

Trox Group AB (publ)
Hillerstorp, the 26th of April 2021



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 of 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, has a global organization with an unparalleled sales force and an efficient logistics setup, enabling local presence and short delivery times. We are represented in 42 countries and employ around 975 people. Our headquarters is located in Hillerstorp, Sweden. In 2020, Troax net sales amounted to 164 MEUR.

Stay safe with Troax, today and tomorrow.

troax.com

troaxgroup.org

INTERIM REPORT JANUARY- MARCH 2021

Significantly improved results for Troax for the first quarter

JANUARY - MARCH

- Order intake increased by 45 percent to 64,5 (44,6) MEUR. Adjusted for currency and acquisitions the increase was 29 percent compared with the same period last year.
- Sales increased by 34 percent to 54,7 (40,8) MEUR. Adjusted for currency and acquisitions, sales increased by 19 percent compared to the same period last year.
- Operating profit increased to 11,0 (6,5) MEUR. Operating profit does not contain any government subsidies due to the Corona pandemic in the period.
- Operating margin increased to 20,1 (15,9) percent.
- Financial net was -0,2 (-0,2) MEUR.
- Profit after tax increased to 8,4 (4,8) MEUR.
- Earnings per share after dilution amounted to 0,14 (0,08) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019	Apr-Mar 2020/2021
Order intake	64,5	44,6	178,4	168,1	198,3
Sales	54,7	40,8	163,6	168,0	177,5
Gross profit	21,6	15,3	64,2	67,1	70,5
Gross margin, %	39,5	37,5	39,2	39,9	39,7
Operating profit	11,0	6,5	30,8	32,9	35,3
Operating margin, %	20,1	15,9	18,8	19,6	19,9
Profit after tax	8,4	4,8	23,2	24,3	26,8
EBITDA 1)	13,4	8,3	38,5	38,9	43,6
EBITDA margin, % 1)	24,5	20,3	23,5	23,2	24,6
Net debt / EBITDA			1,4	1,3	
Earnings per share after dilution in EUR	0,14	0,08	0,39	0,41	0,45
Closing rate SEK/EUR	10,24	11,08	10,04	10,45	10,31
Earnings per share after dilution in SEK. 2)	1,43	0,89	3,88	4,23	4,61

1) EBITDA is impacted by IFRS 16 (approx. 0,8-1,0 MEUR per quarter in decreased leasing costs).

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

CEO COMMENTS

Troax increased order intake by 45% during the quarter, which means a very strong start to the year and a continuation from the good level which we were able to report in Q4 2020. Excluding our newly acquired company in Poland, the corresponding figure for the first quarter is 27%, which is still a good increase. The quarter was less turbulent than expected and is characterized by continued strong order intake, mainly from larger customers in automated warehouses (driven by the need for increased e-commerce solutions). We also note a certain higher level of activity from the automotive sector, although this can far from be described as a good level. The general demand and level of activity in the market is still below normal, driven by continued constraints due to pandemic effects, especially in the southern part of Europe. Despite the fact that the overall impression from the first quarter is clearly positive, we believe that this high level of order intake is not entirely representative of market activities in general.

Our production units had a good capacity utilization rate during the quarter, which is also reflected in a stable operating profit for the period. During the first part of the quarter, we had some negative impact on late deliveries of raw materials, which affected planning and efficiency, but we have succeeded in keeping customers insulated from these delays. During the quarter, we also experienced sharp increases in the price of steel in particular, which we mainly compensated for with our customer pricing. However, there is a risk that this turbulent development will continue during the next quarter and that we will be forced to take further measures to compensate for these cost increases.

It is particularly gratifying that the development has remained positive in North America, both in terms of efficiency and results. Sales have increased significantly in this region, together with the UK. For other regions, there has been a stable development in Continental Europe and the Nordic countries and a clearly positive development both in China and in New Markets.

Our new acquisition, Natom Logistic in Poland, has also shown a good development during the quarter, both in terms of order intake and earnings, which is why the strategy so far with this acquisition has proven to work well. During the quarter, we invested in a new building in Poland outside Poznan, where we envisage that today's two production units will be merged into one large one in 2021/22. The integration work continues even though there have been problems with physical visits to Poland due to lock downs.

