

## INTERIM REPORT AND YEAR-END REPORT 2021

# STRONG FINISH TO A RECORD YEAR

### Fourth quarter 2021

- Organic sales increased 14 percent in the quarter compared with the preceding year.
- Net sales during the quarter increased 15 percent, positively impacted by acquisitions, and amounted to SEK 8,768 M (7,593).
- EBIT, excluding items affecting comparability, increased 12 percent to SEK 1,211 M (1,079). Earnings were the best to date for a fourth quarter. The EBIT margin was 13.8 percent (14.2).
- Operating cash flow amounted to SEK 989 M (1,740). The cash conversion ratio for the most recent 12-month period amounted to 84 percent (128).
- Items affecting comparability for the quarter were a negative SEK 160 M (neg: 140) and pertained to restructuring costs.
- EBIT, including items affecting comparability, amounted to SEK 1,051 M (939) for the quarter.
- Earnings per share, excluding items affecting comparability, totaled SEK 3.19 (2.91). For the Group as a whole, earnings per share were SEK 2.78 (2.43).
- The key figures in this report relate to continuing operations, unless otherwise stated.

SEK M	Q4 2021	Q4 2020	Change, %	12M 2021	12M 2020	Change, %
<u>Continuing operations</u>						
Net sales	8,768	7,593	15	33,864	30,258	12
Organic sales, %	14	0		16	-9	
EBIT, excluding items affecting comparability	1,211	1,079	12	5,151	4,095	26
EBIT-margin, %	13.8	14.2		15.2	13.5	
Restructuring costs	-160	-140		-313	-318	
Capital gain on real estates	-	-		177	-	
Items affecting comparability	-160	-140		-136	-318	
EBIT	1,051	939	12	5,015	3,777	33
Profit before tax, continuing operations	1,008	871	16	4,839	3,511	38
Net profit, discontinuing operations	20	-22		50	54	-7
Net profit, Group	752	660	14	3,716	2,711	37
Earnings per share, SEK						
Continuing operations	2.71	2.52	8	13.53	9.81	38
Discontinuing operations	0.07	-0.09		0.18	0.19	-5
Group	2.78	2.43	14	13.71	10.00	37
Continuing operations, excluding items affecting comparability	3.19	2.91	10	13.95	10.44	34
Operating cash flow	989	1,740	-43	4,347	5,227	-17
Cash conversion ratio R12, %	84	128		84	128	

As a result of the reorganization in March 2021, comparative figures have been restated. For further information about Group's key figures, including discontinued operations, see pages 18-19.

## Full-year 2021

- Organic sales increased 16 percent compared with the preceding year.
- Net sales for the full-year 2021 increased 12 percent to SEK 33,864 M (30,258).
- EBIT, excluding items affecting comparability, increased 26 percent to SEK 5,151 M (4,095), corresponding to an EBIT margin of 15.2 percent (13.5).
- Items affecting comparability amounted to negative SEK 136 M (neg: 318) and pertained to restructuring costs of SEK 313 M and the capital gain on the sale of properties of SEK 177 M.
- Earnings per share, excluding items affecting comparability, totaled SEK 13.95 (10.44). For the Group as a whole, earnings per share were SEK 13.71 (10.00).
- Net profit for the Group totaled SEK 3,716 M (2,711).
- Operating cash flow amounted to SEK 4,347 M (5,227), a decrease of 17 percent. The cash conversion ratio amounted to 84 percent (128).

## MARKET OUTLOOK FOR THE FIRST QUARTER OF 2022

Demand is expected to be on a par with the fourth quarter of 2021, adjusted for seasonal variations. Uncertainty regarding the pandemic's impact on the coming quarters remains.

### **Market outlook from the interim report published on October 27, 2021, relating to the fourth quarter of 2021**

Demand is expected to be on a par with the third quarter of 2021, adjusted for seasonal variations. Uncertainty regarding the pandemic's impact on the coming quarters remains.

## DIVIDEND 2021

The Board of Directors proposes a cash dividend of SEK 5.50 per share (5.00).

## STRONG FINISH TO A RECORD YEAR

*“2021 turned out to be the best year in the history of Trelleborg in terms of sales, operating profit and margin. We delivered healthy organic growth and improved profitability, despite challenges in the form of increased inflation pressure and growing imbalances in the supply chain.*

*The year also ended on a strong note. Sales in the fourth quarter increased 15 percent, of which organic sales increased 14 percent. EBIT, excluding items affecting comparability, increased 12 percent, corresponding to an operating margin of 13.8 percent. Sales and earnings were the best to date for a fourth quarter.*

*Organic sales for Trelleborg Industrial Solutions grew in most market segments and geographies, with healthy profitability. Order intake was strong during the quarter and the order book continued to grow.*

*Within Trelleborg Sealing Solutions, organic sales performed favorably in all market segments and geographies, apart from the automotive industry, which was held back by the well-documented shortage of components. Order intake remained strong in most segments, with a resultant growing order book.*

*Trelleborg Wheel Systems displayed strong organic sales growth during the quarter, in all tire categories and most geographies. However, profitability was hampered by continued price rises for raw materials and freight, but in particular, by the accelerating energy costs. Price adjustments implemented for customers, combined with continued strong demand, will lead to improved profitability in future quarters.*

*We finalized the divestment of the Czech operation in technical rubber products at the beginning of the quarter and followed up on this by signing an agreement to divest the printing blanket operation. We are now awaiting the relevant authorities’ approval of the latter transaction, after which our work to focus the Group will be complete. As we communicated at our Capital Markets Day at the beginning of December, we are now ready for the next phase of development for Trelleborg. This largely involves accelerating growth successfully in several dimensions.*

*At the time of writing, we are compiling a large amount of data as part of our sustainability work, and although not all of the results are ready, I can report already now that, in 2021, we made good progress toward our goal of halving the Group’s carbon emissions relative to sales by 2025.*

*An Extraordinary General Meeting at the end of the period authorized the Board to resolve on a program for the buyback of own shares. We are taking this step because our balance sheet is stronger than it has been for decades, at the same time as our operating cash flow is at a consistent and healthy level. Accordingly, our financial scope allows for the implementation of company acquisitions and payment of ordinary dividends, as well as buying back shares through the stock exchange.*

*During the fourth quarter, costs rose further for raw materials and energy. The pandemic also increased in strength, with higher sickness absence, while the logistics chain remained under strain. General inflationary pressure, accentuated by a shortage of labor in some regions, will continue to create challenges in the new year. However, our committed employees proved more than capable of handling all of these challenges and I am convinced that Trelleborg will navigate the right course toward a successful 2022.*

*Our general assessment in the current situation is that demand for the first quarter will be on a par with the fourth quarter.”*

Peter Nilsson,  
President and CEO

NET SALES AND RESULT<sup>1</sup>

SEK M	Q4 2021	Q4 2020	Change, %	12M 2021	12M 2020	Change, %
<b>Continuing operations</b>						
Net sales	8,768	7,593	15	33,864	30,258	12
Change total, %	15	-7		12	-10	
Organic sales, %	14	0		16	-9	
Structural change, %	1	0		0	1	
Currency effects, %	0	-7		-4	-2	
EBIT, excluding items affecting comparability	1,211	1,079	12	5,151	4,095	26
EBIT-margin, %	13.8	14.2		15.2	13.5	
Restructuring costs	-160	-140		-313	-318	
Capital gain on real estates	-	-		177	-	
Items affecting comparability	-160	-140		-136	-318	
EBIT	1,051	939	12	5,015	3,777	33
Financial income and expenses	-43	-68	37	-176	-266	34
Profit before tax	1,008	871	16	4,839	3,511	38
Taxes	-276	-189	-46	-1,173	-854	-37
Net profit, continuing operations	732	682	7	3,666	2,657	38
Net profit, discontinuing operations	20	-22		50	54	-7
Net profit, Group	752	660	14	3,716	2,711	37
Earnings per share, SEK						
Continuing operations	2.71	2.52	8	13.53	9.81	38
Discontinuing operations	0.07	-0.09		0.18	0.19	-5
Group	2.78	2.43	14	13.71	10.00	37
Continuing operations, excluding items affecting comparability	3.19	2.91	10	13.95	10.44	34

**Net sales** during the fourth quarter of 2021 amounted to SEK 8,768 M (7,593). Organic sales increased 14 percent compared with the year-earlier period. The net effect of currency movements had no impact, while structural changes amounted to 1 percent compared with the year-earlier period.

**Sales per market.** In Europe, organic sales increased by 10 percent compared with the preceding year. Organic sales in North America rose 24 percent. In South and Central America, the organic sales increase was 44 percent, and in Asia and other markets, organic sales increased by 8 percent compared with the preceding year.

**EBIT, excluding items affecting comparability,** totaled SEK 1,211 M (1,079), corresponding to a margin of 13.8 percent (14.2).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a positive impact of SEK 3 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter were a negative SEK 160 M (neg: 140) and pertained to restructuring costs.

EBIT, including items affecting comparability, amounted to SEK 1,051 M (939) for the quarter.

**The net financial expense** was SEK 43 M (expense: 68). The lower financial expenses are due primarily to reduced net debt in 2021 compared with the preceding year. Net interest income in relation to net debt for the Group amounted to 2.0 percent (2.3).

**Net profit** was SEK 752 M (660). The tax rate for the quarter amounted to 27 percent (22), with the tax expense for the fourth quarter of 2021 impacted by the accruals of transfer pricing, to follow the OECD guidelines for the full year. The tax expense for the year-earlier period was impacted by several minor positive effects. The underlying tax rate is estimated to remain at around 25 percent.

