

Trox Group AB (publ)
Hillerstorp, the 25th of October 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- SEPTEMBER 2022

JULY - SEPTEMBER

- Order intake in the quarter decreased by 9 percent compared with the same period last year and amounted to 62,0 (68,5) MEUR. Adjusted for currency and acquisitions the decrease was 13 percent.
- Sales in the quarter increased by 9 percent compared with the same period last year and amounted to 71,3 (65,5) MEUR. Adjusted for currency and acquisitions the increase was 7 percent.
- Operating profit decreased to 12,9 (14,7) MEUR.
- Operating margin decreased to 18,1 (22,4) percent.
- Financial net was -0,2 (-0,3) MEUR.
- Profit after tax decreased to 9,9 (11,1) MEUR.
- Earnings per share after dilution amounted to 0,17 (0,19) EUR.

JANUARY - SEPTEMBER

- Order intake in the period increased by 3 percent compared with the same period last year and amounted to 209,1 (202,3) MEUR. Adjusted for currency and acquisitions the increase was 1 percent.
- Sales in the period increased by 17 percent compared with the same period last year and amounted to 218,8 (187,7) MEUR. Adjusted for currency and acquisitions the increase was 15 percent.
- Operating profit decreased to 39,1 (41,1) MEUR.
- Operating margin decreased to 17,9 (21,9) percent.
- Financial net was -0,7 (-0,7) MEUR.
- Profit after tax decreased to 29,7 (31,1) MEUR.
- Earnings per share after dilution amounted to 0,50 (0,52) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2022	Jul-Sept 2021	Jan-Sept 2022	Jan-Sept 2021	Jan-Dec 2021	Jan-Dec 2020	Oct-Sept 2021/2022
Order intake	62,0	68,5	209,1	202,3	275,8	178,4	282,6
Sales	71,3	65,5	218,8	187,7	252,3	163,6	283,4
Gross profit	23,7	24,5	73,7	71,6	94,2	64,2	96,3
Gross margin, %	33,2	37,4	33,7	38,1	37,3	39,2	34,0
Operating profit	12,9	14,7	39,1	41,1	52,4	30,8	50,4
Operating margin, %	18,1	22,4	17,9	21,9	20,8	18,8	17,8
Profit after tax	9,9	11,1	29,7	31,1	39,7	23,2	38,3
EBITDA 1)	15,7	17,1	47,4	48,2	62,3	38,5	61,5
EBITDA margin, % 1)	22,0	26,1	21,7	25,7	24,7	23,5	21,7
Net debt / EBITDA					0,8	1,4	
Earnings per share after dilution in EUR	0,17	0,19	0,50	0,52	0,66	0,39	0,64
Closing rate SEK/EUR	10,92	10,20	10,92	10,20	10,22	10,04	10,44
Earnings per share after dilution in SEK. 2)	1,80	1,89	5,41	5,29	6,76	3,88	6,66

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

CEO COMMENTS

Troax order intake reduced this quarter, which was expected, as the signals from international customers within Automated warehouses have been that orders to companies like Troax will be weak in both 2022 and 2023. Earlier in the year, we were able to largely offset this decline with organic growth in other areas, but this was not achieved this quarter. Except for this sub-segment, we have had continued good activity during the quarter generally and have not experienced any reduction in inquiries that would indicate a more general decline.

Automotive demand has been the same as previous quarters, but a continued increase in inquiry activity has been noticed during the period. The weak demand from automated warehouse customers is most noticeable in North America, where order intake has been low in the period. Other markets have generally had a good or stable development, but in some cases still a declining trend compared with 2021. The most positive development in the quarter in terms of order intake has been in the Nordics and in our New markets. Our view is that the effects on the market of covid, in the form of higher demand from customers, have completely subsided and we now have a 'normal' market situation. Our conclusion is that demand is now following the long-term trend and the very positive deviation that we saw in 2021 is now gone.

