

Troax Group AB (publ)
Hillerstorp, the 27th of April 2022



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, 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 is located in Hillerstorp, Sweden. In 2021, Troax net sales amounted to 252 MEUR.

Stay safe with Troax, today and tomorrow.

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INTERIM REPORT JANUARY- MARCH 2022

All time high order intake in the quarter

JANUARY - MARCH

- Order intake in the quarter increased by 16 percent compared with the same period last year both before and adjusted for currency and amounted to 74,5 (64,5) MEUR.
- Sales in the quarter increased by 27 percent compared with the same period last year both before and adjusted for currency and amounted to 69,6 (54,7) MEUR.
- Operating profit increased to 12,5 (11,0) MEUR.
- Operating margin decreased to 18,0 (20,1) percent.
- Financial net was -0,2 (-0,2) MEUR.
- Profit after tax increased to 9,3 (8,4) MEUR.
- Earnings per share after dilution amounted to 0,16 (0,14) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Jan-Dec 2020	Apr-Mar 2021/2022
Order intake	74,5	64,5	275,8	178,4	285,8
Sales	69,6	54,7	252,3	163,6	267,2
Gross profit	24,2	21,6	94,2	64,2	96,8
Gross margin, %	34,8	39,5	37,3	39,2	36,2
Operating profit	12,5	11,0	52,4	30,8	53,9
Operating margin, %	18,0	20,1	20,8	18,8	20,2
Profit after tax	9,3	8,4	39,7	23,2	40,6
EBITDA 1)	15,2	13,4	62,3	38,5	64,1
EBITDA margin, % 1)	21,8	24,5	24,7	23,5	24,0
Net debt / EBITDA			0,8	1,4	
Earnings per share after dilution in EUR	0,16	0,14	0,66	0,39	0,68
Closing rate SEK/EUR	10,34	10,24	10,22	10,04	10,24
Earnings per share after dilution in SEK. 2)	1,60	1,43	6,76	3,88	6,93

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 16% organically during the quarter, which mostly comes from price increases and less from pure volume increases. We have had a rising order and margin trend during the quarter and the market still looks strong, even though price increases and other problems may, sooner or later, reduce our customers' willingness to invest. We note that the strong order intake from automated warehouses continues, but at a lower level than in 2021. Some projects, mainly in North America, have been delayed because customers have postponed these projects. The quarter's increase in order intake is mainly due to a general increase in small and medium-sized projects with a large number of customers around the world. Europe developed well during the quarter, while it was slightly weaker in North America and Asia. As in the previous quarter, we note a certain higher level of activity from the automotive sector, although this level may still be described as low. In general, we would again describe market demand as strong, driven by a need to increase production capacity in many cases, as bottlenecks have occurred in various places since the pandemic eased in March 2021. We expect continued good demand in the coming months. Invoicing for the quarter was 27% higher than the corresponding quarter last year, which corresponds to a volume growth in the order of 12-13%. This increase is expected to be above market growth during this quarter. We have a strong sales development for most geographical regions during the first quarter.

Our production units have during the quarter again had a very good utilisation rates, driven by good order intake in recent quarters. This ensures good coverage of fixed costs, which is also reflected in operating profit, despite a continued significant negative effect from price increases on steel, packaging materials, energy and freight. Some cost increase occurred during the quarter in our factories, when staff absence increased significantly, mainly due to the pandemic. This effect has, in March stabilized at a more normal level. We have again, in consultation with our customers, raised prices to compensate for steel price increases as much as possible, but have continued with a certain time lag. We saw some stabilization in steel prices towards the end of 2021, however prices have risen significantly towards the end of the first quarter of 2022. This is of course due to the war in Ukraine which has led to a general shortage of steel in Europe, at least in the short term. We believe that we will be able to maintain delivery performance during the coming turbulent period. At present, short-term agreements with suppliers apply. We will therefore be forced to continue with price increases towards customers in the future, until purchase prices begin to stabilize.

Our new acquisition Natom Logistic in Poland also shows continued good development this quarter, both in terms of order intake and results. The new building in which we invested in 2021 has now been filled with equipment and we have also received delivery of a new production line for shelves, which is why our capacity in Poland in 2022 will increase significantly.

