

INTERIM REPORT APRIL–JUNE 2022

CONTINUED STRONG GROWTH AND RECORD MARGIN

Second quarter 2022 – continuing operations

- Net sales during the quarter increased 21 percent, positively impacted by acquisitions and exchange rate effects, and amounted to SEK 7,351 M (6,079). Organic sales increased 11 percent compared with the preceding year.
- EBIT, excluding items affecting comparability, increased 27 percent to SEK 1,319 M (1,036). The EBIT margin was 17.9 percent (17.0). Sales, EBIT and the margin were the highest to date for a quarter.
- Operating cash flow amounted to SEK 798 M (864). The cash conversion ratio for the most recent 12-month period amounted to 69 percent (101).
- Items affecting comparability for the quarter were a negative SEK 33 M (neg: 40) and pertained to restructuring costs.
- EBIT, including items affecting comparability, amounted to SEK 1,286 M (996) for the quarter.
- Earnings per share, excluding items affecting comparability, totaled SEK 3.63 (2.75). For the Group as a whole, including discontinuing operations, earnings per share were SEK 5.68 (3.65).
- An agreement was signed in March 2022 to divest the business area Trelleborg Wheel Systems to Yokohama Rubber Company. It is reported as a discontinuing operation in the financial statements.
- The key figures in this report relate to continuing operations, unless otherwise stated.

SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
<u>Continuing operations</u>						
Net sales	7,351	6,079	21	14,446	11,901	21
Organic sales, %	11	31		12	17	
EBIT, excluding items affecting comparability	1,319	1,036	27	2,549	2,018	26
EBIT-margin, %	17.9	17.0		17.6	17.0	
Items affecting comparability	-33	-40		-58	65	
EBIT	1,286	996	29	2,491	2,083	20
Profit before tax, continuing operations	1,246	959	30	2,406	2,011	20
Net profit, discontinuing operations	574	278	106	1,017	572	78
Net profit, Group	1,516	992	53	2,819	2,096	34
Earnings per share, SEK						
Continuing operations	3.52	2.63	34	6.70	5.62	19
Discontinuing operations	2.16	1.02	112	3.79	2.11	80
Group	5.68	3.65	56	10.49	7.73	36
Continuing operations, excluding items affecting comparability	3.63	2.75	32	6.88	5.43	27
Operating cash flow	798	864	-8	1,126	1,348	-16
Cash conversion ratio R12, %	69	101		69	101	

CONTINUED STRONG GROWTH AND RECORD MARGIN

“During the second quarter, we achieved the highest sales, earnings and margin for the Group to date. Net sales increased year on year by 21 percent, with organic growth contributing 11 percent, positive exchange rate effects 8 percent and acquisitions 2 percent. EBIT, excluding items affecting comparability, increased 22 percent and the operating margin was 17.9 percent (17.0).

The development was better than expected, given the challenges we faced during the period. The prices of raw materials, energy and freight continued to rise sharply. In addition, we were negatively impacted by renewed lockdowns in China caused by Covid-19. Other constraints that we successfully managed included shortages of certain raw materials and disruptions in the supply chain. Operating cash flow was negatively impacted by generally higher working capital as a result of the increase in sales and intentionally higher inventory levels for the purpose of ensuring customer deliveries.

The earnings improvement was enabled by higher volumes in both business areas combined with cost control and strict price discipline. During the quarter, we successfully offset inflation with price adjustments to customers, efficiency improvements and strong operational implementation. We view this as confirmation of the effectiveness of our business model, which in combination with our favorable market positions means that Trelleborg is standing stronger than ever before.

We continued to report healthy demand for products and solutions of Trelleborg Industrial Solutions. The vast majority of market segments and geographic markets reported an upturn in demand, which was particularly notable in the North American market. The margin reached its highest level on record.

Organic sales for Trelleborg Sealing Solutions also performed well. Deliveries to general industry increased overall, despite a downturn in sales in Asia due to Covid lockdowns in China. Deliveries to the automotive industry declined somewhat, but nonetheless performed well in relation to the global market. The continued high level of sales to healthcare & medical and the aerospace industry was particularly satisfying.

Our tire business, reported under Assets held for sale, once again demonstrated strength despite difficult circumstances. The war in Ukraine, freight shortages and a drought in several countries presented tough challenges. Despite this, organic sales rose by more than 20 percent during the quarter. An increase in demand in all tire categories was noted in all geographic markets, particularly in North and South America, where the trend was especially robust.

Acquisitions continue to be an important part of our growth strategy, and we announced a smaller acquisition of a US company with a customer base in healthcare & medical. We will continue to build on our already strong market positions through acquisitions, but also in the form of focused organic initiatives in rapidly growing segments.

While our order book is very solid and remains at record levels, we can see a slight downturn in order intake compared with previous quarters. There are clear indications of increased uncertainty ahead of the second half of the year. Meanwhile, we are highly confident in our ability to address the fluctuations in the market. For the third quarter, our overall assessment is that demand will be slightly lower than in the second quarter of the year.”

Peter Nilsson,
President and CEO

MARKET OUTLOOK FOR THE THIRD QUARTER OF 2022

Demand is expected to be slightly lower than in the second quarter of 2022, adjusted for seasonal variations. The geopolitical situation entails a heightened degree of uncertainty. For further information, refer to page 11.

Market outlook from the interim report published on April 27, 2022, relating to the second quarter of 2022

Demand is expected to be on a par with the first quarter of 2022, adjusted for seasonal variations. However, the geopolitical situation that has arisen entails a heightened degree of uncertainty.

NET SALES AND RESULT¹

SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
Continuing operations						
Net sales	7,351	6,079	21	14,446	11,901	21
Change total, %	21	22		21	8	
Organic sales, %	11	31		12	17	
Structural change, %	2	1		2	0	
Currency effects, %	8	-10		7	-9	
EBIT, excluding items affecting comparability	1,319	1,036	27	2,549	2,018	26
EBIT-margin, %	17.9	17.0		17.6	17.0	
Items affecting comparability	-33	-40		-58	65	
EBIT	1,286	996	29	2,491	2,083	20
Financial income and expenses	-40	-37	-8	-85	-72	-18
Profit before tax	1,246	959	30	2,406	2,011	20
Taxes	-304	-245	-24	-604	-487	-24
Net profit, continuing operations	942	714	32	1,802	1,524	18
Net profit, discontinuing operations	574	278	106	1,017	572	78
Net profit, Group	1,516	992	53	2,819	2,096	34
Earnings per share, SEK						
Continuing operations	3.52	2.63	34	6.70	5.62	19
Discontinuing operations	2.16	1.02	112	3.79	2.11	80
Group	5.68	3.65	56	10.49	7.73	36
Continuing operations, excluding items affecting comparability	3.63	2.75	32	6.88	5.43	27

Net sales during the second quarter of 2022 amounted to SEK 7,351 M (6,079). Organic sales increased 11 percent compared with the year-earlier period. The net effect of currency movements increased sales by 8 percent, while structural changes contributed 2 percent year-on-year.

Sales per market. In Europe, organic sales increased by 10 percent compared with the preceding year. Organic sales in North and South America rose 23 percent. In Asia and other markets, organic sales increased by 1 percent compared with the preceding year, significantly impacted by lockdowns in parts of China due to Covid-19.

EBIT, excluding items affecting comparability, totaled SEK 1,319 M (1,036), up 27 percent. The margin was 17.9 percent (17.0).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a positive impact of SEK 69 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter were a negative SEK 33 M (neg: 40) and pertained to restructuring costs.

EBIT, including items affecting comparability, amounted to SEK 1,286 M (996) for the quarter.

The net financial expense was SEK 40 M (expense: 37) for continuing operations.

Net profit was SEK 942 M (714). The tax rate for the quarter amounted to 24 percent (26). The underlying tax rate for continuing operations is expected to amount to 26 percent.

Earnings per share, excluding items affecting comparability, totaled SEK 3.63 (2.75). For the Group as a whole, including discontinuing operations, earnings per share were SEK 5.68 (3.65).

¹ 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 and Group Activities.