**Earnings per share,** excluding items affecting comparability, totaled SEK 3.19 (2.91). For the Group as a whole, earnings per share were SEK 2.78 (2.43).

<sup>1</sup> The key figures in this report relate to continuing operations, unless otherwise stated. Continuing operations pertains to the business areas Trelleborg Industrial Solutions, Trelleborg Sealing Solutions, Trelleborg Wheel Systems and Group Activities.

## CASH FLOW AND NET DEBT

SEK M	Q4 2021	Q4 2020	Change, %	12M 2021	12M 2020	Change, %
EBIT, excluding items affecting comparability	1,211	1,079	12	5,151	4,095	26
Depreciation/write-down, property, plant and equipment	341	350	-3	1,357	1,422	-5
Amortization/write-down, intangible assets	95	89	7	356	365	-2
EBITDA	1,647	1,518	8	6,864	5,882	17
Capital expenditure	-567	-356	-59	-1,399	-1,113	-26
Sold non-current assets	11	16	-31	194	150	29
Amortization of lease liabilities	-102	-100	-2	-401	-400	0
Change in working capital	5	655		-883	736	
Dividend from associated companies	0	0		1	1	
Non cash-flow affecting items	-5	7		-29	-29	
<b>Operating cash flow, continuing operations</b>	<b>989</b>	<b>1,740</b>	<b>-43</b>	<b>4,347</b>	<b>5,227</b>	<b>-17</b>
Cash conversion ratio R12, %	84	128		84	128	
<b>Operating cash flow, discontinuing operations</b>	<b>29</b>	<b>73</b>	<b>-60</b>	<b>222</b>	<b>105</b>	<b>111</b>
<b>Operating cash flow, Group</b>	<b>1,018</b>	<b>1,813</b>	<b>-44</b>	<b>4,569</b>	<b>5,332</b>	<b>-14</b>

SEK M	12M 2021	12M 2020
<b>Net debt, opening balance</b>	<b>-10,026</b>	<b>-14,914</b>
Operating cash flow	4,569	5,332
Cash impact from items affecting comparability	-98	-325
Financial items	-199	-319
Paid tax	-962	-772
<b>Free cash flow</b>	<b>3,310</b>	<b>3,916</b>
Acquisitions	-573	3
Disposed operations	616	147
Capital increase associated companies	-29	-
Dividend - equity holders of the parent company	-1,355	-
<b>Sum net cash flow</b>	<b>1,969</b>	<b>4,066</b>
Exchange rate differences	-446	732
Lease liability according to IFRS 16 <sup>1</sup>	70	141
Pension liability <sup>1</sup>	66	-51
<b>Net debt, closing balance</b>	<b>-8,367</b>	<b>-10,026</b>
Of which:		
Pension liability	-548	-603
Lease liability according to IFRS 16	-2,102	-2,049
Net debt, excluding effect of lease and pension liability	-5,717	-7,374
Debt/equity ratio, %	25	35
Net debt/EBITDA <sup>2</sup>	1.2	1.7

<sup>1</sup> Pertains to non-cash items.

<sup>2</sup> EBITDA including items affecting comparability.

**Operating cash flow** for the quarter amounted to SEK 989 M (1,740). Cash flow was positively affected by the higher earnings generation. At the same time, working capital increased in relation to the year-earlier period, driven by higher sales. The rate of investment was higher than in the preceding year. The cash conversion ratio for the most recent 12-month period amounted to 84 percent (128).

Free cash flow for full-year 2021 var SEK 3,310 M (3,916). Net cash flow amounted to SEK 1,969 M (4,066). Net cash flow for the year was impacted by effects from acquisitions of negative SEK 573 M (pos: 3), effects from divested operations of positive SEK 616 M (pos: 147), capital contributions to associated companies of negative SEK 29 M (-), and a dividend to shareholders of the Parent Company of negative SEK 1,355 M (-).

**Net debt** at the end of the fourth quarter amounted to SEK 8,367 M (10,026) and was impacted by the year's net cash flow of SEK 1,969 M, negative exchange rate differences of SEK 446 M and non-cash adjustments of lease and pension liabilities totaling SEK 136 M.

The debt/equity ratio was 25 percent (35). Net debt in relation to EBITDA was 1.2 (1.7).

## RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2021	R12 2020
<b>Return on capital employed, continuing operations</b>		
Excluding items affecting comparability	13.0	9.8
Including items affecting comparability	12.7	9.1
<b>Return on equity, Group</b>		
Excluding items affecting comparability	12.5	10.2
Including items affecting comparability	12.0	9.4

**Capital employed** within continuing operations increased year on year and amounted to SEK 40,908 M (37,868) at the end of the year, impacted by higher sales, acquisitions and exchange rate effects. The capital employed for assets held for sale amounted to SEK 1,338 M and refers to Group's printing blanket operation.

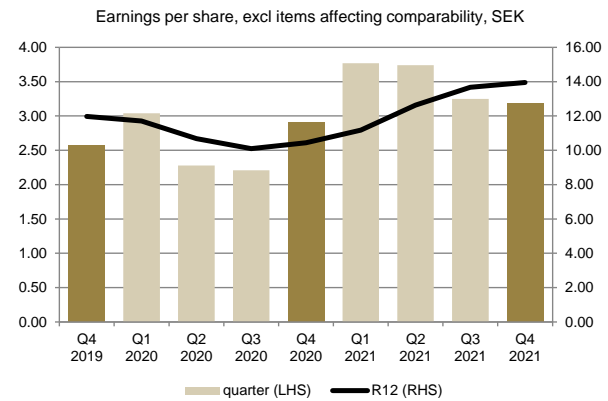
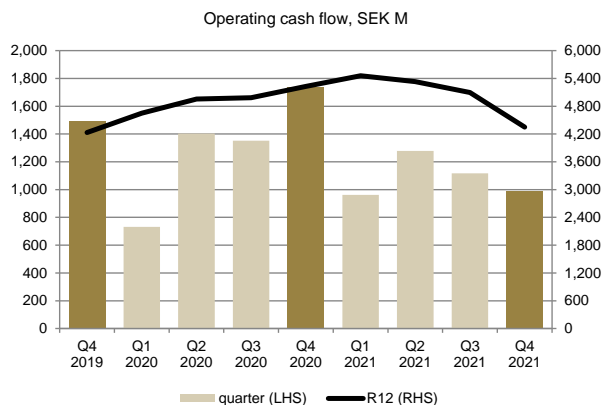
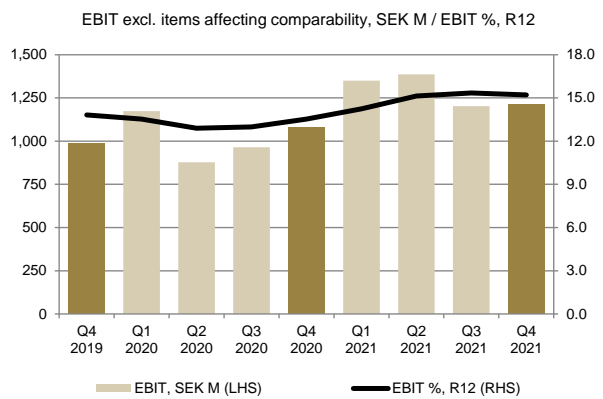
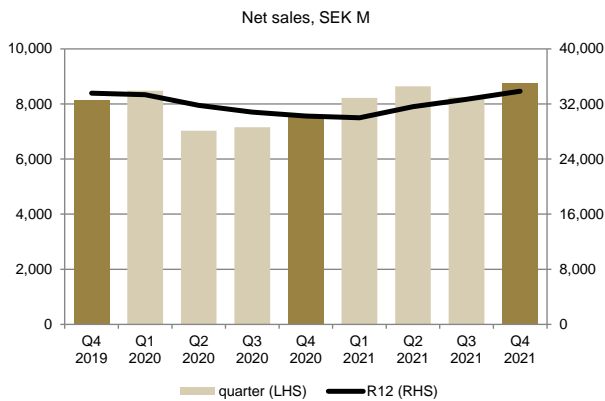
The return on capital employed, excluding items affecting comparability, was 13.0 percent (9.8).

The return on capital employed, including items affecting comparability (restructuring costs and non-recurring items), was 12.7 percent (9.1).

**Shareholders' equity** for the Group at the close of the period amounted to SEK 32,998 M (28,953), positively impacted by net profit for the year and translation effects, and negatively by the dividend to shareholders.

Equity per share amounted to SEK 122 (107). The equity/assets ratio was 59 percent (54). The return on shareholders' equity for the Group, excluding items affecting comparability, totaled 12.5 percent (10.2). The return on shareholders' equity for the Group, including items affecting comparability, amounted to 12.0 percent (9.4).

## KEY FIGURES AND TRENDS



## FULL-YEAR 2021

**Net sales for 2021** amounted to SEK 33,864 M (30,258), an increase of 12 percent year-on-year. The organic sales growth was 16 percent. Exchange rate effects were negative 4 percent compared with the year-earlier period.

**EBIT, excluding items affecting comparability**, totaled SEK 5,151 M (4,095), corresponding to a margin of 15.2 percent (13.5). The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a negative impact of SEK 168 M on earnings compared with the year-earlier period. Items affecting comparability during the year amounted to negative SEK 136 M (neg: 318) and pertained to restructuring costs of SEK 313 M and the capital gain on the sale of properties of SEK 177 M. EBIT, including items affecting comparability, amounted to SEK 5,015 M (3,777).

**Financial income and expenses** amounted to a net expense of SEK 176 M (expense: 266). The lower financial expenses are due primarily to reduced net debt in 2021 compared with the preceding year. Net interest income in relation to net debt for the Group amounted to 2.1 percent (2.2).

