



Hillerstorp 25th of October 2022, 12:30 CET

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



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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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