



Hillerstorp 10th of February 2023, 12:30 CET

YEAR-END REPORT JANUARY- DECEMBER 2022

OCTOBER – DECEMBER

- Order intake in the quarter decreased by 13 percent compared with the same period last year and amounted to 63,6 (73,5) MEUR. Adjusted for currency and acquisitions the decrease was 17 percent.
- Sales in the quarter increased by 1 percent compared with the same period last year and amounted to 65,3 (64,6) MEUR. Adjusted for currency and acquisitions sales decreased by 2 percent.
- Operating profit before amortizations (EBITA) decreased to 11,1 (11,5) MEUR. In the quarter, cost of goods sold includes a write-down of inventory amounting to 1,3 MEUR, mainly attributable to obsolescence.
- Operating margin before amortizations (EBITA margin) decreased to 17,0 (17,8) percent.
- Financial net was -0,7 (-0,3) MEUR.
- Profit after tax decreased to 7,1 (8,6) MEUR.
- Earnings per share after dilution amounted to 0,12 (0,14) EUR.

JANUARY – DECEMBER

- Order intake in the period decreased by 1 percent compared with the same period last year and amounted to 272,7 (275,8) MEUR. Adjusted for currency and acquisitions the decrease was 4 percent.
- Sales in the period increased by 13 percent compared with the same period last year and amounted to 284,1 (252,3) MEUR. Adjusted for currency and acquisitions the increase was 10 percent.
- Operating profit before amortizations (EBITA) decreased to 51,1 (53,4) MEUR.
- Operating margin before amortizations (EBITA margin) decreased to 18,0 (21,2) percent.
- Financial net was -1,4 (-1,0) MEUR.
- Profit after tax decreased to 36,8 (39,7) MEUR.
- Earnings per share after dilution amounted to 0,61 (0,66) EUR.
- The Board of Directors suggests a dividend of 0,32 (0,30) EUR per share.

TROAX GROUP FIGURES

MEUR	3 Months	3 Months	12 Months	12 Months	12 Months
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	2022	2021	2022	2021	2020
Order intake	63,6	73,5	272,7	275,8	178,4
Sales	65,3	64,6	284,1	252,3	163,6
Gross profit	22,7	22,8	97,3	95,2	64,8
Gross margin, %	34,8	35,3	34,2	37,7	39,6
EBITA	11,1	11,5	51,1	53,4	31,4
EBITA margin, %	17,0	17,8	18,0	21,2	19,2
EBIT	10,5	11,3	49,6	52,4	30,8
EBIT margin, %	16,1	17,5	17,5	20,8	18,8
Profit after tax	7,1	8,6	36,8	39,7	23,2
EBITDA 1)	13,8	14,1	61,2	62,3	38,5
EBITDA margin, % 1)	21,1	21,8	21,5	24,7	23,5
Net debt / EBITDA			0,6	0,8	1,4
Earnings per share after dilution in EUR	0,12	0,14	0,61	0,66	0,39
Closing rate SEK/EUR	11,12	10,22	11,12	10,22	10,04
Earnings per share after dilution in SEK. 2)	1,32	1,46	6,83	6,76	3,88

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



CEO COMMENTS

Troax's order intake decreased this quarter. This was expected, as the demand from international customers within Automated warehouse to a large extent disappeared during the second half of 2022. As previously disclosed, order intake in this still very interesting customer segment, will continue to be weak into 2023. We have, from these customers, received indications that demand will not increase again until early 2024. However, it is positive that we have not noted any significant decline in other customer segments where inquiries and orders have continued at a reasonably level during the quarter. No decline due to a general downturn in demand has been noticed. There is an exception to this, and it refers to the construction market especially in Sweden, where large project enquiries decreased towards the end of the quarter. Within this smaller customer segment, this will be noticed in a lower order intake, likely during the second half of 2023.

Automotive demand has been the consistent with previous quarters, but an increase in inquiry activity has again 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, especially compared to the previous year. Other markets have generally had a good or stable development, with the exception of Continental Europe where order intake was weak in the period, especially when we consider that we also had a positive price development in this quarter. The order intake has been most positive in the Nordics and on our New markets. Overall, order intake in 2022 is 4% lower than in 2021, when we exclude the impact from currency and from acquired companies.

Invoicing has been good, even if we show a slightly lower level than the previous year for comparable companies. If we exclude price increases, the volume reduction will be around 10%, entirely attributable to Automated warehouse customers.

Excluding the write-down of the inventory value mentioned in the introduction of this report, the gross margin shows an improvement in the quarter. Behind this is the fact that we are now starting to see real effects of reduced purchase prices for steel, even though the volumes in two of our factories were too low to cover fixed costs. It is a mix of these factors that is shown as the final margin. We expect some further improvement in steel prices in the first quarter of 2023 and we are reducing variable costs especially in our Chicago and Poland units. However, this will not be able to fully compensate for the volume reduction that we saw during the end of 2022 and which we believe will continue during the beginning of 2023. We have also reduced our inventory levels during the quarter, which of course negatively affects capacity utilization. We have, as previously announced, in consultation with our customers, raised prices during the year to compensate for the increased steel prices and note that these increases were in full effect during the last quarter.

Our latest major acquisition Natom Logistic in Poland also shows a weaker development this quarter because their main focus is automatic warehouse customers. Troax continues to invest for increased volumes in the future in the Polish operations, even though we are currently managing with the capacity increase that took place in 2022. Troax's acquisition earlier this year, Claitec in Spain, has had a good development during this quarter as well, but had continued delivery problems of certain components for the security solutions, mainly for the warehouse management market. Troax's latest smaller acquisition, Svenska Cykelrum AB, also had a positive development during the quarter. The operations in Hillerstorp will be expanded further in 2023, as during the quarter we received the go-ahead for an expansion of the building, which provides opportunities for continued investments in machines for the future.

The gross margin is negatively affected by the inventory write-down mentioned above as well as by the low production volume in two of our units, but still shows an operating margin based on EBITA (earnings before amortization of acquisition-related surplus values) of 17,0% compared to 17,8% last year. Expressed in monetary terms, this means a minor decrease compared with prior year, 11,1 MEUR compared to 11,5 MEUR. We regard EBITA as a more reliable measure of performance, unaffected by amortizations of surplus values incurred in connection with acquisitions. Therefore, we will now report our operating profit and associated margin in the form of EBITA instead of EBIT. The difference between these two measures amounts to 0,6 MEUR (0,9%) in the last quarter of 2022 and 1,5 MEUR (0,5%) for the full year. For the somewhat challenging year of 2022, Troax shows an EBITA result of 51,1 MEUR to compare with 53,4 MEUR in 2021. This reduction compared with 2021 should be put in perspective against the fact that we have increased the result by more than 20 MEUR since 2020, which means an increase of almost 65%.

The cash flow has been strong in the fourth quarter and also for the full year 2022. This 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 fourth quarter result:

Thomas Widstrand, CEO presents the result on a phone conference on the 10th of February 2023 at 15:30 CET.

The conference will be held in English. For more information, please refer to

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

For additional information, please contact:

Thomas Widstrand

President and CEO

Troax Group AB

Box 89

SE-335 04 Hillerstorp

Tel +46 (0)370-828 31

thomas.widstrand@troax.com

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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 2022, Troax net sales amounted to 284 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