**Net profit** was SEK 3,666 M (2,657). The tax rate for the period amounted to 24 percent (24).

**Earnings per share**, excluding items affecting comparability, totaled SEK 13.95 (10.44). For the Group as a whole, earnings per share were SEK 13.71 (10.00).

**Operating cash flow** for the period amounted to SEK 4,347 M (5,227). Cash flow was positively affected by the

higher earnings generation. Working capital increased in relation to the preceding year, primarily driven by higher sales. Investments were higher compared with the preceding year.

**Trelleborg's Businesses Under Development reporting segment was discontinued** during the first quarter, since its operations have either been largely divested or were intended to be divested in 2021.

Three of four operations were divested during the year: a Czech operation in technical rubber products and a Norwegian and a UK offshore oil & gas operation.

In November, an agreement was signed to divest the fourth and final business, the Group's printing blanket operation. It continues to be reported under Assets held for sale until the divestment has been finalized, which is expected to occur in the first half of 2022. The capital employed for this operation amounted to SEK 1,338 M at the end of 2021.

As of the interim report for the first quarter of 2021, the other operations that were included in Businesses Under Development were reported either as a part of Trelleborg Industrial Solutions or as Group activities.

For further information, refer to the press releases from March 26 and April 12, 2021.

## BUSINESS AREA

## TRELLEBORG INDUSTRIAL SOLUTIONS

Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in selected industrial application areas and infrastructure projects.

Excluding items affecting comparability, SEK M	Q4 2021	Q4 2020	Change, %	12M 2021	12M 2020	Change, %
Net sales	2,857	2,621	9	11,071	10,335	7
Change total, %	9	-12		7	-10	
Organic sales, %	7	-5		10	-9	
Structural change, %	1	0		1	1	
Currency effects, %	1	-7		-4	-2	
EBIT	364	391	-7	1,373	1,097	25
EBIT, %	12.7	14.9		12.4	10.6	
Capital employed, closing balance	11,140	10,328		11,140	10,328	
Return on capital employed R12, %	12.6	9.7	30	12.6	9.7	30

Additional key ratios on pages 18 - 20

## FOURTH QUARTER 2021

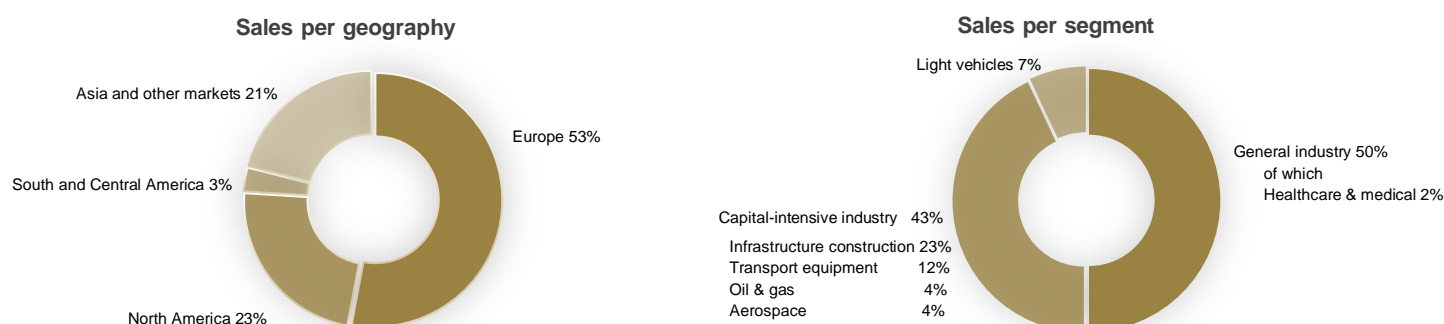
**Organic sales** for the quarter increased by 7 percent year on year. Sales were stable in Europe and increased significantly in North America and Asia. Sales to the construction-related market segment were highly favorable during the quarter. Deliveries to both the aerospace industry and to train manufacturers and other rail and mass transit applications increased. Sales to the automotive industry were lower and continued to be impacted by the shortage of components. Deliveries to the marine segment were lower, partly due to postponed projects, but a solid order book in this segment will lead to higher deliveries in future quarters.

**EBIT and the EBIT margin** decreased compared with the year-earlier period, mainly as a result of a very strong comparative period, which was positively impacted by individual large-scale projects. Strong rises in raw material, logistics and energy costs also dampened profitability for the quarter. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 1 M on EBIT compared with the year-earlier quarter.

## FULL-YEAR 2021

**Organic sales** for the full year increased 10 percent compared with the preceding year. The sales trend was positive in all major geographic regions. All of the market segments reported positive organic sales. The order book was built up continuously and achieved a record level at the end of the year.

**EBIT and the EBIT margin** increased year on year, and both sales and EBIT reached their highest level to date. Effective cost control and active price adjustments for customers offset rising prices for input goods during most of the year. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 37 M on EBIT compared with the preceding year.



Net sales per market segment and per geographic market are based on full-year 2021.



## BUSINESS AREA

## TRELLEBORG SEALING SOLUTIONS

Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions and components deployed in general industry, automotive and aerospace.

Excluding items affecting comparability, SEK M	Q4 2021	Q4 2020	Change, %	12M 2021	12M 2020	Change, %
Net sales	3,106	2,673	16	12,480	10,892	15
Change total, %	16	-9		15	-10	
Organic sales, %	14	-4		19	-10	
Structural change, %	1	1		0	2	
Currency effects, %	1	-6		-4	-2	
EBIT	656	512	28	2,865	2,137	34
EBIT, %	21.1	19.1		23.0	19.6	
Capital employed, closing balance	15,102	13,471		15,102	13,471	
Return on capital employed R12, %	20.1	14.4	40	20.1	14.4	40

Additional key ratios on pages 18 - 20

## FOURTH QUARTER 2021

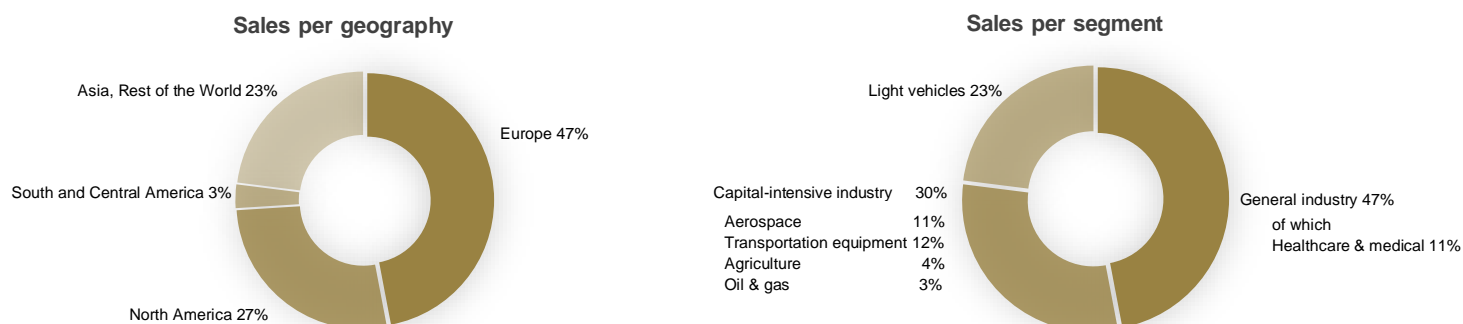
**Organic sales** for the quarter increased by 14 percent year on year. Sales to general industry and the aerospace industry increased significantly in all geographic regions. Sales to the automotive industry were held back by the global shortage of components, particularly semiconductors, but despite this, sales to this segment were positive in Asia. Sales to healthcare & medical developed positively, but the spread of the new variant of Covid-19 had a negative impact on demand, due to the postponement of some scheduled operations.

**EBIT and the EBIT margin** increased as a result of a strong organic sales performance and effective cost control. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 4 M on EBIT compared with the year-earlier quarter.

## FULL-YEAR 2021

**Organic sales** for the full year increased 19 percent compared with the preceding year. Sales to all geographic regions were highly favorable. Deliveries to all industries developed positively, apart from the aerospace industry, which saw lower demand during the first half of the year.

**EBIT and the EBIT margin** increased significantly, mainly due to higher volumes to most market segments. The effect of rising purchasing prices for energy and input goods was limited by strict cost control and efficiency improvements. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 85 M on EBIT compared with the preceding year.



Net sales per market segment and per geographic market are based on full-year 2021.

## BUSINESS AREA

## TRELLEBORG WHEEL SYSTEMS

Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for off-highway vehicles and specialty applications.