CASH FLOW AND NET DEBT

SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
EBIT, excluding items affecting comparability	1,319	1,036	27	2,549	2,018	26
Depreciation/write-down, property, plant and equipment	265	241	10	519	484	7
Amortization/write-down, intangible assets	68	57	19	132	112	18
EBITDA	1,652	1,334	24	3,200	2,614	22
Capital expenditure	-259	-167	-55	-491	-356	-38
Sold non-current assets	19	4	375	24	69	-65
Amortization of lease liabilities	-78	-79	1	-154	-155	1
Change in working capital	-535	-101		-1,447	-860	
Dividend from associated companies	0	0		0	0	
Non cash-flow affecting items	-1	-127		-6	36	
Operating cash flow, continuing operations	798	864	-8	1,126	1,348	-16
Cash conversion ratio R12, %	69	101		69	101	
Operating cash flow, discontinuing operations	313	466	-33	726	1,034	-30
Operating cash flow, Group	1,111	1,330	-16	1,852	2,382	-22

SEK M	6M 2022	6M 2021	12M 2021
Net debt Group, opening balance	-8,367	-10,026	-10,026
Operating cash flow	1,852	2,382	4,569
Cash impact from items affecting comparability	-178	-21	-98
Financial items	12	-121	-199
Paid tax	-703	-420	-962
Free cash flow	983	1,820	3,310
Acquisitions	-248	-174	-573
Disposed operations	149	143	616
Capital increase associated companies	-7	-20	-29
Dividend - equity holders of the parent company	-1,481	-1,355	-1,355
Repurchase own shares	-1,486	-	-
Sum net cash flow	-2,090	414	1,969
Exchange rate differences	-760	-245	-446
Lease liability according to IFRS 16 ¹	139	-8	70
Pension liability ¹	119	16	66
Net debt Group, closing balance	-10,959	-9,849	-8,367
Of which:			
Pension liability	-463	-590	-548
Lease liability according to IFRS 16	-2,110	-2,122	-2,102
Net debt, excluding effect of lease and pension liability	-8,386	-7,137	-5,717
Debt/equity ratio, %	31	32	25
Net debt/EBITDA ²	1.4	1.5	1.2

¹ Pertains to non-cash items.

² EBITDA including items affecting comparability.

Operating cash flow for the quarter amounted to SEK 798 M (864). Cash flow was positively affected by the higher earnings generation. The sales increase for the quarter generated a greater need for working capital, at the same time as supply chain disruptions gave rise to higher buffer inventory of both raw materials and end products. The rate of investment was higher than in the preceding year. The cash conversion ratio for the most recent 12-month period amounted to 69 percent (101).

Free cash flow for the first half of 2022 was SEK 983 M (1,820). Net cash flow amounted to a negative SEK 2,090 M (pos: 414). Net cash flow for the period was impacted by effects from acquisitions of negative SEK 248 M (neg: 174), effects from divested operations of positive SEK 149 M (pos: 143), dividends to the shareholders of the Parent Company of a negative SEK 1,481 (neg: 1,355) and the repurchase of own shares for a negative SEK 1,486 M (-).

Net debt at the end of the second quarter amounted to SEK 10,959 M (9,849) and was impacted by the period's net cash flow of a negative SEK 2,090 M, negative exchange rate differences of SEK 760 M and non-cash adjustments of lease and pension liabilities of a positive SEK 258 M.

The debt/equity ratio was 31 percent (32). Net debt in relation to EBITDA was 1.4 (1.5).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2022	R12 2021
Return on capital employed, continuing operations		
Excluding items affecting comparability	16.1	13.9
Including items affecting comparability	15.5	13.5
Return on equity, Group		
Excluding items affecting comparability	14.2	11.6
Including items affecting comparability	13.5	11.4

Capital employed within continuing operations increased year on year and amounted to SEK 30,247 M (25,659) at the end of the quarter, impacted by higher working capital due to increased sales, acquisitions and exchange rate effects. The capital employed for assets held for sale amounted to SEK 16,940 M and pertained to the Group’s printing blanket operation and Trelleborg Wheel Systems.

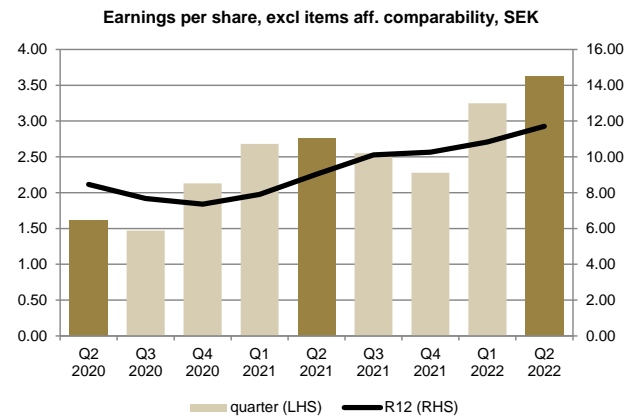
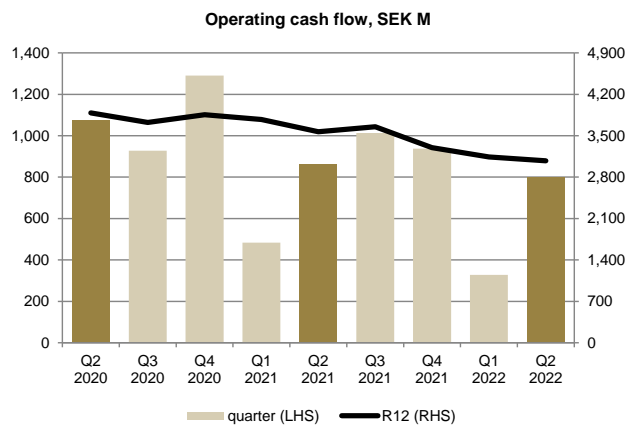
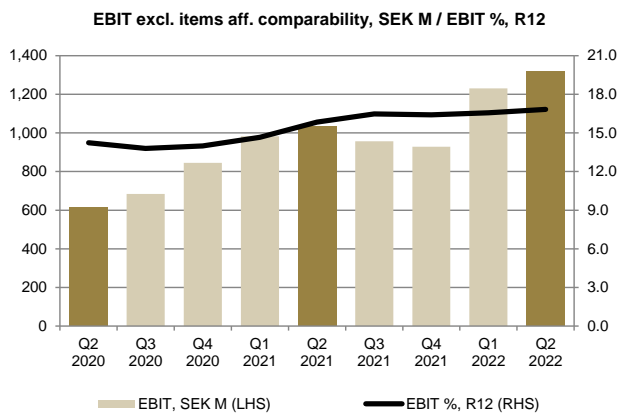
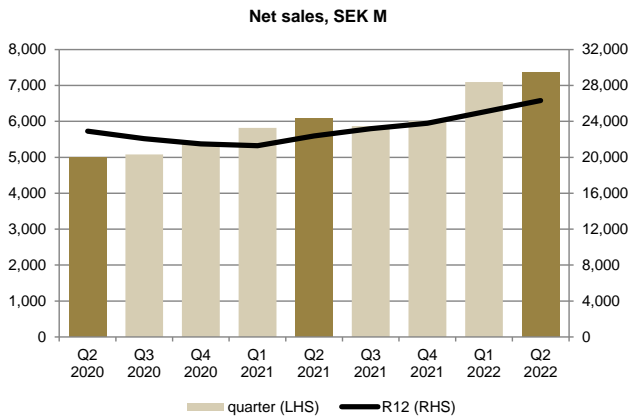
The return on capital employed, excluding items affecting comparability, was 16.1 percent (13.9).

The return on capital employed, including items affecting comparability (restructuring costs and non-recurring items), was 15.5 percent (13.5).

Shareholders’ equity for the Group at the close of the period amounted to SEK 35,359 M (30,380), positively impacted by net profit for the period, translation effects, effects of IAS 29 and negatively by dividends to shareholders of the Parent Company and the repurchase of own shares. A total of 6,750,489 shares were repurchased during the first half of the year, corresponding to 2.5 percent of the shares outstanding.

Equity per share amounted to SEK 130 (112). The equity/assets ratio was 57 percent (57). The return on shareholders’ equity for the Group, excluding items affecting comparability, totaled 14.2 percent (11.6). The return on shareholders’ equity for the Group, including items affecting comparability, amounted to 13.5 percent (11.4).

KEY FIGURES AND TRENDS



JANUARY-JUNE 2022

Net sales for the first half of 2022 amounted to SEK 14,446 M (11,901), a total increase of 21 percent year on year. The organic sales growth was 12 percent.