Sales have been positive, even if we are showing a slightly lower level than the previous year, excluding price increases. Under normal circumstances, the result for the group would have ended up at a similar level to the previous year, but we have continued to have a lag in the price of raw materials, mainly steel, which has continued to negatively affect the gross margin. Unfortunately, our decision to increase our stocks, to ensure deliveries to customers during the summer, has had a negative impact. This has meant that we were only able to benefit somewhat from lower purchase prices for steel towards the end of this quarter. This will be improved step by step during the last quarter of this year and will not take full effect until next year. We have, as previously announced, in consultation with our customers, increased prices to compensate for the increased steel prices and note that these increases are starting to have a positive impact towards the end of the quarter. For the third quarter, we expect the price increase to be around 17 percent compared to the corresponding quarter last year.

Our production units have again during the quarter had continued good utilisation, but do not reach the previous year's very high levels due to the reduced activity of automatic warehouse customers. This results in a continued good coverage of fixed costs, but at a lower level than compared to 2021. We have also had to incur extra costs for freight to Asia/Pacific during the quarter, as our Chinese factory was largely closed during previous quarters and deliveries have been made from our American and Swedish factories.

Our latest major new acquisition Natom Logistic in Poland shows a weaker development this quarter as their main focus is automated warehouse customers. Troax continues to invest in the Polish operations and during the quarter put into use a new machine to make dividers into shelves. Troax' acquisition earlier this year, Claitec in Spain, has had a good development during the quarter but suffers from long lead times on semiconductors for some of their solutions. After the end of the quarter, we also made a small acquisition in Sweden, Svenska Cykelrum AB, which will supplement storage solutions for customers in multi-family buildings. This is primarily a Nordic solution as we currently see it.

The gross margin is partially negatively affected by the delay in the price increase towards customers, but the greater effect comes from our conscious decision to increase the stock level to secure the level of service to our customers. We have now used up steel that had been purchased earlier in the year, for a higher price. Despite these effects on the gross margin, which are expected to correct themselves going forward, Troax achieved an operating margin of 18,1%. The operating result in the quarter amounts to 12,8 MEUR compared to 14,7 MEUR the previous year.

In total for the first 9 months of 2022, this means that the operating profit amounted to 39,1 MEUR, which is 2 MEUR lower than the previous year. The operating margin amounts to 17,9% compared to 21,9% for the corresponding period in 2021. In the short term, of course, the reduction is disappointing, but if we look on the positive side, we can state that the result is 76 percent above the corresponding period in 2020 - the comparison with 2021 becomes difficult due to the very strong growth during that year. We have now started to reduce our inventory levels because during the third quarter we saw a clear improvement in lead times and availability of materials. The cash flow has been strong during the third quarter and 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

JULY – SEPTEMBER

The total order intake developed negatively in the quarter. Order intake amounted to 62,0 (68,5) MEUR, a decrease by 9 percent compared with the corresponding period last year. Adjusted for currency and acquisitions the decrease was 13 percent. All regions except Nordic and New Markets decreased their order intake during the period compared with the corresponding period last year.

Sales amounted to 71,3 (65,5) MEUR, an increase by 9 percent compared with the corresponding period last year. Adjusted for currency and acquisitions the increase was 7 percent. All regions except North America increased their sales during the period compared with the corresponding period last year.

Operating profit amounted to 12,9 (14,7) MEUR, corresponding to an operating margin of 18,1 (22,4) per cent.

JANUARY – SEPTEMBER

The total order intake developed positively in the period. Order intake amounted to 209,1 (202,3) MEUR, an increase by 3 percent compared with the corresponding period last year. Adjusted for currency and acquisitions the increase was 1 percent. All regions except North America increased their order intake during the period compared with the corresponding period last year.

Sales amounted to 218,8 (187,7) MEUR, an increase by 17 percent compared with the corresponding period last year. Adjusted for currency and acquisitions the increase was 15 percent. All regions except North America increased their sales during the period compared with the corresponding period last year.

Operating profit amounted to 39,1 (41,1) MEUR, corresponding to an operating margin of 17,9 (21,9) per cent.

FINANCIAL NET

During the third quarter of 2022, financial net amounted to -0,2 (-0,3) MEUR and to -0,7 (-0,7) for the first three quarters of 2022.

TAXES

The tax expense was -2,8 (-3,3) MEUR for the third quarter of 2022 and was -8,7 (-9,3) MEUR for the first three quarters of 2022.