Excluding items affecting comparability, SEK M	Q4 2021	Q4 2020	Change, %	12M 2021	12M 2020	Change, %
Net sales	2,753	2,185	26	10,076	8,765	15
Change total, %	26	0		15	-9	
Organic sales, %	25	8		19	-7	
Structural change, %	-	0		-	0	
Currency effects, %	1	-8		-4	-2	
EBIT	275	225	22	1,214	1,050	16
EBIT, %	10.0	10.3		12.0	12.0	
Capital employed, closing balance	14,374	13,650		14,374	13,650	
Return on capital employed R12, %	8.7	7.2	21	8.7	7.2	21

Additional key ratios on pages 18 - 20

## FOURTH QUARTER 2021

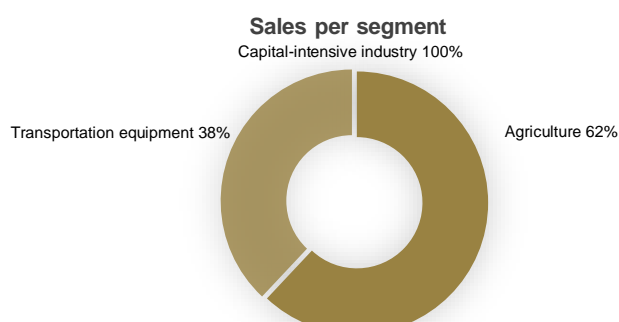
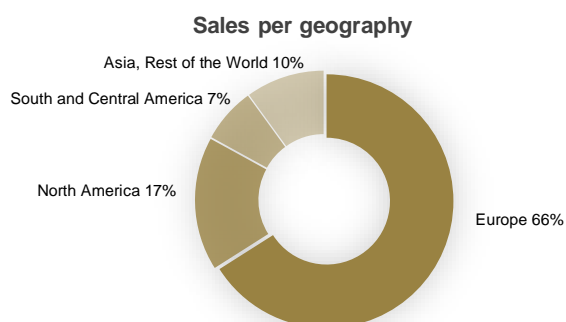
**Organic sales** for the quarter increased by 25 percent year-on-year. The sales of agricultural tires to both OE manufacturers and aftermarket customers increased considerably in all geographical markets. Sales to North and South American customers developed particularly favorably. Deliveries of tires for material handling vehicles and off-highway vehicles were similarly highly favorable in both sales channels.

**EBIT** improved significantly as a result of higher sales volumes. The EBIT margin was unchanged, since the result of higher sales volumes was counteracted by significantly higher costs for raw materials and energy, as well as a negative sales channel mix. Price adjustments implemented for customers will lead to improved profitability in the next quarters. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 3 M on EBIT compared with the year-earlier quarter.

## FULL-YEAR 2021

**Organic sales** for the full year increased 19 percent compared with the preceding year. Sales increased in all major regions. The organic sales trend for tires for agricultural machinery, material handling vehicles and off-highway vehicles was positive in all cases. During the second half of the year, the situation improved further for all categories of tires.

**EBIT** improved as a result of higher sales volumes. Previous investments made in capacity commissioned during the year supported the earnings improvement. The EBIT margin was unchanged, since the result of higher sales volumes was primarily counteracted by significantly higher costs for raw materials and energy, as well as a negative sales channel mix. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 60 M on EBIT compared with the preceding year.



Net sales per market segment and per geographic market are based on full-year 2021.

## SIGNIFICANT EVENTS DURING THE QUARTER

**Divestment of Czech operation in technical rubber products.** Trelleborg finalized the divestment of a Czech operation in technical rubber products. The company, which has its main business located in Nachod, in the Czech Republic, is recognized among Assets held for sale in the financial statements. The buyer is Kaprain, a Czech investment group.

The divested operation reported annual sales of approximately SEK 560 M in 2020 and was deconsolidated on October 1, 2021. The sale does not have any material impact on the Group's net profit.

The press releases regarding the divestment were published on August 2 and October 1, 2021.

**Geographic expansion.** Trelleborg is expanding geographically by establishing manufacturing operations in Russia, Vietnam, Japan, and Morocco. These will be the Group's first fully owned production facilities in these countries. The total investment amounts to just under SEK 300 M, allocated over five years. The purpose of the investments is to provide closer proximity to customers in growing and profitable segments.

The press release on these investments was published on October 4, 2021.

**Nomination Committee for the 2022 Annual General Meeting.** According to a previous resolution by the Annual General Meeting of Trelleborg AB, the Chairman of the Board is assigned the task of annually asking the five largest shareholders, in terms of votes registered on August 31, to appoint one member each to the Nomination Committee prior to the next Annual General Meeting.

The following have agreed to participate in the Nomination Committee prior to 2022 Annual General Meeting:

Ragnar Lindqvist, Dunker Foundations  
Per Trygg, Lannebo Funds  
Anna Sundberg, Handelsbanken Funds  
Jan Särilvik, Nordea Funds  
Emilie Westholm, Folksam

The Annual General Meeting will be held in Trelleborg, Sweden, on April 27, 2022.

The press release about the Nomination Committee was published on October 7, 2021.

**Acquisition of seal company.** Trelleborg signed an agreement and finalized the acquisition of the privately owned US-based VB Seals Inc. The company specializes in the distribution of polymer seals such as O-Rings, hydraulic seals, diaphragms and specialty kitting for original equipment manufacturers in several industries, including agriculture. The acquisition will increase Trelleborg's presence in the Midwestern United States.

The company has its office and warehouse in Ames, Iowa, US. Sales amounted to approximately SEK 120 M in 2020. This bolt-on acquisition is part of Trelleborg's strategy to strengthen its positions in attractive market segments.

The press release regarding the acquisition was published on October 8, 2021.

**Agreement to divest the printing blanket operation.** Trelleborg signed an agreement to divest the operation that develops and manufactures printing blankets of polymer-coated fabrics. It is recognized among Assets held for sale in the

financial statements. The buyer is Continental, which intends to integrate the operation into its ContiTech business area.

Completion of the transaction is subject to the approval of the relevant authorities. The operation reported annual sales of approximately SEK 1,200 M with an operating margin in line with the Trelleborg Group in 2020.

The divestment is expected to be finalized during the first half of 2022.

The press release on the agreement was published on November 11, 2021

**New financial targets and new strategic focus** New financial targets for the Group were presented at Trelleborg's Capital Markets Day:

**Sales growth.** Total sales growth over an economic cycle is to amount to 5 to 8 percent.

**EBIT margin.** Over an economic cycle, the EBIT margin, excluding items affecting comparability, is to amount to at least 16 percent.

**Return on capital employed.** Over an economic cycle, return on capital employed (ROCE), excluding items affecting comparability, is to amount to at least 14 percent.

At the Capital Markets Day, segments and niches experiencing high or very high growth that Trelleborg will devote particular focus to moving forward were also presented. The long-term aim is that they will comprise half of the Group's sales, compared with one third today.

The press release from the Capital Markets Day was published on December 2, 2021.

**Extraordinary General Meeting 2021.** An Extraordinary General Meeting was held on December 28 and resolved to authorize the Board of Directors during the period until the next Annual General Meeting to resolve on the acquisition of own shares on the stock exchange under customary conditions.

The Notice of the Extraordinary General Meeting was published on December 2, 2021. The press release from the Extraordinary General Meeting was published on December 28, 2021.

**Acquisition of coated fabrics business.** Trelleborg signed an agreement and finalized the acquisition of an operation in polymer-coated fabrics used in niche applications, for example, in transportation equipment and the aerospace industry, as well as in engineered industrial products.

The operation is a division of the US-based, privately owned company Alpha Engineered Composites, and it is selling all its production equipment, customer base and intellectual property rights. The division's sales amounts to approximately SEK 90 M. The acquisition gives Trelleborg access to heat-resistant silicone coated fabrics, thereby allowing Trelleborg to enter new markets in coated fabrics.

The business was consolidated as of December 30, 2021.

The press releases regarding the acquisition were published on December 24 and December 31, 2021.

**Comments on rumors in media.** Trelleborg confirmed that external parties have shown interest in acquiring the Trelleborg Wheel Systems business area. Discussions at an early stage are ongoing with external parties. At this stage, Trelleborg will not communicate any further on this matter. Should the discussions advance and develop into a situation where additional information is relevant for the market, this will be communicated.

The press release was published on December 27, 2021.

## SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

**New General Counsel.** Katarina Olsson has been appointed the new General Counsel for Trelleborg Group as from the end of the second quarter 2022. She succeeds Charlotta Gråhs, who is stepping down from her position at Trelleborg to take a similar role at another company. This has previously been communicated. Like her predecessor, Katarina will be a member of the Group Management and act as secretary to Trelleborg's Board.

Katarina Olsson joins Trelleborg from a position as General Counsel for Beijer Ref. Previously she served in positions as corporate counsel at ICA and Ericsson. Katarina holds a Master of Law (LLM) from Lund University, Sweden.

The press release was published on January 28, 2022.

## OTHER

### NEWS IN PRODUCTS AND SOLUTIONS

**Investments in infrastructure.** Countries' infrastructure investments in railways resulted in several orders for Trelleborg's antivibration solutions for trains in, for example, India, China and the UK. Among these orders is an axle guiding bush that allows the train wheels to soften up when they go through a curve by allowing the alignment of the wheel and the axle to be varied in response to the axle's vibration frequency. In this way, energy consumption and abrasion damage to wheels and track profiles are reduced.

**Multicomponent technology for elastomers.** Trelleborg has developed a process that bonds thermoplastic to thermosetting elastomers in the manufacture of multicomponent parts. Multicomponent technology joins two or more materials to create a single, often complex, component that would otherwise involve the assembly of many parts. The bonding process between thermoplastic and thermosetting elastomer takes place in only one step without pre-treatment, adhesives or surface preparation. This creates a reliable process that can include a high level of automation with integrated visual or functional quality checks. As well as sealing, innovative designs can build in adjacent functions, such as structure, housing, and support.

**First tires in India.** Trelleborg's joint venture in India for the production of tires for two-wheeled vehicles, formed at the end of 2018, is now ready for mass production. The products under the Mitas brand include tires for such selected niches as enduro and motocross, but also scooters, mopeds and motorcycles.

### SUSTAINABILITY

**Local development.** Trelleborg supports local communities through various community activities. All workplaces with more than 50 employees must have a plan for their social engagement, which was also achieved in 2021. In most of the locations, the company has partnerships with, for example, schools and universities. Youth and community activities are prioritized in sports sponsorship. Trelleborg is also involved in a number of special programs for children and youth development in such countries as Sri Lanka, India, China and Sweden.

