



Hillerstorp 16th of August 2022, 12:30 CET

INTERIM REPORT JANUARY- JUNE 2022

Continued good activity in the quarter

APRIL - JUNE

- Order intake in the quarter increased by 5 percent compared with the same period last year and amounted to 72,6 (69,3) MEUR. Adjusted for currency and acquisitions the increase was 1 percent.
- Sales in the quarter increased by 15 percent compared with the same period last year and amounted to 77,9 (67,5) MEUR. Adjusted for currency and acquisitions the increase was 12 percent.
- Operating profit decreased to 13,7 (15,4) MEUR.
- Operating margin decreased to 17,6 (22,8) percent.
- Financial net was -0,3 (-0,2) MEUR.
- Profit after tax decreased to 10,5 (11,6) MEUR.
- Earnings per share after dilution amounted to 0,18 (0,19) EUR.

JANUARY - JUNE

- Order intake in the quarter increased by 10 percent compared with the same period last year and amounted to 147,1 (133,8) MEUR. Adjusted for currency and acquisitions the increase was 8 percent.
- Sales in the quarter increased by 21 percent compared with the same period last year and amounted to 147,5 (122,2) MEUR. Adjusted for currency and acquisitions the increase was 19 percent.
- Operating profit decreased to 26,2 (26,4) MEUR.
- Operating margin decreased to 17,8 (21,6) percent.
- Financial net was -0,5 (-0,4) MEUR.
- Profit after tax decreased to 19,8 (20,0) MEUR.
- Earnings per share after dilution amounted to 0,33 (0,33) EUR.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	6 Months	6 Months	12 Months	12 Months	12 Months
	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Jan-Dec 2020	Jul-Jun 2021/2022
Order intake	72,6	69,3	147,1	133,8	275,8	178,4	289,1
Sales	77,9	67,5	147,5	122,2	252,3	163,6	277,6
Gross profit	25,8	25,5	50,0	47,1	94,2	64,2	97,1
Gross margin, %	33,1	37,8	33,9	38,5	37,3	39,2	35,0
Operating profit	13,7	15,4	26,2	26,4	52,4	30,8	52,2
Operating margin, %	17,6	22,8	17,8	21,6	20,8	18,8	18,8
Profit after tax	10,5	11,6	19,8	20,0	39,7	23,2	39,5
EBITDA 1)	16,6	17,8	31,7	31,2	62,3	38,5	62,8
EBITDA margin, % 1)	21,3	26,4	21,5	25,5	24,7	23,5	22,6
Net debt / EBITDA					0,8	1,4	
Earnings per share after dilution in EUR	0,18	0,19	0,33	0,33	0,66	0,39	0,66
Closing rate SEK/EUR	10,34	10,12	10,34	10,12	10,22	10,04	10,24
Earnings per share after dilution in SEK. 2)	1,81	1,96	3,41	3,37	6,76	3,88	6,74

1) 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 this quarter, however with a modest figure of 5%, which is entirely attributable to price changes and currency. Excluding price changes, there was a negative growth of around 10% during the quarter, which considering the very strong order intake in the 2nd quarter of 2021 can still be described as stable and acceptable. We have had continued good activity during the quarter in general, but note that the large projects we had in 2021 within automated warehouse have greatly decreased in number. Our previous conclusion that several customers 'overinvested' in 2021 remains, which means that the activities from this important sub-segment have been and will be lower during the rest of the year. Excluding orders from large customers within automated warehouse and excluding price increases made due to implemented steel price increases, order intake in the quarter was in line with last year.

With the exception of customers within automated warehouse, as mentioned above, demand during the second quarter remains strong and we see no signs of any reduced activity among our customers. Automotive demand has been the same as in previous quarters, but a certain 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. We note a particularly pleasing development in the quarter in 'New markets', where we increased the order intake nominally by 50% compared to the previous year.

Sales has been good and show a similar level as last year, excluding the price increases made. Under normal circumstances, the result for the group would have increased in line with the sales increase, but as a large steel consumer, we have been negatively affected by the very large price increases for steel, which occurred after the tragic war in Ukraine started. We have again, in consultation with our customers, raised the prices to compensate for the increased steel prices, but have, as previously informed, a certain lag in the increases to our customers. We have also tried to reduce the strain on our loyal customers by being more flexible with pricing during this turbulent quarter. Towards the end of the quarter, steel prices began to stabilize and even decline, which means that Troax has a good chance of returning to previous levels of margins. Thus, Troax has a better position at the end of the second quarter compared to the first quarter regarding the development of steel prices.

Our production units have during the quarter again had a very good utilization 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. The exception to this applies to our factory in China, which was basically closed for most of the quarter due to government restrictions from Corona. This has caused some problems with deliveries to customers in Asia, as these deliveries had to be sent from Europe or the USA instead. We have largely been able to keep our delivery times to our customers but undeniably, shipping issues have put things on edge over the last few months. Troax has generally not had any major delivery problems to our customers, but we note that some purchased parts containing semiconductors have continued to have very long lead times and it is also difficult to receive delivery notices.

Our latest major new acquisition, Natom Logistic in Poland, also shows this quarter a continued good development both in terms of incoming orders and in terms of earnings. The new building that we invested in during 2021 has now been filled with equipment and we have also greatly increased the capacity for shelves in 2022. Troax' latest acquisition, Claitec in Spain, has also had a good development during the quarter and we have started selling their solutions on a smaller scale, to interested Troax customers.

As described above, the gross margin is still negatively affected by the lag in price increases towards customers. Under 'normal' circumstances, we would now start to approach our margin targets, but due to the impact from the war in Ukraine, we estimate that it will take one to two quarters before it starts to stabilize at a higher level. Towards the end of the quarter, we have started to pick up from the lower margins that we had in March/April 2022 and are now working together with customers to stabilize price levels based on today's situation. Overall, this means that Troax has a lower result than the strong second quarter of 2021. Despite the lags on the price side, Troax delivers an operating profit of 17,6%, which is indeed lower than in 2021, but still at an acceptable level.

In total for the first half of 2022, this means that the operating profit amounted to 26,2 MEUR, which is in level with previous year. However, the operating margin is lower at 17,8%, compared to 21.6% in 2021. The net profit for the second quarter amounts to 10,5 MEUR compared to 11,6 MEUR in previous year. We have deliberately continued to have high inventory levels compared to the same period last year to ensure a good ability to deliver to our customers. Troax continues to have a stable financial situation and sees opportunities to continue looking for interesting complementary companies to acquire.

Thomas Widstrand, President and CEO



TELEPHONE CONFERENCE

Invitation to presentation of the second quarter result: Thomas Widstrand, CEO presents the result on a phone conference on the 16th of August 2022 at 16:00 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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About Troax

Troax is the leading global supplier of indoor perimeter protection ("metal-based mesh panel solutions") for the market segments: Machine guarding, Warehouse partitioning and Property Protection.

Troax develops high quality and innovative safety solutions to protect people, property and processes.

Troax Group AB (publ), Reg. No. 556916-4030, has a global organisation with a strong sales force and efficient logistics setup, enabling local presence and short delivery times in 45 countries. In 2021 Troax net sales amounted to around 252 MEUR and the number of employees amounted to about 1 100 persons. The Company's head office is located in Hillerstorp, Sweden. www.troax.com