EBIT, excluding items affecting comparability, totaled SEK 2,549 M (2,018), corresponding to a margin of 17.6 percent (17.0). Items affecting comparability totaled a negative SEK 58 M (pos: 65) and relate to restructuring costs. Restructuring costs for the first half of 2021 amounted to a negative SEK 79 M and a positive SEK 144 M refers to the capital gain from the sale of properties.

EBIT, including items affecting comparability, totaled SEK 2,491 M (2,083).

Financial income and expenses amounted to a net expense of SEK 85 M (expense: 72), corresponding to an average interest rate of 1.7 percent (2.1).

Profit before tax totaled SEK 2,406 M (2,011). The tax rate was 25 percent (24).

Net profit for the Group amounted to SEK 1,802 M (1,524). Earnings per share, excluding items affecting comparability, totaled SEK 6.88 (5.43). For the Group as a whole, earnings per share were SEK 10.49 (7.73).

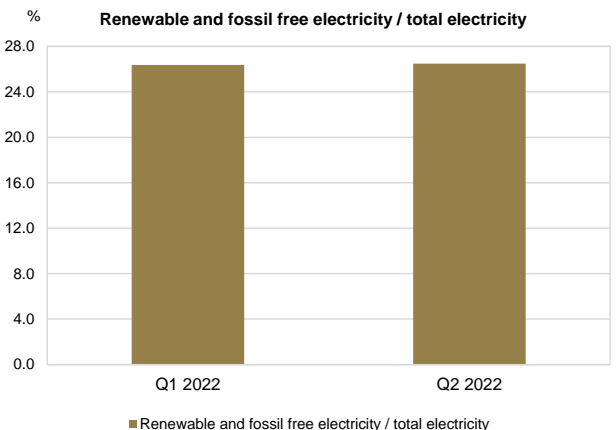
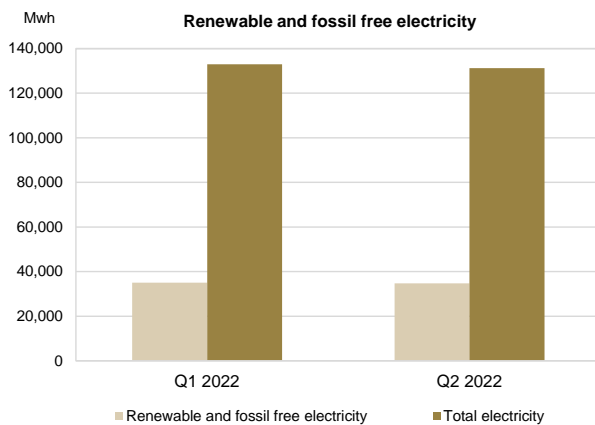
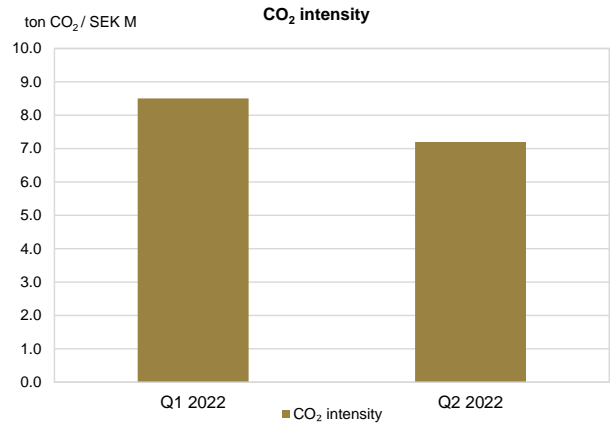
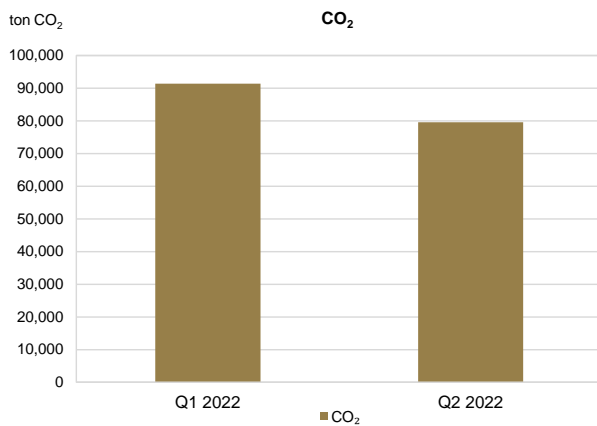
SUSTAINABILITY

Lower climate impact. The CO₂ intensity for the Group declined from 8.5 ton CO₂ per SEK M in the first quarter of 2022 to 7.2 in the second quarter 2022. The change was driven primarily by efficiency improvements and the relocation of production to a facility with a better CO₂ mix, as well as higher sales.

The share of renewable and fossil-free electricity for the quarter was in line with the preceding quarter in 2022 at 26 percent.

Work within the framework of *Polymers for Tomorrow*, Trelleborg's working group that focuses on increasing the sustainability of selected raw materials and the proportion of recovered or renewable material alternatives, is proceeding.

Social engagement. Trelleborg supports local communities through various community activities. For example, partnerships are ongoing with sports clubs in Sweden, focusing on education in the areas of physical and mental health for children and young people. In Poland, training is carried out in local sustainability efforts for both Trelleborg employees and an orphanage.



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.

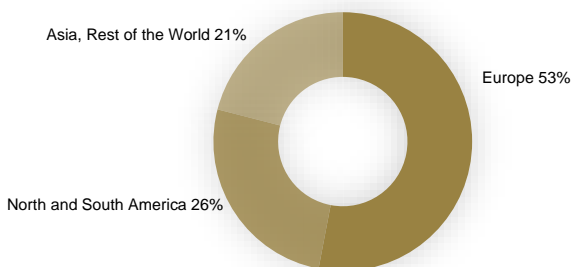
Excluding items affecting comparability, SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
Net sales	3,512	2,833	24	6,835	5,414	26
Change total, %	24	16		26	5	
Organic sales, %	16	23		18	12	
Structural change, %	1	1		1	1	
Currency effects, %	7	-8		7	-8	
EBIT	528	360	47	969	668	45
EBIT, %	15.0	12.7		14.2	12.3	
Capital employed, closing balance	12,516	10,817		12,516	10,817	
Return on capital employed R12, %	14.6	12.3	19	14.6	12.3	19

Additional key ratios on pages 16 - 18

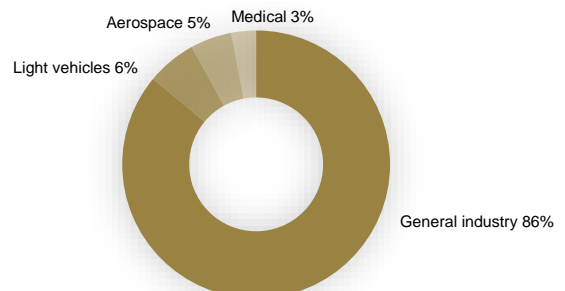
Organic sales for the quarter rose by 16 percent compared with the year-earlier period. Sales grew significantly in all geographical markets. Deliveries to all industries increased, which was particularly notable within marine solutions, and to the aerospace and construction-related industries. Sales to automotive and train manufacturers remained positive compared with the year-earlier quarter.

EBIT and the EBIT margin increased significantly year on year, and sales growth and price adjustments, combined with favorable production efficiency, fully offset the inflationary pressure on raw materials, energy and freight. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 19 M on EBIT.

Sales per geography



Sales per industry



Net sales per geographic market and per industry 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.