The gross margin is positively affected by good capacity utilization and sales prices have increased towards the end of the quarter. The costs are judged to be under control together with the good sales volume, this means that Troax delivers an all-time high result for the quarter.

Overall, this means that the operating profit for the quarter amounted to 11,0 MEUR with a margin of approximately 20%. Net profit amounts to 8,4 MEUR for the quarter, compared with 4,8 MEUR the previous year. No major changes have taken place regarding the development of working capital compared with the previous year. We are still somewhat high in terms of inventory value, but at present this is something that increases the security of our business.

Thomas Widstrand, President and CEO

THE GROUP SUMMARY

JANUARY – MARCH

The total order intake increased in the period compared with the corresponding period last year. Order intake amounted to 64,5 (44,6) MEUR, an increase of 45 percent. Adjusted for currency fluctuations and acquisitions, the increase was 29 percent. All markets increased their order intake during the period compared with the corresponding period last year.

Net sales amounted to 54,7 (40,8) MEUR, an increase of 34 percent. Adjusted for currency fluctuations and acquisitions, the increase was 19 percent. North America and New Markets increased their sales while the other markets decreased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 11,0 (6,5) MEUR, corresponding to an operating margin of 20,1 (15,9) per cent.

FINANCIAL NET

For the first quarter of 2021, financial net amounted to -0,2 (-0,2) MEUR.

TAXES

The tax expense was -2,4 (-1,5) MEUR for the first quarter of 2021.

NET RESULT

Net result for the first quarter amounted to 8,4 (4,8) MEUR.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 3,0 (1,6) MEUR for the first quarter. Net debt including the impact from IFRS 16 was 56,2 (51,0) MEUR. Net debt in relation to the 12-month rolling EBITDA was 1,3 (1,3) to be compared with the company's financial target of less than 2,5.

INVESTMENTS

During the first quarter, investments were 6,1 (1,6) MEUR. The year's investments mainly relates to an investment in a new building in 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			12 Months			12 Months Apr-Mar 2020/2021
	Jan-Mar 2021	Jan-Mar 2020	Diff	Jan-Dec 2020	Jan-Dec 2019	Diff	
Continental Europe	24,8	22,3	11%	81,0	90,6	-11%	83,5
Nordic region	7,4	6,9	7%	26,2	26,1	0%	26,7
United Kingdom	9,3	6,7	39%	24,1	19,4	24%	26,7
North America	11,5	6,7	72%	31,3	24,2	29%	36,1
New Markets	4,5	2,0	125%	9,2	7,8	18%	11,7
Total excl Currency	57,5	44,6	29%	171,8	168,1	2%	184,7
Currency effect	-0,9	0,0	-2%	-0,9	0,0	-1%	-1,8
Order intake acquisitions	7,9	0,0	18%	7,5	0,0	4%	15,4
Total Order intake	64,5	44,6	45%	178,4	168,1	6%	198,3

Total Sales MEUR	3 Months			12 Months			12 Months Apr-Mar 2020/2021
	Jan-Mar 2021	Jan-Dec 2020	Diff	Jan-Dec 2020	Jan-Dec 2019	Diff	
Continental Europe	22,2	22,5	-1%	82,7	88,7	19%	82,4
Nordic region	5,7	5,9	-3%	25,2	26,6	-5%	25,0
United Kingdom	7,8	4,9	59%	19,0	20,7	-8%	21,9
North America	10,6	5,5	93%	24,9	24,5	2%	30,0
New Markets	2,4	2,0	20%	8,9	7,5	19%	9,3
Total excl Currency	48,7	40,8	19%	160,7	168,0	-4%	168,6
Currency effect	-0,8	0,0	-2%	-0,8	0,0	0%	-1,6
Sales acquisitions	6,8	0,0	17%	3,7	0,0	2%	10,5
Total Sales	54,7	40,8	34%	163,6	168,0	-3%	177,5

* Note that we report organic growth excluding currency effect.