**Green investments.** The green bonds that Trelleborg issued in September 2021 will finance projects that continue to support and develop Trelleborg's ongoing and future energy efficiency initiatives in production and administration. These include a new European logistics center outside Stuttgart, Germany, which is certified according to the German DGNB standard for sustainable construction. Solar panels are now installed at several of the Group's production sites, such as in Bengaluru, India and in Malta. A decision was also taken to invest in a new cooling facility at the production site in Ersmark, which will reduce the Group's annual water use by nearly 10 percent.

## RISK MANAGEMENT

Trelleborg serves a broad range of customers in a variety of market segments and niches. The business has a wide geographic spread. The Group has operations in about 50 countries, sales are conducted in just over 150 countries worldwide and manufacturing operations are carried out at more than 100 production sites. The business is diversified, which provides Trelleborg with an effective underlying risk spread.

Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. Trelleborg focuses on maintaining an exposure to its market segments that has a good balance between early and late cyclical industry, meaning general as well as capital-intensive industry, the demands from which often balance each other out. Seasonal effects occur in the various market segments, particularly in the agricultural segment, which normally experiences higher demand for tires for agricultural machines during the first half of the year. For the Group, demand is usually higher in the first half of the year than in the second half of the year.

**Long-term risks.** Trelleborg has identified the relevant areas based on strategic risks, operational risks, regulatory compliance risks and financial risks that may result in damage or loss with substantial impact on the entire Group and therefore justify management of the risk exposure at Group level.

For information regarding the Group's risks, risk exposure and risk management, refer to the latest Trelleborg Annual Report, [www.trelleborg.com](http://www.trelleborg.com).

**Short-term risks.** The coronavirus pandemic and the measures taken by various countries to prevent the spread of the virus had an impact on the Group, mainly in 2020, with volatility in several segments and geographies, particularly in aerospace. The strong demand during 2021 brought challenges in the supply chain, but also rising costs for raw materials and energy, as well as staff shortages in some regions, and with the probability of higher inflation going forward. Trelleborg has continuously managed its supply chain and implemented price increases for its products.

The continuation of the pandemic and the accompanying uncertainty remain for the upcoming quarters.

This report has not been subject to review by the company's auditor.

Trelleborg February 4, 2022  
Board of Directors of Trelleborg AB (publ)

## NOTES

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and their accompanying notes also in other parts of the interim report. The Parent Company applies recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board and Chapter 9 of the Swedish Annual Accounts Act, Interim Reports.

### **Amendments to IFRS 9, IAS 39 and IFRS 7:**

In August 2020, amendments were issued for IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 due to the interest rate benchmark reform – Phase 2. The amendments were adopted by the EU in January 2021 and are to be implemented as of January 1, 2021, with early application permitted. The amendments pertain to accounting issues that arise when financial instruments that reference an IBOR interest rate transition to an alternative benchmark rate. The new regulations contain a practical solution for the modifications required by the Interest Rate Benchmark Reform, which can thus be managed without generating earnings effects.

Other accounting policies applied by the Group and Parent Company correspond to the accounting policies applied in the preparation of the most recent annual report.

In addition, IASB has published amendments to standards effective from January 1, 2021 or later. These amended standards have not had any material impact on Trelleborg's financial statements.

None of these standards were applied prospectively in earlier financial reports.

New standards and interpretations that have not yet come into effect:

A number of new and amended IFRS have not yet come into effect and were not applied prospectively in connection with the preparation of the Group's and Parent Company's financial statements. These amended standards or interpretations are not expected to have any material impact on the Group's or Parent Company's financial statements.

## Condensed Income Statements

Income Statements, SEK M	Q4 2021	Q4 2020	12M 2021	12M 2020
Net sales	8,768	7,593	33,864	30,258
Cost of goods sold	-6,106	-5,009	-22,849	-20,282
<b>Gross profit</b>	<b>2,662</b>	<b>2,584</b>	<b>11,015</b>	<b>9,976</b>
Selling expenses	-684	-636	-2,688	-2,577
Administrative expenses	-738	-699	-2,743	-2,680
Research and development costs	-137	-143	-532	-543
Other operating income/expenses	107	-26	96	-79
Profit from associated companies	1	-1	3	-2
<b>EBIT, excluding items affecting comparability</b>	<b>1,211</b>	<b>1,079</b>	<b>5,151</b>	<b>4,095</b>
Items affecting comparability	-160	-140	-136	-318
<b>EBIT</b>	<b>1,051</b>	<b>939</b>	<b>5,015</b>	<b>3,777</b>
Financial income and expenses	-43	-68	-176	-266
<b>Profit before tax</b>	<b>1,008</b>	<b>871</b>	<b>4,839</b>	<b>3,511</b>
Tax	-276	-189	-1,173	-854
<b>Net profit, continuing operations</b>	<b>732</b>	<b>682</b>	<b>3,666</b>	<b>2,657</b>
Net profit, discontinuing operations	20	-22	50	54
<b>Net profit, Group</b>	<b>752</b>	<b>660</b>	<b>3,716</b>	<b>2,711</b>
- equity holders of the parent company	752	661	3,717	2,712
- non-controlling interest	0	-1	-1	-1
<b>Earnings per share, SEK <sup>1</sup></b>	<b>Q4 2021</b>	<b>Q4 2020</b>	<b>12M 2021</b>	<b>12M 2020</b>
Continuing operations	2.71	2.52	13.53	9.81
Discontinuing operations	0.07	-0.09	0.18	0.19
<b>Group</b>	<b>2.78</b>	<b>2.43</b>	<b>13.71</b>	<b>10.00</b>
Group, excluding items affecting comparability	3.30	2.90	14.25	10.89
Continuing operations, excluding items affecting comparability	3.19	2.91	13.95	10.44
<sup>1</sup> No dilution effects arose.				
<b>Number of shares</b>				
End of period	271,071,783	271,071,783	271,071,783	271,071,783
Average number	271,071,783	271,071,783	271,071,783	271,071,783
<b>Statements of comprehensive income, SEK M</b>	<b>Q4 2021</b>	<b>Q4 2020</b>	<b>12M 2021</b>	<b>12M 2020</b>
<b>Net profit, Group</b>	<b>752</b>	<b>660</b>	<b>3,716</b>	<b>2,711</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to the income statement</b>				
Reassessment of net pension obligation	39	3	66	-51
Income tax relating to components of other comprehensive income	-5	-4	-10	6
<b>Total</b>	<b>34</b>	<b>-1</b>	<b>56</b>	<b>-45</b>
<b>Items that may be reclassified to the income statement</b>				
Cash flow hedges	56	62	121	-49
Hedging of net investment	-59	561	-303	579
Translation difference	470	-2,094	1,758	-3,007
Income tax relating to components of other comprehensive income	20	-122	52	-97
<b>Total</b>	<b>487</b>	<b>-1,593</b>	<b>1,628</b>	<b>-2,574</b>
<b>Other comprehensive income, net of tax</b>	<b>521</b>	<b>-1,594</b>	<b>1,684</b>	<b>-2,619</b>
<b>Total comprehensive income</b>	<b>1,273</b>	<b>-934</b>	<b>5,400</b>	<b>92</b>
<b>Total comprehensive income attributable to:</b>				
- equity holders of the parent company	1,273	-933	5,401	93
- non-controlling interest	0	-1	-1	-1
<b>EBIT specification, continuing operations, SEK M</b>	<b>Q4 2021</b>	<b>Q4 2020</b>	<b>12M 2021</b>	<b>12M 2020</b>
Excluding items affecting comparability:				
EBITDA	1,647	1,518	6,864	5,882
Depreciation/write-down, property, plant and equipment	-341	-350	-1,357	-1,422
EBITA	1,306	1,168	5,507	4,460
Amortization/write-down, intangible assets	-95	-89	-356	-365
EBIT	1,211	1,079	5,151	4,095
Items affecting comparability	-160	-140	-136	-318
<b>EBIT</b>	<b>1,051</b>	<b>939</b>	<b>5,015</b>	<b>3,777</b>

## Condensed Balance Sheets

Balance Sheets, SEK M	Dec 31 2021	Dec 31 2020
Property, plant and equipment	11,864	11,928
Goodwill	18,792	17,867
Other intangible assets	4,390	4,675
Participations in associated companies	60	104
Financial non-current assets	42	62
Deferred tax assets	594	742
<b>Total non-current assets</b>	<b>35,742</b>	<b>35,378</b>
Inventories	6,395	5,263
Current operating receivables	7,093	6,250
Current tax assets	1,013	884
Interest-bearing receivables	114	233
Cash and cash equivalents	3,460	5,756
<b>Total current assets</b>	<b>18,075</b>	<b>18,386</b>
Assets held for sale	1,823	-
<b>Total assets</b>	<b>55,640</b>	<b>53,764</b>
Share capital	2,620	2,620
Other capital contributions	226	226
Other reserves	2,011	382
Profit brought forward	24,416	23,005
Net profit for the year	3,717	2,712
<b>Total</b>	<b>32,990</b>	<b>28,945</b>
Non-controlling interests	8	8
<b>Equity</b>	<b>32,998</b>	<b>28,953</b>
Interest-bearing non-current liabilities	9,666	10,718
Other non-current liabilities	202	272
Pension obligations	525	619
Other provisions	152	149
Deferred tax liabilities	926	899
<b>Total non-current liabilities</b>	<b>11,471</b>	<b>12,657</b>
Interest-bearing current liabilities	1,738	4,706
Current tax liabilities	1,309	1,138
Other current liabilities	7,162	5,987
Other provisions	380	323
<b>Total current liabilities</b>	<b>10,589</b>	<b>12,154</b>
Liabilities held for sale	582	-
<b>Total equity and liabilities</b>	<b>55,640</b>	<b>53,764</b>
<b>Specification of changes in equity, SEK M</b>	<b>Dec 31 2021</b>	<b>Dec 31 2020</b>
<b>Opening balance, January 1</b>	<b>28,953</b>	<b>28,861</b>
Total net profit	3,716	2,711
Other comprehensive income	1,684	-2,619
Dividend	-1,355	-
<b>Closing balance</b>	<b>32,998</b>	<b>28,953</b>
<b>Specification of capital employed, SEK M</b>	<b>Dec 31 2021</b>	<b>Dec 31 2020</b>
Total assets, Group total	55,640	53,764
Less:		
Interest-bearing receivables	257	275
Cash and cash equivalents	3,460	5,756
Tax assets	1,607	1,626
Operating liabilities	8,070	6,408
<b>Capital employed</b>	<b>42,246</b>	<b>39,699</b>
Of which discontinuing operations	1,338	1,831
<b>Continuing operations</b>	<b>40,908</b>	<b>37,868</b>