NET RESULT

Net result for the third quarter amounted to 9,9 (11,1) MEUR and to 29,7 (31,1) MEUR for the first three quarters of 2022.

CASH FLOW, WORKING CAPITAL AND NET DEBT

Cash flow from operating activities was 22,2 (10,0) MEUR for the third quarter and was 29,9 (22,3) MEUR for the first three quarters of 2022. Net debt was 52,4 (55,2) MEUR at the end of the period. Net debt in relation to the 12-month rolling EBITDA was 0,9 (0,9) to be compared with the company's financial target of less than 2,5.

INVESTMENTS

During the third quarter, investments were 5,1 (1,6) MEUR and were 11,7 (9,7) MEUR for the first three quarters of 2022. This year's investments mainly relates to the acquisition of a subsidiary in Spain and investments in machinery 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			9 Months			12 Months			12 Months Oct-Sept 2021/2022
	Jul-Sept 2022	Jul-Sept 2021	Diff	Jan-Sept 2022	Jan-Sept 2021	Diff	Jan-Dec 2021	Jan-Dec 2020	Diff	
Continental Europe	30,7	35,5	-14%	103,5	103,0	0%	136,6	84,5	62%	137,1
Nordic region	7,9	7,3	8%	30,7	23,6	30%	32,2	26,2	23%	39,3
United Kingdom	7,6	9,1	-16%	24,6	24,0	3%	30,6	24,1	27%	31,2
North America	9,9	12,9	-23%	30,5	38,5	-21%	58,7	31,5	86%	50,7
New Markets	3,7	3,7	0%	15,1	13,2	15%	17,7	12,1	46%	19,6
Total excl Currency	59,8	68,5	-13%	204,5	202,3	1%	275,8	178,4	55%	278,0
Currency effect	1,0	0,0	1%	2,5	0,0	1%	0,0	0,0	0%	2,5
Order intake acquisitions	1,2	0,0	2%	2,1	0,0	1%	0,0	0,0	0%	2,1
Total Order intake	62,0	68,5	-9%	209,1	202,3	3%	275,8	178,4	55%	282,6
Total Sales MEUR	3 Months Jul-Sept 2022	3 Months Jul-Sept 2021	Diff	9 Months Jan-Sept 2022	9 Months Jan-Sept 2021	Diff	12 Months Jan-Dec 2021	12 Months Jan-Dec 2020	Diff	12 Months Oct-Sept 2021/2022
Continental Europe	35,4	32,3	10%	109,2	90,3	21%	123,6	82,2	19%	142,5
Nordic region	8,8	7,1	24%	28,1	21,1	33%	30,0	25,3	19%	37,0
United Kingdom	8,6	7,7	12%	28,4	25,5	12%	30,9	19,1	62%	33,8
North America	12,2	14,2	-14%	34,9	38,1	-8%	51,0	25,2	102%	47,8
New Markets	4,8	4,2	14%	14,3	12,7	13%	16,8	11,8	42%	18,4
Total excl Currency	69,8	65,5	7%	215,0	187,7	15%	252,3	163,6	54%	279,6
Currency effect	1,1	0,0	2%	2,9	0,0	2%	0,0	0,0	0%	2,9
Sales acquisitions	0,4	0,0	1%	0,9	0,0	0%	0,0	0,0	0%	0,9
Total Sales	71,3	65,5	9%	218,8	187,7	17%	252,3	163,6	54%	283,4

* Note that organic growth is reported excluding currency effect.