THE GROUP - SUMMARY

INCOME STATEMENT

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019	Apr-Mar 2020/2021
Sales	54,7	40,8	163,6	168,0	177,5
Cost of goods sold	-33,1	-25,5	-99,4	-100,9	-107,0
Gross profit	21,6	15,3	64,2	67,1	70,5
Sales expenses	-6,8	-6,6	-23,5	-23,9	-23,7
Administrative expenses	-3,3	-2,4	-10,7	-9,7	-11,6
Other operating income and expenses	-0,5	0,2	0,8	-0,6	0,1
Operating profit	11,0	6,5	30,8	32,9	35,3
Financial income and expenses	-0,2	-0,2	-0,7	-0,9	-0,7
Result after financial expenses	10,8	6,3	30,1	32,0	34,6
Taxes	-2,4	-1,5	-6,9	-7,7	-7,8
Net result for the period	8,4	4,8	23,2	24,3	26,8
Earnings per share before / after dilution	0,14 €	0,08 €	0,39 €	0,41 €	0,45 €
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 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019	Apr-Mar 2020/2021
Net result for the period	8,4	4,8	23,2	24,3	26,8
Other comprehensive income:					
Items that may be reclassified to the income statement					
Translation differences	-1,3	-5,4	2,1	-0,7	6,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0
	-1,3	-5,4	2,1	-0,7	6,2
Items that will not be reclassified to the income statement					
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	-0,2	-0,6	-0,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,1	0,0
	0,0	0,0	-0,2	-0,5	-0,2
Other comprehensive income, net of tax	-1,3	-5,4	1,9	-1,2	6,0
Total comprehensive income for the period	7,1	-0,6	25,1	23,1	32,8
EBITDA					
	3 Months Jan-Mar 2021	3 Months Jan-Mar 2020	12 Months Jan-Dec 2020	12 Months Jan-Dec 2019	12 Months Apr-Mar 2020/2021
Operating result	11,0	6,5	30,8	32,9	35,3
Depreciations	2,4	1,8	7,7	6,0	8,3
EBITDA	13,4	8,3	38,5	38,9	43,6

1) EBITDA is impacted by IFRS 16 (0,8-1,0 MEUR in decreased leasing costs per quarter).

STATEMENT OF FINANCIAL POSITION

MEUR	2021	2020	2020	2019
	31-mar	31-mar	31-dec	31-dec
Assets				
Intangible assets	94,2	85,4	95,1	87,3
Tangible assets	55,0	40,0	51,5	41,8
Financial fixed assets	6,3	6,2	6,3	6,2
Total fixed assets	155,5	131,6	152,9	135,3
Inventories	22,4	14,3	18,0	14,5
Current receivables	50,5	37,4	41,2	40,0
Cash and cash equivalents	28,3	28,3	32,5	30,4
Total current assets	101,2	80,0	91,7	84,9
TOTAL ASSETS	256,7	211,6	244,6	220,2
Equity and liabilities				
Equity	121,1	94,3	114,0	95,7
Long-term liabilities	99,9	90,2	100,5	91,3
Current liabilities	35,7	27,1	30,1	33,2
TOTAL EQUITY AND LIABILITIES	256,7	211,6	244,6	220,2
Net debt = interest-bearing liabilities excluding provisions for pensions less cash	56,2	51,0	52,6	49,1

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

Opening balance	114,0	95,7	95,7	82,6
Dividends	0,0	0,0	-6,0	-9,4
Re-purchase of shares	0,0	-0,8	-0,8	-0,6
Total comprehensive income for the period	7,1	-0,6	25,1	23,1
Closing balance	121,1	94,3	114,0	95,7

CASH FLOW STATEMENT

MEUR	3 Months	3 Months	12 Months	12 Months
	2021	2020	2020	2019
	31-mar	31-mar	31-dec	31-dec
Operating profit	11,0	6,5	30,8	32,9
Interest received and paid, tax paid and adjustments	0,0	-1,6	-1,7	-0,6
Changes in working capital	-8,0	-3,3	-2,8	-3,4
Cash flow from operating activities	3,0	1,6	26,3	28,9
Net investments	-6,1	-2,1	-14,8	-8,6
Cash flow after investing activities	-3,1	-0,5	11,5	20,3
Financing activities	-1,1	-1,6	-9,5	-12,2
Cash flow for the period	-4,2	-2,1	2,0	8,1
Cash and cash equivalents at the start of the period	32,5	30,4	30,4	22,7
Translation difference in cash and cash equivalents	0,0	0,0	0,1	-0,4
Cash and cash equivalents at the end of the period	28,3	28,3	32,5	30,4