## Condensed Cash-flow Statements

Cash flow statements, SEK M	Q4 2021	Q4 2020	12M 2021	12M 2020
<b>Operating activities</b>				
EBIT incl part in associated companies	1,051	939	5,015	3,777
Adjustments for items not included in cash flow from operating activities:				
Depreciation, property, plant and equipment	340	341	1,350	1,404
Amortization, intangible assets	95	89	355	365
Impairment losses, property, plant and equipment	38	50	53	57
Impairment losses, intangible assets	14	1	15	1
Dividend from associated companies	0	1	1	1
Participations in associated companies and other non cash-flow affecting items	-2	17	-25	-6
Interest received and other financial items	105	44	122	68
Interest paid and other financial items	-132	-131	-297	-363
Taxes paid	-219	-223	-978	-787
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,290</b>	<b>1,128</b>	<b>5,611</b>	<b>4,517</b>
<b>Cash flow from changes in working capital</b>				
Change in inventories	-411	111	-1,315	467
Change in operating receivables	343	126	-1,008	-149
Change in operating liabilities	123	423	1,511	436
<b>Cash flow from operating activities</b>	<b>1,345</b>	<b>1,788</b>	<b>4,799</b>	<b>5,271</b>
<b>Investing activities</b>				
Acquisitions	-392	0	-573	3
Disposed/discontinuing operations	-	-	-	27
Capital increase associated companies	-	-	-29	-
Capital expenditure, property, plant and equipment	-539	-322	-1,290	-1,003
Capital expenditure, intangible assets	-28	-34	-109	-110
Sale of non-current assets	11	16	194	150
<b>Cash flow from investing activities</b>	<b>-948</b>	<b>-340</b>	<b>-1,807</b>	<b>-933</b>
<b>Financing activities</b>				
Change in interest-bearing investments	-42	-81	144	31
Change in interest-bearing liabilities	-58	-26	-1,674	-542
New/utilized loans	0	-1,500	1,000	3,120
Amortized loans	-1,078	-1,687	-5,351	-3,737
Dividend - equity holders of the parent company	-	-	-1,355	-
<b>Cash flow from financing activities</b>	<b>-1,178</b>	<b>-3,294</b>	<b>-7,236</b>	<b>-1,128</b>
<b>Total cash flow, continuing operations</b>	<b>-781</b>	<b>-1,846</b>	<b>-4,244</b>	<b>3,210</b>
<b>Total cash flow, discontinuing operations</b>	<b>557</b>	<b>-63</b>	<b>1,844</b>	<b>91</b>
<b>Cash flow for the period, Group</b>	<b>-224</b>	<b>-1,909</b>	<b>-2,400</b>	<b>3,301</b>
<b>Cash and cash equivalents</b>				
At beginning of the period	3,577	7,782	5,756	2,694
Cash classified as assets held for sale	72	-	-36	0
Exchange rate differences	35	-117	140	-239
<b>Cash and cash equivalents at end of period</b>	<b>3,460</b>	<b>5,756</b>	<b>3,460</b>	<b>5,756</b>

Change in liabilities from financing activities, SEK M	Non-cash changes								
	Dec 31 2020	Transfer between non-current and current loans	Cash changes	Acquisitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	Dec 31 2021
Non-current loans	9,015	-1,251	-57	-	257	-	-	-	7,964
Current loans	4,128	1,251	-4,294	-	13	-	-	-	1,098
Other non-current financial liabilities	23	-	-21	-	0	-	-	-	2
Other current financial liabilities	209	-	-150	-	205	-	-	-	264
Lease liabilities according to IFRS 16	2,049	-	-398	-	107	-	344	-	2,102
Pension obligations	618	-	-8	-	5	-	-	-66	549
<b>Total</b>	<b>16,042</b>	<b>-</b>	<b>-4,928</b>	<b>-</b>	<b>587</b>	<b>-</b>	<b>344</b>	<b>-66</b>	<b>11,979</b>

## Key figures

Trelleborg employs a number of alternative performance measures related to financial position, including return on equity and capital employed, net debt, debt/equity ratio and equity/assets ratio. The Group deems the key figures useful for the readers of its financial reports as a complement for assessing the possibility of dividends, implementing strategic investments and considering the Group's ability to meet its financial commitments. In addition, Trelleborg uses the cash-flow measurements of operating cash flow and free cash flow to provide an indication of the funds the operations generate to be able to implement strategic investments, make amortizations and pay returns to the shareholders. Trelleborg uses the performance metrics of EBITDA, EBITA and EBIT excluding items affecting comparability, which the Group considers to be relevant for investors seeking to understand its earnings generation before items affecting comparability.

For further description and calculation of key figures, see <https://www.trelleborg.com/en/investors/financial-definitions>.

SEK M	Q4 2021	Q4 2020	12M 2021	12M 2020
<b>Net sales</b>				
Trelleborg Industrial Solutions	2,857	2,621	11,071	10,335
Trelleborg Sealing Solutions	3,106	2,673	12,480	10,892
Trelleborg Wheel Systems	2,753	2,185	10,076	8,765
Group activities	107	155	464	405
Eliminations	-55	-41	-227	-139
<b>Continuing operations</b>	<b>8,768</b>	<b>7,593</b>	<b>33,864</b>	<b>30,258</b>
Discontinuing operations	317	570	1,886	2,696
Eliminations	-12	-45	-127	-118
<b>Group</b>	<b>9,073</b>	<b>8,118</b>	<b>35,623</b>	<b>32,836</b>
<b>EBIT, excluding items affecting comparability</b>				
Trelleborg Industrial Solutions	364	391	1,373	1,097
Trelleborg Sealing Solutions	656	512	2,865	2,137
Trelleborg Wheel Systems	275	225	1,214	1,050
Group activities	-84	-49	-301	-189
<b>Continuing operations</b>	<b>1,211</b>	<b>1,079</b>	<b>5,151</b>	<b>4,095</b>
Discontinuing operations	51	27	153	187
<b>Group</b>	<b>1,262</b>	<b>1,106</b>	<b>5,304</b>	<b>4,282</b>
<b>EBIT %, excluding items affecting comparability</b>				
Trelleborg Industrial Solutions	12.7	14.9	12.4	10.6
Trelleborg Sealing Solutions	21.1	19.1	23.0	19.6
Trelleborg Wheel Systems	10.0	10.3	12.0	12.0
<b>Continuing operations</b>	<b>13.8</b>	<b>14.2</b>	<b>15.2</b>	<b>13.5</b>
Discontinuing operations	16.1	4.7	8.1	7.0
<b>Group</b>	<b>13.9</b>	<b>13.6</b>	<b>14.9</b>	<b>13.0</b>
<b>Net sales per market continuing operations, organic growth, %</b>				
Europe (55)	10	2	14	-9
North America (23)	24	-15	12	-15
South and Central America (4)	44	14	48	-3
Asia and other markets (18)	8	8	22	-1
<b>Total (100% refer to share 2021)</b>	<b>14</b>	<b>0</b>	<b>16</b>	<b>-9</b>

Bridge net sales	Q4 2020, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q4 2021, SEK M
Trelleborg Industrial Solutions	2,621	7	1	1	2,857
Trelleborg Sealing Solutions	2,673	14	1	1	3,106
Trelleborg Wheel Systems	2,185	25	-	1	2,753
Group activities	114				52
<b>Continuing operations</b>	<b>7,593</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>8,768</b>

Exchange rate differences impacting EBIT excluding items affecting comparability <sup>1</sup> , SEK M	Q4 2021	12M 2021
Trelleborg Industrial Solutions	-1	-37
Trelleborg Sealing Solutions	4	-85
Trelleborg Wheel Systems	-3	-60
Group activities	3	14
<b>Continuing operations</b>	<b>3</b>	<b>-168</b>

<sup>1</sup> Impact on EBIT excluding items affecting comparability in translation of foreign subsidiaries.