THE GROUP - SUMMARY

INCOME STATEMENT

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2022	Jul-Sept 2021	Jan-Sept 2022	Jan-Sept 2021	Jan-Dec 2021	Jan-Dec 2020	Oct-Sept 2021/2022
Sales	71,3	65,5	218,8	187,7	252,3	163,6	283,4
Cost of goods sold	-47,6	-41,0	-145,1	-116,1	-158,1	-99,4	-187,1
Gross profit	23,7	24,5	73,7	71,6	94,2	64,2	96,3
Sales expenses	-7,4	-6,6	-23,0	-20,7	-28,0	-23,5	-30,3
Administrative expenses	-3,9	-3,4	-11,7	-9,9	-14,1	-10,7	-15,9
Other operating income and expenses	0,5	0,2	0,1	0,1	0,3	0,8	0,3
Operating profit	12,9	14,7	39,1	41,1	52,4	30,8	50,4
Financial income and expenses	-0,2	-0,3	-0,7	-0,7	-1,0	-0,7	-1,0
Result after financial expenses	12,7	14,4	38,4	40,4	51,4	30,1	49,4
Taxes	-2,8	-3,3	-8,7	-9,3	-11,7	-6,9	-11,1
Net result for the period	9,9	11,1	29,7	31,1	39,7	23,2	38,3
Earnings per share before / after dilution	0,17 €	0,19 €	0,50 €	0,52 €	0,66 €	0,39 €	0,64 €
Number of shares before / after dilution in thousands	60 000	60 000	60 000	60 000	60 000	60 000	60 000

STATEMENT OF COMPREHENSIVE INCOME

	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2022	Jul-Sept 2021	Jan-Sept 2022	Jan-Sept 2021	Jan-Dec 2021	Jan-Dec 2020	Oct-Sept 2021/2022
Net result for the period	9,9	11,1	29,7	31,1	39,7	23,2	38,3
Other comprehensive income:							
Items that may be reclassified to the income statement							
Translation differences	-0,9	-0,3	-3,7	-0,4	1,1	2,1	-2,2
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	-0,9	-0,3	-3,7	-0,4	1,1	2,1	-2,2
Items that will not be reclassified to the income statement							
Actuarial gains and losses on defined-benefit pension commitment	0,0	0,0	0,0	0,0	-0,3	-0,2	-0,3
Tax related to items that may be reclassified	0,0	0,0	0,0	0,0	0,0	0,1	0,0
	0,0	0,0	0,0	0,0	-0,3	-0,1	-0,3
Other comprehensive income, net of tax	-0,9	-0,3	-3,7	-0,4	0,8	1,9	-2,5
Total comprehensive income for the period	9,0	10,8	26,0	30,7	40,5	25,1	35,8

EBITDA	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months	12 Months
	Jul-Sept 2022	Jul-Sept 2021	Jan-Sept 2022	Jan-Sept 2021	Jan-Dec 2021	Jan-Dec 2020	Oct-Sept 2021/2022
Operating result	12,9	14,7	39,1	41,1	52,4	30,8	50,4
Depreciations	2,8	2,4	8,3	7,1	9,9	7,7	11,1
EBITDA	15,7	17,1	47,4	48,2	62,3	38,5	61,5

STATEMENT OF FINANCIAL POSITION

MEUR	2022	2021	2021	2020
	30-sep	30-sep	31-dec	31-dec
Assets				
Intangible assets	98,2	95,2	95,6	95,1
Tangible assets	58,2	57,0	60,3	51,5
Financial fixed assets	6,5	6,7	5,9	6,3
Total fixed assets	162,9	158,9	161,8	152,9
Inventories	39,8	29,9	35,5	18,0
Current receivables	61,2	58,6	57,5	41,2
Cash and cash equivalents	32,0	30,1	35,2	32,5
Total current assets	133,0	118,6	128,2	91,7
TOTAL ASSETS	295,9	277,5	290,0	244,6
Equity and liabilities				
Equity	150,8	132,7	142,6	114,0
Long-term liabilities	98,3	30,3	101,9	100,5
Current liabilities	46,8	114,5	45,5	30,1
TOTAL EQUITY AND LIABILITIES	295,9	277,5	290,0	244,6
Net debt	52,4	55,2	52,1	52,6

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS	2022	2021	2021	2020
	30-sep	30-sep	31-dec	31-dec
Opening balance	142,6	114,0	114,0	95,7
Dividends	-18,0	-12,0	-12,0	-6,0
Received option premiums	0,2	0,0	0,1	0,0
Re-purchase of shares	0,0	0,0	0,0	-0,8
Total comprehensive income for the period	26,0	30,7	40,5	25,1
Closing balance	150,8	132,7	142,6	114,0