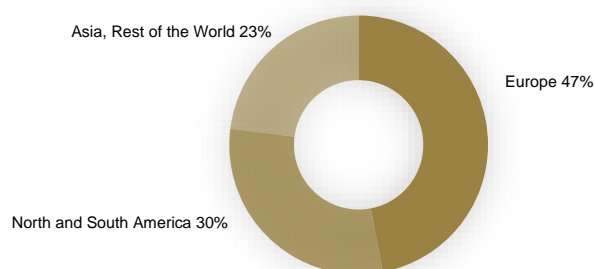
Excluding items affecting comparability, SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
Net sales	3,725	3,155	18	7,389	6,288	18
Change total, %	18	26		18	10	
Organic sales, %	7	37		8	20	
Structural change, %	2	-		2	-	
Currency effects, %	9	-11		8	-10	
EBIT	879	755	16	1,757	1,489	18
EBIT, %	23.6	24.0		23.8	23.7	
Capital employed, closing balance	17,252	14,157		17,252	14,157	
Return on capital employed R12, %	20.3	17.5	16	20.3	17.5	16

Additional key ratios on pages 16 - 18

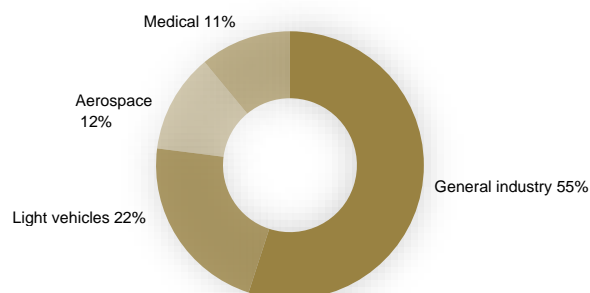
Organic sales for the quarter rose by 7 percent compared with the year-earlier period. Organic sales to general industry increased in both Europe and North America, but declined in Asia as a result of Covid lockdowns in China. Deliveries to the automotive industry fell slightly, impacted by the long-standing shortage of components. Sales to healthcare & medical performed well in all markets, while deliveries to the aerospace industry remained highly favorable.

EBIT improved but the EBIT margin declined marginally compared with the year-earlier period, despite the negative impact of lockdowns in China. Prices for input goods, energy and freight continued to rise during the period, which was offset by price adjustments to customers. EBIT was also impacted by supply chain disruptions caused by lockdowns in China. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 55 M on EBIT compared with the year-earlier quarter.

Sales per geography



Sales per industry



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

DISCONTINUING OPERATIONS

An agreement was signed during the fourth quarter of 2021 to divest the Group's printing blanket operation to Continental. Completion of the transaction is subject to the approval of the relevant authorities. The divestment is expected to be finalized during the third quarter of 2022.

In March 2022, an agreement was signed to divest Trelleborg Wheel Systems to Yokohama Rubber Company. Closing of the transaction is subject to approvals from relevant authorities and is expected to be completed in the latter part of 2022.

For further information, refer to page 20.

Excluding items affecting comparability, SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
Net sales	3,677	3,090	19	7,383	6,085	21
Change total, %	19	13		21	1	
Organic sales, %	19	29		24	15	
Structural change, %	-8	-7		-10	-5	
Currency effects, %	8	-9		7	-9	
EBIT ¹	694	381	82	1,279	779	64
EBIT, %	18.9	12.3		17.3	12.8	
Capital employed, closing balance	16,947	15,570		16,947	15,570	
Return on capital employed R12, %	11.9	8.5	40	11.9	8.5	40

¹ EBIT was positively impacted by SEK 151 M in Q2 2022 and SEK 167 M in 6M 2022 since depreciation was stopped on assets held for sale in accordance with IFRS 5, mainly attributable to Trelleborg Wheel Systems.

Of which Trelleborg Wheel Systems, SEK M	Q2 2022	Q2 2021	Change, %	6M 2022	6M 2021	Change, %
Net sales	3,359	2,557	31	6,725	4,954	36
Change total, %	31	25		36	10	
Organic sales, %	21	32		27	18	
Structural change, %	-	-		-	-	
Currency effects, %	10	-7		9	-8	
EBIT	505	342	48	1,030	701	47
EBIT, %	15.0	13.4		15.3	14.1	
Capital employed, closing balance	15,369	13,744		15,369	13,744	
Return on capital employed R12, %	10.6	8.6	23	10.6	8.6	23

TRELLEBORG WHEEL SYSTEMS

Organic sales for the quarter rose by 21 percent compared with the year-earlier period. A healthy increase in demand in all tire categories was noted in all geographic markets, particularly in North and South America for which the trend was very strong. In Europe, total sales of agricultural tires grew but deliveries to the aftermarket declined, impacted by the war in Ukraine and drought in many countries. Sales of tires for materials handling and construction vehicles displayed a significant upturn compared with the year-earlier period.

EBIT and the EBIT margin increased as a result of higher sales volumes, structural measures implemented earlier and effective cost control. Significant cost inflation combined with a negative sales mix was fully offset by price adjustments to customers. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 12 M on EBIT compared with the year-earlier quarter.

SIGNIFICANT EVENTS DURING THE QUARTER

Acquisition in healthcare & medical. Trelleborg signed an agreement and finalized the acquisition of the US-based company EirMed, LLC. The company specializes in technical precision plastic injection-molded components, which are mainly applied in medical devices, such as those used for in-vitro diagnostics, minimally invasive surgery, and orthopedics.

The company has its head office and manufacturing in Menomonie, Wisconsin, in the US. Sales amounted to approximately SEK 100 M in 2021.

The healthcare & medical market is expected to report stable and strong growth in the years ahead. For Trelleborg, the bolt-on acquisition is part of its strategy to grow in attractive industries that have high entry barriers, and which complement and strengthen its existing offerings.

The transaction is consolidated as of April 25, 2022. The press release was published on April 26, 2022.

Decision to exercise authorization to acquire own shares.

The Board of Directors of Trelleborg decided to exercise the authorization granted by the Annual General Meeting on April 27, 2022, to acquire own Series B shares.

The acquisition of shares will be carried out in accordance with the Market Abuse Regulation (EU) No 596/2014 (“MAR”) and the Commission Delegated Regulation (EU) No 2016/1052

(the “Safe Harbour Regulation”). Trelleborg will report on a regular basis via press releases at www.trelleborg.com regarding the number of Trelleborg Series B shares the Group has repurchased.

The Board of Director’s intent is that the repurchased shares will later be canceled by resolutions at upcoming annual general meetings.

The press release was published on April 27, 2022.

Acquisition of small supplier of reinforcement materials.

Trelleborg signed an agreement to acquire the privately owned UK company Parklane Textiles Ltd., a sub-supplier to Trelleborg that develops and manufactures reinforcement materials used in polymer-coated fabrics. Trelleborg accounts for the vast majority of the company’s sales and the acquisition thus entails only a marginal increase in sales.

Update regarding divestment of printing blanket operation.

The buyer of Trelleborg’s printing blanket operation has not yet received the necessary approvals from all of the relevant authorities. The transaction is expected to be finalized in the third quarter of 2022.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

No significant events were reported after the close of the period.

OTHER

NEWS IN PRODUCTS AND SOLUTIONS

Complete LNG offering. Trelleborg has strengthened and pooled together its products and solutions to form a system offering in Liquefied Natural Gas (LNG). The offering includes products for docking, mooring and marine fenders, in addition to cryogenic hoses, seals and safety-critical systems for ship-to-ship and ship-to-land LNG transfers. Demand for LNG is growing since it is becoming an increasingly important part of the energy transition of many countries. LNG can be transported across long distances using customized carriers that both store and maintain the gas at the required cold temperature.

Strengthened navigation and piloting offering. SmartPort is the collective term for Trelleborg’s various solutions in marine systems, and includes products for berthing, docking and mooring but also a technology platform. SafePilot CAT PRO was launched during the quarter, the most recent software solution. It utilizes Real-time Kinematic (RTK) corrections to deliver Global Navigation Satellite Systems (GNSS) positional awareness. SafePilot CAT PRO is specifically designed for use by pilots and ports in demanding applications that require the highest positioning and speed accuracy, such as when piloting in narrow channels and confined waters.

Improved seal for engines. Trelleborg launched its enhanced D-Seal, a resilient, dual-function sealing and damping solution specifically developed to meet the needs of light and heavy vehicles, including electric and hybrid vehicles. The seal offers leak-free and long-term performance and prevents cavitation damage, for example against a cylinder lining. It also enables improved efficiency and extends the time to service intervals of the engine. The D-seal is easy to install and perfect for use in automated manufacturing processes.

More efficient manufacturing process. A new, fast and flexible digital manufacturing process is offered to customers in the manufacturing industry who need product development and small-batch production of Liquid Silicone Rubber (LSR) parts. The process, iCast™ LSR, is a cost-efficient way to develop product variations and test different design concepts, or to start serial production with small batches. The iCast process takes about three weeks to develop a prototype compared with the traditional process’s roughly four months.