SEK M	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Net sales</b>									
Trelleborg Industrial Solutions	2,857	2,732	2,866	2,616	2,621	2,505	2,461	2,748	2,963
Trelleborg Sealing Solutions	3,106	3,086	3,155	3,133	2,673	2,512	2,498	3,209	2,952
Trelleborg Wheel Systems	2,753	2,369	2,557	2,397	2,185	2,075	2,046	2,459	2,182
Group activities	107	105	132	120	155	93	45	112	104
Eliminations	-55	-52	-73	-47	-41	-33	-19	-46	-39
<b>Continuing operations</b>	<b>8,768</b>	<b>8,240</b>	<b>8,637</b>	<b>8,219</b>	<b>7,593</b>	<b>7,152</b>	<b>7,031</b>	<b>8,482</b>	<b>8,162</b>
Discontinuing operations	317	439	532	598	570	611	680	835	911
Eliminations	-12	-31	-40	-44	-45	-21	-21	-31	-54
<b>Group</b>	<b>9,073</b>	<b>8,648</b>	<b>9,129</b>	<b>8,773</b>	<b>8,118</b>	<b>7,742</b>	<b>7,690</b>	<b>9,286</b>	<b>9,019</b>
<b>EBIT, excluding items affecting comparability</b>									
Trelleborg Industrial Solutions	364	326	368	315	391	274	215	217	332
Trelleborg Sealing Solutions	656	720	755	734	512	454	465	706	626
Trelleborg Wheel Systems	275	238	342	359	225	272	256	297	97
Group activities	-84	-81	-78	-58	-49	-35	-58	-47	-67
<b>Continuing operations</b>	<b>1,211</b>	<b>1,203</b>	<b>1,387</b>	<b>1,350</b>	<b>1,079</b>	<b>965</b>	<b>878</b>	<b>1,173</b>	<b>988</b>
Discontinuing operations	51	42	30	30	27	34	64	62	18
<b>Group</b>	<b>1,262</b>	<b>1,245</b>	<b>1,417</b>	<b>1,380</b>	<b>1,106</b>	<b>999</b>	<b>942</b>	<b>1,235</b>	<b>1,006</b>
<b>EBIT %, excluding items affecting comparability</b>									
Trelleborg Industrial Solutions	12.7	12.0	12.8	12.1	14.9	10.9	8.7	7.9	11.2
Trelleborg Sealing Solutions	21.1	23.3	24.0	23.4	19.1	18.1	18.6	22.0	21.2
Trelleborg Wheel Systems	10.0	10.1	13.4	15.0	10.3	13.1	12.5	12.1	4.4
<b>Continuing operations</b>	<b>13.8</b>	<b>14.6</b>	<b>16.1</b>	<b>16.4</b>	<b>14.2</b>	<b>13.5</b>	<b>12.5</b>	<b>13.8</b>	<b>12.1</b>
Discontinuing operations	16.1	9.6	5.7	4.9	4.7	5.7	9.4	7.4	2.1
<b>Group</b>	<b>13.9</b>	<b>14.4</b>	<b>15.5</b>	<b>15.7</b>	<b>13.6</b>	<b>12.9</b>	<b>12.3</b>	<b>13.3</b>	<b>11.2</b>

Condensed Income Statements, SEK M	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net sales	8,768	8,240	8,637	8,219	7,593	7,152	7,031	8,482	8,162
Cost of goods sold	-6,106	-5,569	-5,762	-5,412	-5,009	-4,847	-4,780	-5,646	-5,504
<b>Gross profit</b>	<b>2,662</b>	<b>2,671</b>	<b>2,875</b>	<b>2,807</b>	<b>2,584</b>	<b>2,305</b>	<b>2,251</b>	<b>2,836</b>	<b>2,658</b>
Selling expenses	-684	-708	-658	-638	-636	-598	-588	-755	-726
Administrative expenses	-738	-623	-684	-698	-699	-594	-633	-754	-777
Research and development costs	-137	-133	-130	-132	-143	-120	-129	-151	-147
Other operating income/costs	107	-5	-15	9	-26	-27	-21	-5	-19
Profit from associated companies	1	1	-1	2	-1	-1	-2	2	-1
<b>EBIT, excluding items affecting comparability</b>	<b>1,211</b>	<b>1,203</b>	<b>1,387</b>	<b>1,350</b>	<b>1,079</b>	<b>965</b>	<b>878</b>	<b>1,173</b>	<b>988</b>
Items affecting comparability	-160	-32	-43	99	-140	-81	-61	-36	-877
<b>EBIT</b>	<b>1,051</b>	<b>1,171</b>	<b>1,344</b>	<b>1,449</b>	<b>939</b>	<b>884</b>	<b>817</b>	<b>1,137</b>	<b>111</b>
Financial income and expenses	-43	-43	-58	-32	-68	-66	-76	-56	-80
<b>Profit before tax</b>	<b>1,008</b>	<b>1,128</b>	<b>1,286</b>	<b>1,417</b>	<b>871</b>	<b>818</b>	<b>741</b>	<b>1,081</b>	<b>31</b>
Tax	-276	-274	-306	-317	-189	-193	-181	-291	-103
<b>Net profit, continuing operations</b>	<b>732</b>	<b>854</b>	<b>980</b>	<b>1,100</b>	<b>682</b>	<b>625</b>	<b>560</b>	<b>790</b>	<b>-72</b>
Net profit, discontinuing operations	20	14	12	4	-22	27	12	37	-2446
<b>Net profit, Group</b>	<b>752</b>	<b>868</b>	<b>992</b>	<b>1,104</b>	<b>660</b>	<b>652</b>	<b>572</b>	<b>827</b>	<b>-2,518</b>
- equity holders of the parent company	752	869	992	1,104	661	652	572	827	-2,518
- non-controlling interest	0	-1	-	-	-1	0	-	-	0

Continuing operations	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net sales, SEK M	8,768	8,240	8,637	8,219	7,593	7,152	7,031	8,482	8,162
Organic sales, %	14	16	31	5	0	-7	-20	-8	-2
EBITDA, excl items affecting comparability, SEK M	1,647	1,627	1,812	1,778	1,518	1,395	1,352	1,617	1,465
EBITDA, excl items affecting comparability, %	18.8	19.7	21.0	21.6	20.0	19.5	19.3	19.0	18.0
EBITA, excl items affecting comparability, SEK M	1,306	1,291	1,474	1,436	1,168	1,054	972	1,266	1,075
EBITA, excl items affecting comparability, %	14.9	15.6	17.1	17.4	15.4	14.7	13.8	14.9	13.2
EBIT, excl items affecting comparability, SEK M	1,211	1,203	1,387	1,350	1,079	965	878	1,173	988
EBIT, excl items affecting comparability, %	13.8	14.6	16.1	16.4	14.2	13.5	12.5	13.8	12.1
Items affecting comparability, SEK M	-160	-32	-43	99	-140	-81	-61	-36	-877
EBIT, SEK M	1,051	1,171	1,344	1,449	939	884	817	1,137	111
Earnings per share, excluding items affecting comparability SEK	3.19	3.25	3.74	3.77	2.91	2.21	2.28	3.04	2.57
Operating cash flow, excl items affecting comp., SEK M	989	1,117	1,279	962	1,740	1,352	1,403	732	1,494
Cash conversion ratio, excl items affecting comp., R12, %	84	102	112	128	128	124	121	103	91
Capital employed, closing balance, SEK M	40,908	39,934	39,390	39,849	37,868	40,775	41,735	44,900	42,258
Return on capital employed R12, %	12.7	12.5	11.7	10.2	9.1	6.9	6.9	7.8	8.3

Group total	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Earnings per share, excl items affecting comparability, SEK	3.30	3.32	3.81	3.82	2.90	2.31	2.47	3.21	2.45
Earnings per share, Group, SEK	2.78	3.20	3.66	4.07	2.43	2.41	2.11	3.05	-9.29
Free cash flow, SEK M	654	836	1,095	725	1,397	1,165	1,099	255	1,235
Net debt, closing balance, SEK M	-8,367	-9,118	-9,849	-9,880	-10,026	-12,129	-13,399	-15,644	-14,914
Net debt/EBITDA	1.2	1.3	1.5	1.6	1.7	2.2	2.4	2.6	2.5
Debt/equity ratio %	25	29	32	32	35	41	45	51	52
Return on equity R12, %	12.0	11.8	11.4	9.7	9.4	-1.5	-1.5	-0.7	-0.7
Equity/assets ratio, %	59	58	57	56	54	51	50	51	51

## Acquisitions

### Carrying amounts of identifiable acquired assets and assumed liabilities

#### 2021

In the fourth quarter of 2021, Trelleborg signed, through its business area Trelleborg Industrial Solutions, an agreement and finalized the acquisition of a division of the US-based, privately owned company Alpha Engineered Composites. The division is active in polymer-coated fabrics used in niche applications, for example, in transportation equipment and the aerospace industry, as well as in engineered industrial products.

During the fourth quarter of 2021, Trelleborg finalized, through its business area Trelleborg Sealing Solutions, the acquisition of the office and industrial premises the Group previously leased in Kalmar, Sweden.

In the fourth quarter of 2021, Trelleborg signed, through its business area Trelleborg Sealing Solutions, an agreement and finalized the acquisition of the privately owned US-based VB Seals Inc. The company specializes in the distribution of polymer seals such as O-Rings, hydraulic seals, diaphragms and specialty kitting for original equipment manufacturers in several industries, including agriculture.

In the first quarter of 2021, Trelleborg signed, through its business area Trelleborg Industrial Solutions, an agreement and finalized the acquisition of the Dutch company Gutteling Group BV. The company develops and sells composite hoses to the chemical industry and is market leader in hoses for LNG ship-to-ship transfer.

The acquisition of Alpha Engineered Composites was an acquisition of assets and liabilities, while the other acquisitions made in 2021 pertained to 100 percent of the shares in each company.

#### 2020

No acquisitions were carried out in 2020.

Certain adjustments were made to acquisition analyses attributable to acquisitions made in 2019.