CASHFLOW STATEMENT

MEUR	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months
	2022	2021	2022	2021	2021	2020
	30-sep	30-sep	30-sep	30-sep	31-dec	31-dec
Operating profit	12,9	14,7	39,1	41,1	52,4	30,8
Interest received and paid, tax paid and adjustments	1,0	-4,8	-2,6	-7,8	-9,7	-1,7
Changes in working capital	8,3	0,1	-6,6	-11,0	-11,0	-2,8
Cash flow from operating activities	22,2	10,0	29,9	22,3	31,7	26,3
Net investments	-5,1	-1,6	-11,7	-9,7	-14,1	-14,8
Cash flow after investing activities	17,1	8,4	18,2	12,6	17,6	11,5
Financing activities	-1,1	-1,0	-21,4	-15,0	-14,9	-9,5
Cash flow for the period	16,0	7,4	-3,2	-2,4	2,7	2,0
Cash and cash equivalents at the start of the period	16,0	22,7	35,2	32,5	32,5	30,4
Translation difference in cash and cash equivalents	0,0	0,0	0,0	0,0	0,0	0,1
Cash and cash equivalents at the end of the period	32,0	30,1	32,0	30,1	35,2	32,5

PARENT COMPANY – SUMMARY

INCOME STATEMENT	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months
	Jul-Sept 2022	Jul-Sept 2021	Jan-Sept 2022	Jan-Sept 2021	Jan-Dec 2021	Jan-Dec 2020
MEUR						
Sales	0,3	0,2	0,7	0,6	0,9	0,8
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0
Gross profit	0,3	0,2	0,7	0,6	0,9	0,8
Administrative expenses	-0,5	-0,4	-1,7	-1,6	-2,5	-1,7
Other operating income and expenses	-0,2	0,0	-0,3	0,0	0,0	-0,2
Operating profit	-0,4	-0,2	-1,3	-1,0	-1,6	-1,1
Financial income and expenses	1,6	0,5	15,1	9,0	16,3	2,9
Result after financial expenses	1,2	0,3	13,8	8,0	14,7	1,8
Year-end appropriations	0,0	0,0	0,0	0,0	0,0	-0,4
Profit before tax	1,2	0,3	13,8	8,0	14,7	1,4
Taxes	-0,2	-0,1	-0,4	0,0	-1,4	-0,2
Net result for the period	1,0	0,2	13,4	8,0	13,3	1,2

STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	1,0	0,2	13,4	8,0	13,3	1,2
Other comprehensive income, net of tax	0,0	0,0	0,0	0,0	0,0	0,0
Total comprehensive income for the period	1,0	0,2	13,4	8,0	13,3	1,2

STATEMENT OF FINANCIAL POSITION

MEUR	30-sep	30-sep	31-dec	31-dec
	2022	2021	2021	2020
Assets				
Shares in subsidiaries	87,7	87,7	87,7	87,7
Receivables to subsidiaries	26,5	22,4	23,0	21,2
Total fixed assets	114,2	110,1	110,7	108,9
Receivables to subsidiaries	4,4	0,0	6,9	5,0
Current receivables	0,9	1,0	1,0	0,4
Cash and cash equivalents	0,0	0,6	12,8	0,0
Total current assets	5,3	1,6	20,7	5,4
TOTAL ASSETS	119,5	111,7	131,4	114,3
Equity and liabilities				
Equity	34,6	33,7	39,0	37,6
Untaxed reserves	7,0	7,0	7,0	7,0
Long-term liabilities	70,8	0,0	70,0	69,0
Current liabilities	7,1	71,0	15,4	0,7
TOTAL EQUITY AND LIABILITIES	119,5	111,7	131,4	114,3