RISK MANAGEMENT

Trelleborg serves a broad range of customers in a variety of industries 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 industries that jointly have 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 industries, with demand in the first half of the year tending to be slightly higher 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.

Short-term risks. The strong demand during 2021 brought challenges in the supply chain, but also rising costs for raw materials, freight and energy, as well as staff shortages in

some regions. These challenges remain in 2022 on account of the volatile geopolitical situation, combined with increased inflationary pressure. Measures to combat the spread of the coronavirus in some countries may still impact the supply chain. Trelleborg has continuously managed its supply chain and has activated action plans to limit the disruptions in the supply of raw materials.

The effects of the geopolitical situation and the continued existence of the coronavirus, and the uncertainties associated with these, will persist in the forthcoming quarter.

Impact on the financial reporting due to the war in Ukraine. Trelleborg's exposure to Russia and Ukraine is limited. During 2021, revenues from Russia and Ukraine accounted for less than 2 percent of the Group's total revenues, the majority being sales of agricultural tires. Furthermore, Trelleborg has no manufacturing sites in Russia or Ukraine. Hence, the ongoing war has very limited direct financial effects on Trelleborg. As of June 30, 2022, there is no significant impact on any balance sheet items. A provision of SEK 90 M was recorded during the first quarter of 2022, which fully covered the Group's fixed assets and working capital attributable to Russia and Ukraine.

Given the uncertainties surrounding the ongoing war, it is very difficult to predict potential indirect effects on Trelleborg.

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

BOARD OF DIRECTORS' ASSURANCE

This interim report provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Trelleborg, July 21, 2022
Board of Directors of Trelleborg AB (publ)

Hans Biörck
Chairman of the Board

Gunilla Fransson
Board member

Monica Gimre
Board member

Johan Malmquist
Board member

Peter Nilsson
*Board member and
President/CEO*

Anne Mette Olesen
Board member

Jan Ståhlberg
Board member

Maria Eriksson
Employee representative

Jimmy Faltin
Employee representative

Lars Pettersson
Employee representative

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.

Accounting policies and calculation methods applied in this report are unchanged compared with those applied in the preparation of the annual and consolidated accounts for 2021. No new or revised IFRSs or interpretative statements applied as of January 1, 2022002C had any material impact on the consolidated financial statements. For a more detailed description of the accounting policies applied for the Group and Parent Company in this interim report, refer to the 2021 Annual and Sustainability Report.

Comparative figures have been restated on account of the transfer of the Trelleborg Wheel Systems business area to discontinuing operations and the transfer of a small operation from the Trelleborg Industrial Solutions business area to Group activities.

Condensed Income Statements

Income Statements, SEK M	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Net sales	7,351	6,079	14,446	11,901	26,334	23,789
Cost of goods sold	-4,706	-3,842	-9,239	-7,505	-16,966	-15,232
Gross profit	2,645	2,237	5,207	4,396	9,368	8,557
Selling expenses	-546	-464	-1,069	-911	-2,048	-1,890
Administrative expenses	-650	-583	-1,306	-1,182	-2,452	-2,328
Research and development costs	-125	-104	-247	-212	-467	-432
Other operating income	73	36	87	76	276	265
Other operating expenses	-80	-87	-127	-150	-246	-269
Profit from associated companies	2	1	4	1	3	0
EBIT, excluding items affecting comparability	1,319	1,036	2,549	2,018	4,434	3,903
Items affecting comparability	-33	-40	-58	65	-206	-83
EBIT	1,286	996	2,491	2,083	4,228	3,820
Financial income and expenses	-40	-37	-85	-72	-153	-140
Profit before tax	1,246	959	2,406	2,011	4,075	3,680
Tax	-304	-245	-604	-487	-1,088	-971
Net profit, continuing operations	942	714	1,802	1,524	2,987	2,709
Net profit, discontinuing operations	574	278	1,017	572	1,452	1,007
Net profit, Group	1,516	992	2,819	2,096	4,439	3,716
- equity holders of the parent company	1,517	992	2,820	2,096	4,441	3,717
- non-controlling interest	-1	0	-1	0	-2	-1
Earnings per share, SEK ¹	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Continuing operations	3.52	2.63	6.70	5.62	11.08	10.00
Discontinuing operations	2.16	1.02	3.79	2.11	5.40	3.72
Group	5.68	3.65	10.49	7.73	16.48	13.72
Group, excluding items affecting comparability	5.81	3.81	10.71	7.63	17.32	14.24
Continuing operations, excluding items affecting comparability	3.63	2.75	6.88	5.43	11.71	10.26
¹ No dilution effects arose.						
Number of shares	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
End of period	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
of which, in treasury	6,750,489	-	6,750,489	-	6,750,489	-
Average number	266,727,532	271,071,783	268,898,598	271,071,783	269,985,191	271,071,783
Statements of comprehensive income, SEK M	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Net profit, Group	1,516	992	2,819	2,096	4,439	3,716
Other comprehensive income						
Items that will not be reclassified to the income statement						
Reassessment of net pension obligation	44	0	119	16	169	66
Income tax relating to components of other comprehensive income	-10	0	-23	-3	-30	-10
Total	34	0	96	13	139	56
Items that may be reclassified to the income statement						
Cash flow hedges	86	27	246	56	311	121
Hedging of net investment	-388	107	-503	-135	-671	-303
Translation difference	1,978	-407	2,383	769	3,372	1,758
Income tax relating to components of other comprehensive income	61	-7	50	-13	115	52
Total	1,737	-280	2,176	677	3,127	1,628
Other comprehensive income, net of tax	1,771	-280	2,272	690	3,266	1,684
Total comprehensive income	3,287	712	5,091	2,786	7,705	5,400
Total comprehensive income attributable to:						
- equity holders of the parent company	3,287	712	5,091	2,786	7,706	5,401
- non-controlling interest	0	0	0	0	-1	-1
EBIT specification, continuing operations, SEK M	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Excluding items affecting comparability:						
EBITDA	1,652	1,334	3,200	2,614	5,693	5,107
Depreciation/write-down, property, plant and equipment	-265	-241	-519	-484	-1,008	-973
EBITA	1,387	1,093	2,681	2,130	4,685	4,134
Amortization/write-down, intangible assets	-68	-57	-132	-112	-251	-231
EBIT	1,319	1,036	2,549	2,018	4,434	3,903
Items affecting comparability	-33	-40	-58	65	-206	-83
EBIT	1,286	996	2,491	2,083	4,228	3,820

Condensed Balance Sheets

Balance Sheets, SEK M	Jun 30 2022	Jun 30 2021	Dec 31 2021
Property, plant and equipment	6,445	9,310	10,000
Right-of-use assets	1,420	1,891	1,864
Goodwill	14,491	18,159	18,792
Other intangible assets	2,509	4,372	4,390
Participations in associated companies	56	50	60
Financial non-current assets	288	10	42
Deferred tax assets	518	576	594
Total non-current assets	25,727	34,368	35,742
Inventories	4,919	5,352	6,395
Current operating receivables	5,243	7,222	7,093
Current tax assets	1,167	914	1,013
Interest-bearing receivables	125	55	114
Cash and cash equivalents	2,359	2,904	3,460
Total current assets	13,813	16,447	18,075
Assets held for sale	22,436	2,631	1,823
Total assets	61,976	53,446	55,640
Share capital	2,620	2,620	2,620
Other capital contributions	226	226	226
Other reserves	4,187	1,059	2,011
Profit brought forward	25,498	24,371	24,416
Net profit for the year	2,820	2,096	3,717
Total	35,351	30,372	32,990
Non-controlling interests	8	8	8
Equity	35,359	30,380	32,998
Interest-bearing non-current liabilities	9,975	8,887	9,666
Other non-current liabilities	76	206	202
Pension obligations	341	578	525
Other provisions	210	142	152
Deferred tax liabilities	842	830	926
Total non-current liabilities	11,444	10,643	11,471
Interest-bearing current liabilities	2,997	3,405	1,738
Current tax liabilities	1,413	1,294	1,309
Other current liabilities	4,330	6,640	7,162
Other provisions	338	320	380
Total current liabilities	9,078	11,659	10,589
Liabilities held for sale	6,095	764	582
Total equity and liabilities	61,976	53,446	55,640

Specification of changes in equity, SEK M	Attributable to shareholders of the Parent Company								Non-controlling interests		Total	
	Share Capital		Other capital contributions		Other reserves		Profit brought forward		Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021
	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021	Jun 30 2022	Dec 31 2021				
	2022	2021	2022	2021	2022	2021	2022	2021				
Opening balance, January 1	2,620	2,620	226	226	2,011	382	28,133	25,717	8	8	32,998	28,953
Net profit/loss for the year							2,820	3,717	-1	-1	2,819	3,716
Other comprehensive income					2,176	1,629	96	54	1	1	2,273	1,684
Repurchase own shares							-1,486	-	-	-	-1,486	-
Dividend							-1,481	-1,355	-	-	-1,481	-1,355
Impact from IAS 29 ¹							236	-	-	-	236	-
Closing balance	2,620	2,620	226	226	4,187	2,011	28,318	28,133	8	8	35,359	32,998

¹ Refers to hyperinflationary accounting in operations in Turkey.

Repurchased own shares that are included in the equity item Profit brought forward	Number of shares		Amount that affected equity, SEK M
	Jun 30 2022	Jun 30 2022	Jun 30 2022
Opening repurchased own shares	-	-	-
Purchases for the year	6,750,489	-	-1,486
Cancellations for the year	-	-	-
Closing repurchased own shares	6,750,489	-	-1,486

For treasury shares, all rights are void until such time as these shares are re-issued. Repurchased shares include the cost of own shares held by the Parent Company. The number of own shares is calculated using the cash/settlement approach.

Condensed Cash-flow Statements

Cash flow statements, SEK M	Q2 2022	Q2 2021	6M 2022	6M 2021	R 12 2022	12M 2021
Operating activities						
EBIT incl part in associated companies	1,286	996	2,491	2,083	4,228	3,820
Adjustments for items not included in cash flow from operating activities:						
Depreciation, property, plant and equipment	186	165	361	330	695	664
Depreciation, right-of-use assets	77	79	154	156	307	309
Amortization, intangible assets	68	56	132	111	252	231
Impairment losses, property, plant and equipment	0	7	2	7	40	45
Impairment losses, intangible assets	-	-	-	-	14	14
Dividend from associated companies	0	0	0	0	1	1
Participations in associated companies and other non cash-flow affecting items	5	-1	2	-1	-20	-23
Capital gain in divested operations	-	-	-140	-	-140	-
Interest received	19	-15	42	14	151	123
Interest paid	-23	-1	-132	-112	-291	-271
Other financial items	-4	-3	0	2	6	8
Taxes paid	-369	-175	-533	-328	-992	-787
Cash flow from operating activities before changes in working capital	1,245	1,108	2,379	2,262	4,251	4,134
Cash flow from changes in working capital						
Change in inventories	-378	-205	-667	-329	-1,100	-762
Change in operating receivables	-267	-187	-1,077	-1,060	-539	-522
Change in operating liabilities	101	281	317	534	585	802
Cash flow from operating activities	701	997	952	1,407	3,197	3,652
Investing activities						
Acquisitions	-247	-17	-248	-174	-647	-573
Disposed/discontinuing operations	-	-	149	-	149	-
Capital increase associated companies	-7	-12	-7	-20	-16	-29
Capital expenditure, property, plant and equipment	-231	-140	-438	-307	-1,082	-951
Capital expenditure, intangible assets	-28	-27	-53	-49	-98	-94
Sale of non-current assets	19	4	24	69	69	114
Cash flow from investing activities	-494	-192	-573	-481	-1,625	-1,533
Financing activities						
New/utilized loans	2,553	75	4,195	372	5,636	1,813
Amortized loans	-463	-1,542	-2,177	-3,493	-5,597	-6,913
Amortized leased liabilities	-78	-81	-154	-157	-300	-303
Repurchase own share	-1,406	-	-1,486	-	-1,486	-
Dividend - equity holders of the parent company	-1,481	-1,355	-1,481	-1,355	-1,481	-1,355
Cash flow from financing activities	-875	-2,903	-1,103	-4,633	-3,228	-6,758
Total cash flow, continuing operations	-668	-2,098	-724	-3,707	-1,656	-4,639
Total cash flow, discontinuing operations	789	267	-119	931	1,189	2,239
Cash flow for the period, Group	121	-1,831	-843	-2,776	-467	-2,400
Cash and cash equivalents						
At beginning of the period	2,215	4,788	3,496	5,756	2,904	5,756
Cash classified as assets held for sale	-125	-39	-473	-145	-328	-36
Exchange rate differences	148	-14	179	69	250	140
Cash and cash equivalents at end of period	2,359	2,904	2,359	2,904	2,359	3,460

Change in liabilities from financing activities, SEK M	Non-cash changes								
	Dec 31 2021	Transfer between non-current and current loans	Cash changes	Acquisitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	Jun 30 2022
Non-current loans	7,964	-476	822	-	378	-	-	-	8,688
Current loans	1,098	476	768	-	0	-	-	-	2,342
Other non-current financial liabilities	2	-	-1	-	0	-	-	-	1
Other current financial liabilities	264	-	-39	-	141	-	-	-	366
Lease liabilities according to IFRS 16	2,102	-	-208	-	133	-	83	-	2,110
Pension obligations	549	-	34	-	0	-	-	-118	465
Total	11,979	-	1,376	-	652	-	83	-118	13,972

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	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Net sales						
Trelleborg Industrial Solutions	3,512	2,833	6,835	5,414	12,374	10,953
Trelleborg Sealing Solutions	3,725	3,155	7,389	6,288	13,581	12,480
Group activities	171	170	340	329	611	600
Eliminations	-57	-79	-118	-130	-232	-244
Continuing operations	7,351	6,079	14,446	11,901	26,334	23,789
Discontinuing operations	3,677	3,090	7,383	6,085	13,259	11,961
Eliminations	-19	-40	-37	-84	-80	-127
Group	11,009	9,129	21,792	17,902	39,513	35,623
EBIT, excluding items affecting comparability						
Trelleborg Industrial Solutions	528	360	969	668	1,661	1,360
Trelleborg Sealing Solutions	879	755	1,757	1,489	3,133	2,865
Group activities	-88	-79	-177	-139	-360	-322
Continuing operations	1,319	1,036	2,549	2,018	4,434	3,903
Discontinuing operations	694	381	1,279	779	1,901	1,401
Group	2,013	1,417	3,828	2,797	6,335	5,304
EBIT %, excluding items affecting comparability						
Trelleborg Industrial Solutions	15.0	12.7	14.2	12.3	13.4	12.4
Trelleborg Sealing Solutions	23.6	24.0	23.8	23.7	23.1	23.0
Continuing operations	17.9	17.0	17.6	17.0	16.8	16.4
Discontinuing operations	18.9	12.3	17.3	12.8	14.4	11.7
Group	18.3	15.5	17.6	15.6	16.0	14.9

Net sales per market continuing operations, organic growth, %	Q2 2022	Q2 2021	6M 2022	6M 2021
Europe (51)	10	35	10	17
North- and South America (28)	23	18	22	3
Asia and other markets (21)	1	39	5	35
Total (100% refer to share 2021)	11	31	12	17

Bridge net sales	Q2 2021, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q2 2022, SEK M
Trelleborg Industrial Solutions	2,833	16	1	7	3,512
Trelleborg Sealing Solutions	3,155	7	2	9	3,725
Group activities	91				114
Continuing operations	6,079	11	2	2	7,351

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q2 2022	6M 2022
Trelleborg Industrial Solutions	19	32
Trelleborg Sealing Solutions	55	100
Group activities	-5	-9
Continuing operations	69	123

¹ Impact on EBIT excluding items affecting comparability in translation of foreign subsidiaries.