Acquisitions, SEK M	12M 2021 Acquired 2021	12M 2020 Adjustments to Acquisitions 2019
Developed technology <sup>1</sup>	-	6
Trademarks <sup>2</sup>	-	-
Customer relationships <sup>3</sup>	94	-8
Other intangible assets	7	-
Property, plant and equipment	241	-
Deferred tax assets	0	-
Shares in associated companies	-	-
Interest-bearing receivables	19	-
Inventories	62	-2
Operating receivables	55	-3
Current tax asset	1	1
Cash and cash equivalents	26	-
Deferred tax liabilities	-12	-6
Interest-bearing liabilities	-82	-
Post employment benefits	-	-
Provision obligations	-	-
Current tax liability	-1	-2
Operating liabilities	-37	-3
<b>Net assets</b>	<b>373</b>	<b>-17</b>
Goodwill	162	14
<b>Total purchase price</b>	<b>535</b>	<b>-3</b>
Cash and other net debt in acquired operations	38	-
<b>Impact shown in cash flow statement</b>	<b>573</b>	<b>-3</b>

<sup>1</sup> Excess value of developed technology is amortized over 10-12 years.

<sup>2</sup> Trademarks have an indefinite useful life, no amortization takes place.

<sup>3</sup> Excess value of customer relationships are amortized over 10-12 years.

The goodwill recognized above for 2021 was primarily attributable to synergy effects expected after the acquisition. The fair value of acquired, identifiable, intangible assets is preliminary pending final measurement of these assets.

## Financial instruments – classification and valuation

A description of how fair value is calculated is provided below and in Accounting policies in the latest Annual Report.

At December 31, 2021, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Assets in the balance sheet</b>						
Derivative instruments	-	101	2	46	2	147
Financial non-current assets	35	-		-		35
Accounts receivable	5,594	-		-		5,594
Interest-bearing receivable	7	-		-		7
Cash and cash equivalents	3,460	-		-		3,460
<b>Total</b>	<b>9,096</b>	<b>101</b>		<b>46</b>		<b>9,243</b>

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Liabilities in the balance sheet</b>						
Derivative instruments	-	39	2	335	2	374
Interest-bearing non-current liabilities	7,966	-		-		7,966
Interest-bearing current liabilities	1,112	59	3	-		1,171
Lease liabilities according to IFRS 16	2,076	-		-		2,076
Accounts payable	4,002	-		-		4,002
<b>Total</b>	<b>15,156</b>	<b>98</b>		<b>335</b>		<b>15,589</b>

### Measurement techniques used to calculate fair value of level 2 assets

Level 2 derivatives comprise currency futures and interest swaps and are primarily used for hedging purposes, but also for trading. Measurement of the fair value of currency futures is based on the published forward rates in an active market and on the discounted contractual cash flows. Measurement of interest swaps is based on forward interest rates prepared on the basis of observable Swedish interest curves and discounting of the contractual cash flows.

### Measurement techniques used to calculate fair value of level 3 assets

The financial non-current asset of SEK 10 M which was recognized at fair value in December previous year was repaid in January 2021. Interest-bearing non-current and current liabilities include earnouts according to contract in an amount of SEK 0 M (20) and SEK 59 M (20), respectively. An assessment of the most probable outcome was made and the present value of this calculated.

### Disclosure on fair value of borrowings and other financial instruments

Financial interest-bearing liabilities, except for financial derivatives that adjust loans and earnouts according to contract, are recognized at amortized cost. Changes in interest-rate levels and credit margins create differences between fair value and amortized cost. Measurement at fair value would increase the Group's non-current loans by SEK 103 M. No remeasurement was made for current loans because the carrying amount is regarded as a good estimate of the fair value due to their short term.

At December 31, 2020, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Assets in the balance sheet</b>						
Derivative instruments	-	67	2	202	2	269
Financial non-current assets	52	10	3	-		62
Accounts receivable	4,907	-		-		4,907
Interest-bearing receivable	12	-		-		12
Cash and cash equivalents	5,756	-		-		5,756
<b>Total</b>	<b>10,727</b>	<b>77</b>		<b>202</b>		<b>11,006</b>

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Liabilities in the balance sheet</b>						
Derivative instruments	-	174	2	309	2	483
Interest-bearing non-current liabilities	9,038	20	3	-		9,058
Interest-bearing current liabilities	4,156	20	3	-		4,176
Lease liabilities according to IFRS 16	2,049	-		-		2,049
Accounts payable	3,067	-		-		3,067
<b>Total</b>	<b>18,310</b>	<b>214</b>		<b>309</b>		<b>18,833</b>

## Parent Company

Condensed Income statements, SEK M	Q4 2021	Q4 2020	12M 2021	12M 2020
Net sales	157	139	465	462
Administrative expenses	-167	-128	-359	-295
Other operating income	1	2	3	6
Other operating expenses	-211	-178	-294	-268
<b>EBIT</b>	<b>-220</b>	<b>-165</b>	<b>-185</b>	<b>-95</b>
Financial income and expenses	-23	136	4,386	471
<b>Profit before tax</b>	<b>-243</b>	<b>-29</b>	<b>4,201</b>	<b>376</b>
Appropriations	180	134	180	134
Tax	1	-3	5	-34
<b>Net profit</b>	<b>-62</b>	<b>102</b>	<b>4,386</b>	<b>476</b>

Condensed Balance sheets, SEK M	Dec 31 2021	Dec 31 2020
Property, plant and equipment	11	12
Intangible assets	18	22
Financial assets	36,928	36,777
<b>Total non-current assets</b>	<b>36,957</b>	<b>36,811</b>
Current receivables	182	83
Current tax asset	3	3
Interest-bearing receivables	181	134
Cash and cash equivalents	1	-
<b>Total current assets</b>	<b>367</b>	<b>220</b>
<b>Total assets</b>	<b>37,324</b>	<b>37,031</b>
<b>Equity</b>	<b>11,056</b>	<b>8,025</b>
Interest-bearing non-current liabilities	0	85
Other non-current liabilities	60	45
<b>Total non-current liabilities</b>	<b>60</b>	<b>130</b>
Interest-bearing current liabilities	26,046	28,718
Current tax liabilities	-	-
Other current liabilities	162	158
<b>Total current liabilities</b>	<b>26,208</b>	<b>28,876</b>
<b>Total equity and liabilities</b>	<b>37,324</b>	<b>37,031</b>

### Other

**Related parties.** No material changes occurred for the Group or the Parent Company in relations or transactions with related parties, compared with what is described in Note 12 of the 2020 Annual Report.

## ABOUT TRELLEBORG

Trelleborg is a world leader in engineered polymer solutions. We seal, damp and protect critical applications in demanding environments. Our innovative solutions accelerate performance for customers in a sustainable way.

### Business concept

Trelleborg's business concept is to seal, damp and protect in demanding industrial environments.

### Strategy

Trelleborg's strategy is to secure leading positions in selected segments. This means that Trelleborg seeks segments, niches and product categories that – by virtue of the Group's market insights, core competencies and offering of advanced products and solutions – provide market leadership. In this manner, long-term shareholder value and added value are generated for customers. Trelleborg works with the strategy, both Group-wide and in the business areas, supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The strategic cornerstones are: Geographic balance, Portfolio optimization, Structural improvements and Excellence.

### Value drivers

**Polymer engineering.** Trelleborg should be best at developing polymer-based solutions that optimize and accelerate customers' applications and processes.

**Local presence, global reach.** Trelleborg leverages global strength and capabilities, while acting as a local partner to customers.

**Application expertise.** Trelleborg should be best at understanding customers' applications, thereby adding the most value.

**Customer integration.** Trelleborg makes it easy to do business with the Group and integrates in close partnerships with its customers.

**Business accelerator.** Powered by these core capabilities, the aim is always to improve, accelerate and grow customers' businesses. Trelleborg grows with its customers.

### Trelleborg's market segments:

Business area/Segment distribution	General industry	Capital intensive industry					Light Vehicles	
		Oil & gas	Transport equipment	Agriculture	Infrastructure construction	Aerospace		
Trelleborg Industrial Solutions	50%	4%	12%		23%	4%	43%	7%
Trelleborg Sealing Solutions	47%	3%	12%	4%		11%	30%	23%
Trelleborg Wheel Systems			38%	62%			100%	
<b>Continuing operations</b>	<b>33%</b>	<b>3%</b>	<b>20%</b>	<b>20%</b>	<b>7%</b>	<b>5%</b>	<b>55%</b>	<b>12%</b>

Net sales per market segment and business area based on full-year 2021.



## TELEPHONE CONFERENCE ON FEBRUARY 4

A telephone conference will be held on February 4 at 10:30 a.m. CET. To participate in the telephone conference, call +46 8 505 583 73 (Sweden), +44 333 3009 269 (UK) or +1 646 7224 904 (US). Code: "Trelleborg". The conference will also be streamed in real-time on the Internet. Visit our website [www.trelleborg.com](http://www.trelleborg.com) for the Internet link and presentation material.

## FINANCIAL CALENDER

2021 Annual Report	March 16, 2022
Interim report January-March 2022	April 27, 2022
Annual General Meeting 2022	April 27, 2022
Interim report April-June 2022	July 21, 2022
Interim report July-September 2022	October 26, 2022
Year-end report 2022	January 27, 2023

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For information about the Trelleborg Group, Annual Reports, the stakeholder magazine *T-TIME* and other information, please visit the Group's website [www.trelleborg.com](http://www.trelleborg.com).



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This report contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

**This information is information that Trelleborg AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 a.m. CET on February 4, 2022.**

This is a translation of the company's Interim Report in Swedish.