As described above, the gross margin is still negatively affected by the lag in price increases for customers. Under 'normal' circumstances, we would now begin to achieve our marginal targets, but due to the effects of the war in Ukraine, we estimate that it will take additional quarters before it begins to stabilize at a higher level. Towards the end of the quarter, we began to pick up the lag from 2021 on a marginal basis, but are now working with customers to minimize the damaging effects of price increases that have arisen towards the end of the first quarter. The costs are judged to be under control and together with the good sales volume, this means that Troax delivers a result for the quarter that is 13% better than the previous year.

Overall, this means that operating profit for the quarter amounted to 12,5 MEUR with a margin of approximately 18%. The corresponding figures for the same quarter last year were 11,0 MEUR and 20%. Net profit amounts to 9,5 MEUR for the quarter, compared with 8,4 MEUR the previous year. We have deliberately increased inventory levels compared with the same period last year and the good invoicing has led to an increased need for working capital for the first quarter of this year.

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 74,5 (64,5) MEUR, an increase of 16 percent both before and adjusted for currency. All markets except North America and New Markets increased their order intake during the period compared with the corresponding period last year.

Net sales amounted to 69,6 (54,7) MEUR, an increase of 27 percent both before and adjusted for currency. All markets increased their sales in the period compared with the corresponding period last year.

Operating profit amounted to 12,5 (11,0) MEUR, corresponding to an operating margin of 18,0 (20,1) per cent.

FINANCIAL NET

For the first quarter of 2022, financial net amounted to -0,2 (-0,2) MEUR.

TAXES

The tax expense was -3,0 (-2,4) MEUR for the first quarter.

NET RESULT

Net result for the first quarter amounted to 9,3 (8,4) MEUR.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 2,3 (3,0) MEUR for the first quarter. Net debt including the impact from IFRS 16 was 50,8 (56,2) MEUR. Net debt in relation to the 12-month rolling EBITDA was 0,8 (1,3) to be compared with the company's financial target of less than 2,5.

INVESTMENTS

During the first quarter, investments were 1,0 (6,1) MEUR and relates mainly to machinery investments in Sweden, Poland and Italy.

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 2022	Jan-Mar 2021		Jan-Dec 2021	Jan-Dec 2020		Apr-Mar 2021/2022
Continental Europe	38,6	31,0	25%	136,6	84,5	62%	144,2
Nordic region	11,8	7,6	55%	32,2	26,2	23%	36,4
United Kingdom	10,3	9,4	10%	30,6	24,1	27%	31,5
North America	9,2	10,9	-16%	58,7	31,5	86%	57,0
New Markets	4,6	5,6	-18%	17,7	12,1	46%	16,7
Total excl Currency	74,5	64,5	16%	275,8	178,4	55%	285,8
Currency effect	0,0	0,0	0%	0,0	0,0	0%	0,0
Order intake acquisitions	0,0	0,0	0%	0,0	0,0	0%	0,0
Total Order intake	74,5	64,5	16%	275,8	178,4	55%	285,8
Total Sales MEUR	3 Months	3 Months	Diff	12 Months	12 Months	Diff	12 Months
	Jan-Mar 2022	Jan-Mar 2021		Jan-Dec 2021	Jan-Dec 2020		Apr-Mar 2021/2022
Continental Europe	36,5	27,3	34%	123,6	82,2	19%	132,8
Nordic region	8,3	5,9	41%	30,0	25,3	19%	32,4
United Kingdom	8,9	7,9	13%	30,9	19,1	62%	31,9
North America	12,1	10,1	20%	51,0	25,2	102%	53,0
New Markets	3,8	3,5	9%	16,8	11,8	42%	17,1
Total excl Currency	69,6	54,7	27%	252,3	163,6	54%	267,2
Currency effect	0,0	0,0	0%	0,0	0,0	0%	0,0
Sales acquisitions	0,0	0,0	0%	0,0	0,0	0%	0,0
Total Sales	69,6	54,7	27%	252,3	163,6	54%	267,2