CASH FLOW STATEMENT

CASH FLOW STATEMENT	3 Months	3 Months	9 Months	9 Months	12 Months	12 Months
	2022	2021	2022	2021	2021	2020
MEUR						
	30-sep	30-sep	30-sep	30-sep	31-dec	31-dec
Operating profit before financial items	-0,4	-0,2	-1,3	-1,0	-1,6	-1,1
Interest paid and received, taxes, adjustments	0,8	0,3	10,3	0,9	0,9	-0,7
Change in working capital	-0,4	0,5	-3,8	0,7	12,5	8,6
Cash flow from continuing operations	0,0	0,6	5,2	0,6	11,8	6,8
Investments	0	0,0	0	0,0	0	0
Cash flow from investment activities	0,0	0,6	5,2	0,6	11,8	6,8
Cash flow from financing activities	0,0	0,0	-18,0	0,0	1,0	-6,8
Cash flow for the period	0,0	0,6	-12,8	0,6	12,8	0,0
Cash and cash equivalents at the beginning of the period	0,0	0,0	12,8	0,0	0,0	0,0
Translation difference	0,0	0,0	0,0	0,0	0,0	0,0
Cash and cash equivalents at the end of the period	0,0	0,6	0,0	0,6	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	9 Months	9 Months	Diff	12 Months	12 Months	Diff	12 Months
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Jan-Dec	Jan-Dec		Oct-Sep
	2022	2021		2022	2021		2021	2020		2021/22
Organic sales / growth	69,8	65,5	7%	215,0	187,7	15%	252,3	163,6	54%	279,6
Currency effect	1,1	0,0	2%	2,9	0,0	2%	0,0	0,0	0%	2,9
Sales from acquisitions	0,4	0,0	1%	0,9	0,0	0%	0,0	0,0	0%	0,9
Total Sales	71,3	65,5	9%	218,8	187,7	17%	252,3	163,6	54%	283,4

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	Sep 2022	Sep 2021	Dec 2021	Dec 2020
Short term loans	0,0	69,0	0,0	0,0
Long term loans	70,0	0,0	70,0	69,0
Liabilities for leases (IFRS 16)	14,5	16,3	17,3	16,1
Total debt	84,5	85,3	87,3	85,1
cash	32,0	30,1	35,2	32,5
Net debt	52,5	55,2	52,1	52,6
12 month rolling EBITDA	61,5	59,2	62,3	38,6
Net debt / EBITDA	0,9	0,9	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.

CALL OPTION PROGRAM FOR SENIOR EXECUTIVES AND OTHER KEY PERSONNEL

Outstanding share-based incentive programs for the CEO, senior executives and certain other key personnel within the Group are set out in Note 1 of the Annual Report for 2021. At the Annual General Meeting for 2022, the Board was instructed to issue additional call options corresponding to a maximum of 300 000 shares, corresponding to a maximum of 0,5 percent of the total number of shares and votes in the company. An offer to subscribe for call options took place during the third quarter of 2022, in which 132 000 options were subscribed for at the option premium of SEK 18,00 SEK and at a subscription price amounting to 231,25 SEK per share.

EMPLOYEES

At the end of the period the Group had 1 120 (1 072) 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

After the third quarter of 2022, the Group acquired all shares in Svenska Cykelrum AB, a Swedish company that specializes in indoor solutions for storage of bicycles mainly on the Nordic markets. Claitec's annual turnover amounts to approximately 2 MEUR.

AUDIT

This report has been reviewed by the auditors.

NEXT REPORTS

Interim report Q4 2022, 10th of February 2023

Interim report Q1 2023, 26th of April 2023

Interim report Q2 2023, 16th of August 2023

Interim report Q3 2023, 24th of October 2023

Interim report Q4 2023, 9th of February 2024

OTHER INFORMATION (CONT.)

ELECTION COMMITTEE

Based on shareholder statistics as of August 31, 2022, the following nomination committee has been appointed:

Johan Menckel (chairman) – Investmentaktiebolaget Latour
Thomas Widstrand – Own holding
Patrik Jönsson – SEB Investment Management
Anders Mörck – Chairman of the Board

Shareholders who wish to leave suggestions for the Election Committee can send them to Troax Group AB (publ), Attention: Election Committee Johan Menckel, Box 89, 335 04 Hillerstorp, Sweden.

TELEPHONE CONFERENCE

Invitation to presentation of the third quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 25th of October 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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Troax Group AB (publ)
Hillerstorp, 25th of October 2022

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This information is information that Troax Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014.. The information was submitted for publication, through the agency of the contact person set out above, at 12:30 CET on the 25th of October 2022.



Auditor's report

Troax Group AB (publ). reg. no. 556916-4030

Introduction

We have reviewed the condensed interim financial information (interim report) of Troax Group AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 25 October 2022

Öhrlings PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant