,9	10,2
EBITDA	15,2	15,2	61,2	62,3	61,2

STATEMENT OF FINANCIAL POSITION

	2023	2022	2022	2021
MEUR	31-mar	31-mar	31-dec	31-dec
Assets				
Intangible assets	97,2	94,8	98,6	95,6
Tangible assets	59,5	58,5	60,0	60,3
Financial fixed assets	6,1	6,0	6,3	5,9
Total fixed assets	162,8	159,3	164,9	161,8
Inventories	29,5	36,1	32,3	35,5
Current receivables	59,8	61,5	55,4	57,5
Cash and cash equivalents	32,6	35,4	37,5	35,2
Total current assets	121,9	133,0	125,2	128,2
TOTAL ASSETS	284,7	292,3	290,1	290,0
Equity and liabilities				
Equity	161,9	151,0	154,9	142,6
Long-term liabilities	79,2	100,7	89,4	101,9
Current liabilities	43,6	40,6	45,8	45,5
TOTAL EQUITY AND LIABILITIES	284,7	292,3	290,1	290,0
Net debt	32,6	50,8	38,2	52,1

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

	2023	2022	2022	2021
	31-mar	31-mar	31-dec	31-dec
Opening balance	154,9	142,6	142,6	114,0
Dividends	0,0	0,0	-18,0	-12,0
Received option premiums	0,0	0,0	0,2	0,1
Re-purchase of shares	0,0	0,0	0,0	0,0
Total comprehensive income for the period	7,0	8,4	30,1	40,5
Closing balance	161,9	151,0	154,9	142,6

CASHFLOW STATEMENT

	3 Months	3 Months	12 Months	12 Months
MEUR	2023	2022	2022	2021
	31-mar	31-mar	31-dec	31-dec
Operating profit (EBIT)	12,2	12,5	49,6	52,4
Depreciations, interest received and paid, tax paid and adjustments	0,0	-0,8	-5,3	1,1
Changes in working capital	-3,7	-9,4	5,6	-21,3
Cash flow from operating activities	8,5	2,3	49,9	32,2
Investments	-2,3	-1,0	-14,4	-14,6
Cash flow after investing activities	6,2	1,3	35,5	17,6
Financing activities	-11,1	-1,1	-32,5	-15,3
Cash flow for the period	-4,9	0,2	3,0	2,3
Cash and cash equivalents at the start of the period	37,5	35,2	35,2	32,5
Translation difference in cash and cash equivalents	0,0	0,0	-0,7	0,4
Cash and cash equivalents at the end of the period	32,6	35,4	37,5	35,2

PARENT COMPANY – SUMMARY

INCOME STATEMENT	3 Months	3 Months	12 Months	12 Months
	Jan-Mar	Jan-Mar	Jan-Dec	Jan-Dec
MEUR	2023	2022	2022	2021
Sales	0,3	0,2	0,9	0,9
Cost of goods sold	0,0	0,0	0,0	0,0
Gross profit	0,3	0,2	0,9	0,9
Administrative expenses	-1,1	-0,6	-2,2	-2,5
Other operating income and expenses	-0,1	-0,1	-0,3	0,0
Operating profit before Amortizations (EBITA)	-0,9	-0,5	-1,6	-1,6
Financial income and expenses	-0,8	0,3	28,0	16,3
Result after financial expenses	-1,7	-0,2	26,4	14,7
Year-end appropriations	0,0	0,0	1,3	0,0
Profit before tax	-1,7	-0,2	27,7	14,7
Taxes	0,4	0,0	-3,4	-1,4
Net result for the period	-1,3	-0,2	24,3	13,3

STATEMENT OF COMPREHENSIVE INCOME				
Net result for the period	-1,3	-0,2	24,3	13,3
Other comprehensive income, net of tax	0,0	0,1	0,0	0,0
Total comprehensive income for the period	-1,3	-0,1	24,3	13,3

STATEMENT OF FINANCIAL POSITION	31-mar	31-mar	31-dec	31-dec
MEUR	2023	2022	2022	2021
Assets				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	23,9	23,3	24,4	23,0
Total fixed assets	111,6	111,0	112,1	110,7
Receivables to subsidiaries	0,0	0,0	5,4	6,9
Current receivables	0,8	1,2	0,8	1,0
Cash and cash equivalents	8,4	6,6	9,8	12,8
Total current assets	9,2	7,8	16,0	20,7
TOTAL ASSETS	120,8	118,8	128,1	131,4
Equity and liabilities				
Equity	44,2	38,9	45,6	39,0
Untaxed reserves	5,7	7,0	5,7	7,0
Long-term liabilities	50,0	70,0	60,0	70,0
Current liabilities	20,9	2,9	16,8	15,4
TOTAL EQUITY AND LIABILITIES	120,8	118,8	128,1	131,4

CASH FLOW STATEMENT	3 Months	3 Months	12 Months	12 Months
	2023	2022	2022	2021
MEUR	31-mar	31-mar	31-dec	31-dec
Operating profit before financial items	-0,9	-0,5	-1,6	-1,6
Interest paid and received, taxes, adjustments	-0,5	0,0	23,5	0,3
Change in working capital	10,0	-5,7	3,1	12,5
Cash flow from continuing operations	8,6	-6,2	25,0	11,2
Investments	0	0,0	0	0
Cash flow from investment activities	8,6	-6,2	25,0	11,2
Cash flow from financing activities	-10,0	0,0	-28,0	1,0
Cash flow for the period	-1,4	-6,2	-3,0	12,2
Cash and cash equivalents at the beginning of the period	9,8	12,8	12,8	0,6
Translation difference	0,0	0,0	0,0	0,0
Cash and cash equivalents at the end of the period	8,4	6,6	9,8	12,8

FINANCIAL TARGETS

Troax Group`s financial targets connected to the company`s strategic initiatives are presented below. All expressed opinions in this part are future orientated.

Growth	Troax`s objective is to grow in its current markets, both organically and by selective acquisitions
Profitability	Troax`s target is to have an operating margin in excess of 20 per cent.
Financial structure	Net debt in relation to the 12-month rolling EBITDA, excluding temporary deviations, shall not exceed 2,5 times.
Dividend policy	Troax`s target is to pay approximately 50 per cent of its net profit in dividends. The dividend proposal shall consider Troax`s long-term development potential, its financial position and its investment needs.

The financial targets represent future oriented information. Future oriented information shall not be considered as guarantees for future result or development. The actual result may and can materially vary from what is expressed in the future oriented information.

OTHER INFORMATION

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities. The Accounting principles that have been applied coincide with those accounting principles used for preparing the latest Annual Report. The Annual Report for 2022 is available on www.troax.com.

ALTERNATIVE KEY RATIOS

In this interim report, Troax presents certain financial measures that are not defined by IFRS, so-called alternative key ratios. The Group believes that these measures provide valuable supplementary information to investors as they enable an evaluation of the company's results and position. Since not all companies calculate financial measurements in the same way, these are not always comparable to those used by other companies. Investors should consider these financial measures as a complement rather than an IFRS financial statement. Troax uses the following alternative key figures:

Organic growth

As a large proportion of the Group's sales take place in currencies other than the reporting currency (Euro), the Group's sales are evaluated on the basis of its organic sales growth, which enables separate evaluations of the effect of acquisitions / divestments and currency effects.

Total Sales MEUR	3 Months	3 Months	Diff	12 Months	12 Months	Diff
	Jan- Mar	Jan- Mar		Jan-Dec	Jan-Dec	
	2023	2022		2022	2021	
Organic sales / growth	67,0	69,6	-4%	278,5	252,3	10%
Currency effect	-0,4	0,0	-1%	2,9	0,0	1%
Sales from acquisitions	1,2	0,0	2%	2,7	0,0	1%
Total Sales	67,8	69,6	-3%	284,1	252,3	13%

Operating profit before amortizations (EBITA)

Earnings before interest, tax, depreciation on acquisition-related intangible fixed assets, acquisition-related costs and income and items affecting comparability.

Net debt / EBITDA

Troax's definition of net debt is the sum of interest-bearing liabilities (including leasing liabilities according to IFRS 16 but excluding pension liabilities) less cash and cash equivalents. Net debt is used by Group management to monitor and analyze the debt development in the Group and evaluate the Group's refinancing needs. Net debt compared with EBITDA provides a key figure for net debt in relation to cash-generating operating results, which gives an indication of the business' ability to pay its debts.

OTHER INFORMATION (CONT.)

MEUR	31-mar 2023	31-mar 2022	31-dec 2022	31-dec 2021
Short term loans	0,0	0,0	0,0	0,0
Long term loans	50,0	70,0	60,0	70,0
Liabilities for leases (IFRS 16)	15,2	16,2	15,8	17,3
Total debt	65,2	86,2	75,8	87,3
cash	32,6	35,4	37,5	35,2
Net debt	32,6	50,8	38,3	52,1
12 month rolling EBITDA	61,2	64,1	62,3	62,3
Net debt / EBITDA	0,5	0,8	0,6	0,8

RISKS AND RISK MANAGEMENT

Exposure to risks is a natural part of business operations and this reflects Troax's approach to risk management. This aims to identify and prevent the occurrence of risks and to limit any damage from these risks. The most significant risks to which the Group is exposed are related to the cyclical impact on demand. For further information, see the Management Report and Note 27 in the Annual Report 2022.

SEASONAL VARIATIONS

Seasonal variations have some impact on Troax business. Sales are normally in general stable between the quarters but can fluctuate between the months in the quarter. Sales can be somewhat lower in the summer months (July-August) and from December to January. In periods of high production, the company normally ties up more money in Working Capital. Cash is then released from working capital after a high season when manufactured goods are installed and the customer's receivables paid.

TRANSACTIONS WITH RELATED PARTIES

No significant transactions with related parties have taken place during the period.

EMPLOYEES

At the end of the period the Group had 1 115 (1 105) employees.

OTHER EVENTS AFTER THE QUARTER

There is no significant information to report after the quarter.

DEVELOPMENT IN THE PARENT COMPANY

There is no significant information to report for the quarter.

AUDIT

This report has not been reviewed by the auditors.

NEXT REPORTS

Interim report Q2 2023, 16th of August 2023
Interim report Q3 2023, 24th of October 2023
Interim report Q4 2023, 9th of February 2024

TELEPHONE CONFERENCE

Invitation to presentation of the first quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 26th of April 2023 at 16:30 CET. The conference will be held in English. For more information, please refer to <https://www.troax.com/global/en/press>

THOMAS WIDSTRAND
President and CEO
Phone +46 (0)370-828 31
thomas.widstrand@troax.com

ANDERS EKLÖF
CFO
Phone +46 (0)370-828 25
anders.eklof@troax.com

Troax Group AB (publ)
Hillerstorp, 26th of April 2023

Headquarters:
Troax AB
Box 89, SE-335 04 Hillerstorp, Sweden
Phone: +46 (0)370-828 00
Fax +46 (0)370-824 86
www.troax.com

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