* 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 2022	Jan-Mar 2021	Jan-Dec 2021	Jan-Dec 2020	Apr-Mar 2021/2022
Sales	69,6	54,7	252,3	163,6	267,2
Cost of goods sold	-45,4	-33,1	-158,1	-99,4	-170,4
Gross profit	24,2	21,6	94,2	64,2	96,8
Sales expenses	-7,6	-6,8	-28,0	-23,5	-28,8
Administrative expenses	-3,7	-3,3	-14,1	-10,7	-14,5
Other operating income and expenses	-0,4	-0,5	0,3	0,8	0,4
Operating profit	12,5	11,0	52,4	30,8	53,9
Financial income and expenses	-0,2	-0,2	-1,0	-0,7	-1,0
Result after financial expenses	12,3	10,8	51,4	30,1	52,9
Taxes	-3,0	-2,4	-11,7	-6,9	-12,3
Net result for the period	9,3	8,4	39,7	23,2	40,6
Earnings per share before / after dilution	0,16 €	0,14 €	0,66 €	0,39 €	0,68 €
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 2022	Jan-Mar 2021	Jan-Dec 2021	Jan-Dec 2020	Apr-Mar 2021/2022
Net result for the period	9,3	8,4	39,7	23,2	40,6
Other comprehensive income:					
Items that may be reclassified to the income statement					
Translation differences	-0,9	-1,3	1,1	2,1	1,5
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0
	-0,9	-1,3	1,1	2,1	1,5
Items that will not be reclassified to the income statement					
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	-0,3	-0,2	-0,3
Tax related to items that may be reclassified	0,0	0,0	0,0	0,1	0,0
	0,0	0,0	-0,3	-0,1	-0,3
Other comprehensive income, net of tax	-0,9	-1,3	0,8	1,9	1,2
Total comprehensive income for the period	8,4	7,1	40,5	25,1	41,8

EBITDA	3 Months	3 Months	12 Months	12 Months	12 Months
	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Jan-Dec 2020	Apr-Mar 2021/2022
Operating result	12,5	11,0	52,4	30,8	53,9
Depreciations	2,7	2,4	9,9	7,7	10,2
EBITDA	15,2	13,4	62,3	38,5	64,1

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

STATEMENT OF FINANCIAL POSITION

	2022	2021	2021	2020
MEUR	31-mar	31-mar	31-dec	31-dec
Assets				
Intangible assets	94,8	94,2	95,6	95,1
Tangible assets	58,5	55,0	60,3	51,5
Financial fixed assets	6,0	6,3	5,9	6,3
Total fixed assets	159,3	155,5	161,8	152,9
Inventories	36,1	22,4	35,5	18,0
Current receivables	61,5	50,5	57,5	41,2
Cash and cash equivalents	35,4	28,3	35,2	32,5
Total current assets	133,0	101,2	128,2	91,7
TOTAL ASSETS	292,3	256,7	290,0	244,6
Equity and liabilities				
Equity	151,0	121,1	142,6	114,0
Long-term liabilities	100,7	99,9	101,9	100,5
Current liabilities	40,6	35,7	45,5	30,1
TOTAL EQUITY AND LIABILITIES	292,3	256,7	290,0	244,6
Net debt	50,8	56,2	52,1	52,6

	2022	2021	2021	2020
TO THE PARENT COMPANY'S SHAREHOLDERS	31-mar	31-mar	31-dec	31-dec
Opening balance	142,6	114,0	114,0	95,7
Dividends	0,0	0,0	-12,0	-6,0
Received option premiums	0,0	0,0	0,1	0,0
Re-purchase of shares	0,0	0,0	0,0	-0,8
Total comprehensive income for the period	8,4	7,1	40,5	25,1
Closing balance	151,0	121,1	142,6	114,0

STATEMENT OF CASH FLOW

	3 Months	3 Months	12 Months	12 Months
MEUR	2022	2021	2021	2020
	31-mar	31-mar	31-dec	31-dec
Operating profit	12,5	11,0	52,4	30,8
Interest received and paid, tax paid and adjustments	-0,8	0,0	-9,7	-1,7
Changes in working capital	-9,4	-8,0	-11,0	-2,8
Cash flow from operating activities	2,3	3,0	31,7	26,3
Net investments	-1,0	-6,1	-14,1	-14,8
Cash flow after investing activities	1,3	-3,1	17,6	11,5
Financing activities	-1,1	-1,1	-14,9	-9,5
Cash flow for the period	0,2	-4,2	2,7	2,0
Cash and cash equivalents at the start of the period	35,2	32,5	32,5	30,4
Translation difference in cash and cash equivalents	0,0	0,0	0,0	0,1
Cash and cash equivalents at the end of the period	35,4	28,3	35,2	32,5

PARENT COMPANY – SUMMARY

INCOME STATEMENT	3 Months	3 Months	12 Months	12 Months
	Jan-Mar	Jan-Mar	Jan-Dec	Jan-Dec
MEUR	2022	2021	2021	2020
Sales	0,2	0,2	0,9	0,8
Cost of goods sold	0,0	0,0	0,0	0,0
Gross profit	0,2	0,2	0,9	0,8
Administrative expenses	-0,6	-0,6	-2,5	-1,7
Other operating income and expenses	-0,1	-0,1	0,0	-0,2
Operating profit	-0,5	-0,5	-1,6	-1,1
Financial income and expenses	0,3	0,9	16,3	2,9
Result after financial expenses	-0,2	0,4	14,7	1,8
Year-end appropriations	0,0	0,0	0,0	-0,4
Profit before tax	-0,2	0,4	14,7	1,4
Taxes	0,0	0,0	-1,4	-0,2
Net result for the period	-0,2	0,4	13,3	1,2

STATEMENT OF COMPREHENSIVE INCOME				
Net result for the period	-0,2	0,4	13,3	1,2
Other comprehensive income, net of tax	0,1	0,0	0,0	0,0
Total comprehensive income for the period	-0,1	0,4	13,3	1,2

STATEMENT OF FINANCIAL POSITION	31-mar	31-mar	31-dec	31-dec
MEUR	2022	2021	2021	2020
Assets				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	23,3	22,2	23,0	21,2
Total fixed assets	111,0	109,9	110,7	108,9
Receivables to subsidiaries	0,0	4,2	6,9	5,0
Current receivables	1,2	0,7	1,0	0,4
Cash and cash equivalents	6,6	0,3	12,8	0,0
Total current assets	7,8	5,2	20,7	5,4
TOTAL ASSETS	118,8	115,1	131,4	114,3
Equity and liabilities				
Equity	38,9	38,0	39,0	37,6
Untaxed reserves	7,0	7,0	7,0	7,0
Long-term liabilities	70,0	69,0	70,0	69,0
Current liabilities	2,9	1,1	15,4	0,7
TOTAL EQUITY AND LIABILITIES	118,8	115,1	131,4	114,3

CASH FLOW STATEMENT	3 Months	3 Months	12 Months	12 Months
	2022	2021	2021	2020
MEUR	31-mar	31-mar	31-dec	31-dec
Operating profit before financial items	-0,5	-0,5	-1,6	-1,1
Interest paid and received, taxes, adjustments	0	0,7	0,9	-0,7
Change in working capital	-5,7	0,1	12,5	8,6
Cash flow from continuing operations	-6,2	0,3	11,8	6,8
Investments	0	0,0	0	0
Cash flow from investment activities	-6,2	0,3	11,8	6,8
Cash flow from financing activities	0,0	0,0	1,0	-6,8
Cash flow for the period	-6,2	0,3	12,8	0,0
Cash and cash equivalents at the beginning of the period	12,8	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	6,6	0,3	12,8	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 2021 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	12 Months
	Jan-Mar 2022	Jan-Mar 2021		Jan-Dec 2021	Jan-Dec 2020		Apr-Mar 2021/22
Organic sales / growth	69,6	54,7	27%	252,3	163,6	54%	267,2
Currency effect	0,0	0,0	0%	0,0	0,0	0%	0,0
Sales from acquisitions	0,0	0,0	0%	0,0	0,0	0%	0,0
Total Sales	69,6	54,7	27%	252,3	163,6	54%	267,2

Net debt / EBITDA

Troax's definition of net debt is the sum of interest-bearing liabilities excluding pension liabilities less cash and cash equivalents. As of January 1, 2019, leasing liabilities are also included. 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	Mar 2022	Mar 2021	Dec 2021	Dec 2020
Short term loans	0,0	0,0	0,0	0,0
Long term loans	70,0	69,0	70,0	69,0
Liabilities for leases (IFRS 16)	16,2	15,4	17,3	16,1
Total debt	86,2	84,4	87,3	85,1
cash	35,4	28,3	35,2	32,5
Net debt	50,8	56,1	52,1	52,6
12 month rolling EBITDA	64,1	43,6	62,3	38,6
Net debt / EBITDA	0,8	1,3	0,8	1,4

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 2021.

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 1 105 (1 013) employees.

OTHER EVENTS DURING THE QUARTER

Russia's invasion of Ukraine, which has led to a sharp decline in steel deliveries to the European market, is expected to have a negative impact on the Group in the form of price increases, primarily for steel but also for energy.

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 2022, 16th of August 2022

Interim report Q3 2022, 25th of October 2022

Interim report Q4 2022, 10th of February 2023

TELEPHONE CONFERENCE

Invitation to presentation of the first quarter result: Thomas Widstrand, CEO presents the result on a phone conference on the 27th of April 2022 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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