PARENT COMPANY – SUMMARY

INCOME STATEMENT	3 Months	3 Months	12 Months	12 Months
	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Jan-Dec 2019
MEUR				
Sales	0,2	0,3	0,8	1,2
Cost of goods sold	0,0	0,0	0,0	0,0
Gross profit	0,2	0,3	0,8	1,2
Administrative expenses	-0,6	-0,5	-1,7	-1,8
Other operating income and expenses	-0,1	-0,2	-0,2	-0,2
Operating profit	-0,5	-0,4	-1,1	-0,8
Financial income and expenses	0,9	0,2	2,9	10,0
Result after financial expenses	0,4	-0,2	1,8	9,2
Year-end appropriations	0,0	0,0	-0,4	7,4
Profit before tax	0,4	-0,2	1,4	16,6
Taxes	0,0	0,1	-0,2	-1,6
Net result for the period	0,4	-0,1	1,2	15,0
STATEMENT OF COMPREHENSIVE INCOME				
Net result for the period	0,4	-0,1	1,2	15,0
Other comprehensive income, net of tax	0,0	0,0	0,0	0,0
Total comprehensive income for the period	0,4	-0,1	1,2	15,0
STATEMENT OF FINANCIAL POSITION				
	31-mar	31-mar	31-dec	31-dec
MEUR	2021	2020	2020	2019
Assets				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	22,2	14,2	21,2	23,5
Total fixed assets	109,9	101,9	108,9	111,2
Receivables to subsidiaries	4,2	9,7	5,0	9,7
Current receivables	0,7	0,6	0,4	0,4
Cash and cash equivalents	0,3	7,0	0,0	0,0
Total current assets	5,2	17,3	5,4	10,1
TOTAL ASSETS	115,1	119,2	114,3	121,3
Equity and liabilities				
Equity	38,0	42,2	37,6	43,2
Untaxed reserves	7,0	6,5	7,0	6,5
Long-term liabilities	69,0	69,0	69,0	69,0
Current liabilities	1,1	1,5	0,7	2,6
TOTAL EQUITY AND LIABILITIES	115,1	119,2	114,3	121,3
CASH FLOW STATEMENT				
	3 Months	3 Months	12 Months	12 Months
	2021	2020	2020	2019
MEUR	31-mar	31-mar	31-dec	31-dec
Operating profit before financial items	-0,5	-0,4	-1,1	-0,8
Interest paid and received, taxes, adjustments	0,7	0,0	-0,7	9,6
Change in working capital	0,1	8,2	8,6	0,6
Cash flow from continuing operations	0,3	7,8	6,8	9,4
Investments	0	0,0	0	0,0
Cash flow from investment activities	0,3	7,8	6,8	9,4
Cash flow from financing activities	0	-0,8	-6,8	-9,4
Cash flow for the period	0,3	7,0	0,0	0,0
Cash and cash equivalents at the beginning of the period	0,0	0,0	0,0	0,0
Translation difference	0,0	0,0	0,0	0,0
Cash and cash equivalents at the end of the period	0,3	7,0	0,0	0,0

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 2020 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.

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 26 in the Annual Report 2020.

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.

OTHER INFORMATION (CONT.)

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 1 013 (719) employees.

OTHER EVENTS DURING THE QUARTER

There is no other significant information to report for the quarter.

OTHER EVENTS AFTER THE QUARTER

There is no significant information to report after the quarter.

AUDIT

This report has not been reviewed by the auditors.

NEXT REPORTS

Interim report Q2 2021, 17th of August 2021

Interim report Q3 2021, 26th of October 2021

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 2021 at 16:30 CET. The conference will be held in English. For more information, please refer to

<https://www.troax.com/global/en/press>

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