Specification of capital employed, SEK M	Jun 30 2022	Jun 30 2021	Dec 31 2021
Working capital	5,325	3,847	3,610
Property, plant and equipment	6,445	5,415	5,934
Right-of-use assets	1,420	1,464	1,445
Intangible assets	17,001	14,923	15,558
Participations in joint ventures/associated companies	56	10	10
Continuing operations	30,247	25,659	26,557
Discontinuing operations	16,940	15,522	15,689
Group	47,187	41,181	42,246

SEK M	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales									
Trelleborg Industrial Solutions	3,512	3,323	2,831	2,708	2,833	2,581	2,587	2,473	2,440
Trelleborg Sealing Solutions	3,725	3,664	3,106	3,086	3,155	3,133	2,673	2,513	2,498
Group activities	171	169	137	134	170	159	190	124	66
Eliminations	-57	-61	-58	-56	-79	-51	-41	-33	-19
Continuing operations	7,351	7,095	6,016	5,872	6,079	5,822	5,409	5,077	4,985
Discontinuing operations	3,677	3,706	3,069	2,807	3,090	2,995	2,754	2,686	2,726
Eliminations	-19	-18	-12	-31	-40	-44	-45	-21	-21
Group	11,009	10,783	9,073	8,648	9,129	8,773	8,118	7,742	7,690
EBIT, excluding items affecting comparability									
Trelleborg Industrial Solutions	528	441	366	326	360	308	385	270	215
Trelleborg Sealing Solutions	879	878	656	720	755	734	512	454	465
Group activities	-88	-89	-94	-89	-79	-60	-52	-40	-68
Continuing operations	1,319	1,230	928	957	1,036	982	845	684	612
Discontinuing operations	694	585	334	288	381	398	261	315	330
Group	2,013	1,815	1,262	1,245	1,417	1,380	1,106	999	942
EBIT %, excluding items affecting comparability									
Trelleborg Industrial Solutions	15.0	13.3	12.9	12.0	12.7	11.9	14.9	10.9	8.8
Trelleborg Sealing Solutions	23.6	24.0	21.1	23.3	24.0	23.4	19.1	18.1	18.6
Continuing operations	17.9	17.3	15.4	16.3	17.0	16.9	15.6	13.5	12.3
Discontinuing operations	18.9	15.8	10.9	10.3	12.3	13.3	9.5	11.7	12.1
Group	18.3	16.8	13.9	14.4	15.5	15.7	13.6	12.9	12.3

Condensed Income Statements, SEK M	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales	7,351	7,095	6,016	5,872	6,079	5,822	5,409	5,077	4,985
Cost of goods sold	-4,706	-4,533	-3,966	-3,761	-3,842	-3,663	-3,403	-3,372	-3,267
Gross profit	2,645	2,562	2,050	2,111	2,237	2,159	2,006	1,705	1,718
Selling expenses	-546	-523	-473	-506	-464	-447	-419	-407	-419
Administrative expenses	-650	-656	-625	-521	-583	-599	-593	-498	-538
Research and development costs	-125	-122	-111	-109	-104	-108	-112	-94	-105
Other operating income	73	14	136	53	36	40	144	62	54
Other operating costs	-80	-47	-49	-70	-87	-63	-181	-84	-97
Profit from associated companies	2	2	0	-1	1	0	0	0	-1
EBIT, excluding items affecting comparability	1,319	1,230	928	957	1,036	982	845	684	612
Items affecting comparability	-33	-25	-129	-19	-40	105	-107	-71	-55
EBIT	1,286	1,205	799	938	996	1,087	738	613	557
Financial income and expenses	-40	-45	-35	-33	-37	-35	-51	-32	-41
Profit before tax	1,246	1,160	764	905	959	1,052	687	581	516
Tax	-304	-300	-253	-231	-245	-242	-190	-149	-126
Net profit, continuing operations	942	860	511	674	714	810	497	432	390
Net profit, discontinuing operations	574	443	241	194	278	294	163	220	182
Net profit, Group	1,516	1,303	752	868	992	1,104	660	652	572
- equity holders of the parent company	1,517	1,303	752	869	992	1,104	661	652	572
- non-controlling interest	-1	0	0	-1	0	0	-1	0	0

Continuing operations	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales, SEK M	7,351	7,095	6,016	5,872	6,079	5,822	5,409	5,077	4,985
Organic sales, %	11	13	9	16	31	5	-3	-10	-21
EBITDA, excl items affecting comparability, SEK M	1,652	1,548	1,237	1,256	1,334	1,280	1,161	995	961
EBITDA, excl items affecting comparability, %	22.4	21.8	20.6	21.4	22.0	22.0	21.5	19.6	19.3
EBITA, excl items affecting comparability, SEK M	1,387	1,294	991	1,013	1,093	1,037	902	742	673
EBITA, excl items affecting comparability, %	18.8	18.2	16.5	17.3	18.0	17.8	16.7	14.6	13.5
EBIT, excl items affecting comparability, SEK M	1,319	1,230	928	957	1,036	982	845	684	612
EBIT, excl items affecting comparability, %	17.9	17.3	15.4	16.3	17.0	16.9	15.6	13.5	12.3
Items affecting comparability, SEK M	-33	-25	-129	-19	-40	105	-107	-71	-55
EBIT, SEK M	1,286	1,205	799	938	996	1,087	738	613	557
Earnings per share, excluding items affecting comparability SEK	3.63	3.25	2.28	2.55	2.75	2.68	2.13	1.47	1.62
Operating cash flow, excl items affecting comp., SEK M	798	328	937	1,013	864	484	1,291	928	1,072
Cash conversion ratio, excl items affecting comp., R12, %	69	76	85	96	101	121	128	122	119
Capital employed, closing balance, SEK M	30,247	27,786	26,557	25,945	25,659	25,975	24,239	26,264	27,001
Return on capital employed R12, %	15.5	14.9	14.9	14.8	13.5	11.5	10.2	7.5	8.0

Group total	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Earnings per share, excl items affecting comparability, SEK	5.81	4.90	3.29	3.32	3.81	3.82	2.90	2.31	2.47
Earnings per share, Group, SEK	5.68	4.81	2.79	3.20	3.65	4.08	2.43	2.41	2.11
Free cash flow, SEK M	583	400	654	836	1,095	725	1,397	1,165	1,099
Net debt, closing balance, SEK M	-10,959	-8,040	-8,367	-9,118	-9,849	-9,880	-10,026	-12,129	-13,399
Net debt/EBITDA	1.4	1.1	1.2	1.3	1.5	1.6	1.7	2.2	2.4
Debt/equity ratio %	31	23	25	29	32	32	35	41	45
Return on equity R12, %	13.5	11.9	12.0	11.8	11.4	9.7	9.4	-1.5	-1.5
Equity/assets ratio, %	57	61	59	58	57	56	54	51	50

Acquisitions

6M 2022

In the second quarter of 2022, Trelleborg signed, through its business area Trelleborg Sealing Solutions, an agreement and finalized the acquisition of the US-based company EirMed, LLC. The company specializes in technical precision plastic injection-molded components. The products are mainly applied in medical devices, such as those used for in-vitro diagnostics, minimally invasive surgery, and orthopedics.

Certain adjustments were made to acquisition analyses attributable to acquisitions made in 2021.

6M 2021

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.

Carrying amounts of identifiable acquired assets and assumed liabilities.

Acquisitions, SEK M	6M 2022 Acquired 2022	6M 2021 Acquired 2021
Developed technology ¹	-	-
Trademarks ²	-	-
Customer relationships ³	77	50
Other intangible assets	-	7
Property, plant and equipment	26	2
Deferred tax assets	0	0
Shares in associated companies	-	-
Interest-bearing receivables	12	19
Inventories	19	24
Operating receivables	36	23
Current tax asset	0	1
Cash and cash equivalents	10	22
Deferred tax liabilities	-	-12
Interest-bearing liabilities	-205	-19
Post employment benefits	-	-
Provision obligations	-	-
Current tax liability	0	-2
Operating liabilities	-26	-23
Net assets	-51	92
Goodwill	116	87
Total purchase price	65	179
Cash and other net debt in acquired operations	183	-5
Impact shown in cash flow statement	248	174

¹ Excess value of developed technology is amortized over 10-12 years.

² Trademarks have an indefinite useful life, no amortization takes place.

³ Excess value of customer relationships are amortized over 10-12 years.

The goodwill recognized above for 2022 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.

Discontinuing operations

As of the first quarter of 2021, the Group's printing blanket operation was reported as assets and liabilities held for sale and discontinuing operations. An agreement was signed during the fourth quarter of 2021 to divest the operation to Continental. Completion of the transaction is subject to the approval of the relevant authorities. The divestment is expected to be finalized during the third quarter of 2022.

In March 2022, an agreement was signed to divest the Trelleborg Wheel Systems business area to Yokohama Rubber Company. Closing of the transaction is subject to approvals from relevant authorities and is expected to be completed in the latter part of 2022. As of this report, the business area is regarded as assets and liabilities held for sale and discontinuing operations.

The tables below show the condensed income statements, balance sheets and cash flow statements for the Group's discontinuing operations.

Assets and Liabilities held for sale, SEK M ¹	Jun 30 2022	Dec 31 2021
Non-current assets	14,020	1,108
Current assets	8,416	715
Total assets	22,436	1,823
Non-current liabilities	1,077	207
Current liabilities	5,018	375
Total liabilities	6,095	582

¹ The figures for 2021 pertain to the Group's printing blanket operations and Trelleborg Wheel Systems has been added for 2022.

Cash-flow statement for discontinuing operations, SEK M	6M 2022	6M 2021
Cash flow from operating activities	869	1,025
Cash flow from investing activities	-162	28
Cash flow from financing activities	-826	-122
Total cash flow from discontinuing operations	-119	931

Income statement for discontinuing operations, SEK M	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Net sales	3,677	3,090	7,383	6,085	13,259	11,961
Operating expenses	-2,994	-2,720	-6,121	-5,336	-11,438	-10,653
EBIT	683	370	1,262	749	1,821	1,308
Financial items	41	-21	49	-24	10	-63
Profit before tax	724	349	1,311	725	1,831	1,245
Income tax	-150	-71	-294	-153	-379	-238
Net profit	574	278	1,017	572	1,452	1,007

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 June 30, 2022, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	113	2	178	2	291
Financial non-current assets	56	-	-	-	-	56
Accounts receivable	4,830	-	-	-	-	4,830
Interest-bearing receivable	8	-	-	-	-	8
Cash and cash equivalents	2,359	-	-	-	-	2,359
Total	7,253	113		178		7,544

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	-	79	2	154	2	233
Interest-bearing non-current liabilities	8,689	-	-	-	-	8,689
Interest-bearing current liabilities	2,472	49	3	-	-	2,521
Lease liabilities according to IFRS 16	1,582	-	-	-	-	1,582
Accounts payable	2,382	-	-	-	-	2,382
Total	15,125	128		154		15,407

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

Interest-bearing current liabilities include earnouts according to contract in an amount of SEK 49 M (42). 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 decrease the Group's non-current loans by SEK 28 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 June 30, 2021, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	8	2	67	2	75
Financial non-current assets	-	-	-	-	-	-
Accounts receivable	6,135	-	-	-	-	6,135
Interest-bearing receivable	16	-	-	-	-	16
Cash and cash equivalents	3,048	-	-	-	-	3,048
Total	9,199	8		67		9,274

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	-	33	2	215	2	248
Interest-bearing non-current liabilities	7,198	-	-	-	-	7,198
Interest-bearing current liabilities	2,967	42	3	-	-	3,009
Lease liabilities according to IFRS 16	2,122	-	-	-	-	2,122
Accounts payable	3,746	-	-	-	-	3,746
Total	16,033	75		215		16,323

Parent Company

Condensed Income statements, SEK M	Q2 2022	Q2 2021	6M 2022	6M 2021	R12 2022	12M 2021
Net sales	156	107	277	204	538	465
Administrative expenses	-66	-67	-137	-133	-363	-359
Other operating income	0	-2	1	-1	5	3
Other operating expenses	-33	-28	-63	-56	-301	-294
EBIT	57	10	78	14	-121	-185
Financial income and expenses	955	3,691	1,069	4,185	1,270	4,386
Profit before tax	1,012	3,701	1,147	4,199	1,149	4,201
Appropriations	-	-	-	-	180	180
Tax	-48	-21	-28	-7	-16	5
Net profit	964	3,680	1,119	4,192	1,313	4,386

Condensed Balance sheets, SEK M	Jun 30 2022	Jun 30 2021	Dec 31 2021
Property, plant and equipment	12	11	11
Intangible assets	16	20	18
Financial assets	38,973	36,915	36,928
Total non-current assets	39,001	36,946	36,957
Current receivables	1,041	218	182
Current tax asset	5	5	3
Interest-bearing receivables	0	-	181
Cash and cash equivalents	0	0	1
Total current assets	1,046	223	367
Total assets	40,047	37,169	37,324
Equity	9,208	10,862	11,056
Interest-bearing non-current liabilities	0	188	0
Other non-current liabilities	61	50	60
Total non-current liabilities	61	238	60
Interest-bearing current liabilities	30,573	25,920	26,046
Current tax liabilities	-	-	-
Other current liabilities	205	149	162
Total current liabilities	30,778	26,069	26,208
Total equity and liabilities	40,047	37,169	37,324

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 2021 Annual Report.

ABOUT TRELLEBORG

The Trelleborg Group is a world leader in engineered polymer solutions. The Group has annual sales of approximately SEK 34 billion (2021) and operations in about 50 countries.

With Trelleborg's material expertise and industry insight into cutting-edge areas with rigorous requirements, such as the aerospace and automotive industries, as well as healthcare & medical, the Group is creating the sustainable industrial solutions of today, shaped by such trends as electrification, digitalization, industrial automation and new sustainable materials. The Group's polymer-based solutions are often critical to the functionality of the customers' advanced end products.

The engineered solutions are based on unique sealing and damping properties of polymers such as rubber and plastic. The solutions save energy and reduce CO₂ emissions, eliminate noise and vibrations, and dramatically extend the lifecycles of machines and medical devices as well as skyscraper facades.

The Trelleborg Group has set ambitious science-based climate targets for its own operations, aiming for net zero emissions by 2035. Resource efficiency and circularity are becoming part of Trelleborg's DNA.

Better platform than ever. Trelleborg's way of achieving results – a strongly decentralized organization built on local responsibility and personal dedication – form the basis of the Group's model for profitability and business success.

Despite the turbulence in its operating environment, Trelleborg delivered a strong financial performance in recent years. Trelleborg's financial capacity is healthy.

Since 2019, the Group has divested a number of companies and those remaining are well-performing and well-positioned businesses.

Trelleborg's industries:

Business area/Industry	General industry	Light Vehicles	Healthcare & Medical	Aerospace
Trelleborg Industrial Solutions	86%	6%	3%	5%
Trelleborg Sealing Solutions	55%	22%	11%	12%
Continuing operations	69%	16%	7%	8%

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

Accelerated growth. A number of industries have been identified as growing more than the industrial average in the years ahead – Trelleborg is therefore placing additional focus on developing its business in these segments.

The fast-growing industries will act as a driving force for other areas at Trelleborg, which through innovations, differentiation and greater global reach is expected to grow in the upper range of the industrial average.

There will be a greater focus on company acquisitions that strengthen Trelleborg in attractive industries.

Goal: Sustainability leader in the industry Trelleborg is working systematically to increase the share of bio-based and recycled raw materials in everything it develops, and has committed to setting a Science Based Target.

Bespoke strategy for each business A common feature shared by all parts of Trelleborg is its engineered polymers with completely unique sealing and damping properties. The longstanding customer relationships are all built on close innovation collaboration with renowned industrial players.

Trelleborg's operational businesses are different and therefore have bespoke strategies to achieve leading positions in their markets.

New horizons for Trelleborg The technological development and climate transition in society worldwide favor the Group, and Trelleborg is involved in developing the industrial solutions of today.

The Group has strengthened its financial targets and is ready for the new reality.

TELEPHONE CONFERENCE ON JULY 21

A telephone conference will be held on July 21, at 3:00 p.m. CEST. To participate in the telephone conference, call +46 8 505 583 57 (Sweden), +44 333 3009 030 (UK) or +1 646 7224 902 (US). Code: "Trelleborg". The conference will also be streamed in real-time on the Internet. Visit our website www.trelleborg.com for the Internet link and presentation material.

FINANCIAL CALENDER

Interim report July-September 2022
Year-end report 2022
Interim report January-March 2023
Annual General Meeting 2023
Interim report April-June 2023

October 26, 2022
January 27, 2023
April 27, 2023
April 27, 2023
July 19, 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.



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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 and the Securities Market Act. The information was issued, by the contact person above, for publication on July 21, 2022 at 1:00 p.m. CEST.

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