

INTERIM REPORT JANUARY–MARCH 2023

A GOOD START TO THE YEAR

First quarter 2023 – continuing operations

- Net sales for the quarter increased 23 percent to SEK 8,711 M (7,095). Sales were the highest to date for a quarter. Organic sales increased 7 percent compared with the preceding year, while acquisitions increased sales by 9 percent and currency by 7 percent.
- EBIT, excluding items affecting comparability, increased 15 percent to SEK 1,411 M (1,230). The EBIT margin was 16.2 percent (17.3). Earnings were the best to date for a quarter.
- Operating cash flow amounted to SEK 549 M (328), an increase of 67 percent. The cash conversion ratio for the most recent 12-month period amounted to 75 percent (76).
- Items affecting comparability for the quarter totaled SEK -49 M (-25) and pertained to restructuring costs.
- EBIT, including items affecting comparability, amounted to SEK 1,362 M (1,205) for the quarter.
- Earnings per share, excluding items affecting comparability, amounted to SEK 3.66 (3.25), up 13 percent. For the Group as a whole, including discontinuing operations, earnings per share were SEK 5.33 (4.81), up 11 percent.
- An agreement was signed in March 2022 to divest the Trelleborg Wheel Systems business area to Yokohama Rubber. It is reported as discontinuing operations in the financial statements. In March 2023, all of the relevant authorities had approved the divestment. A few formalities remain, and the transaction is expected to be finalized in the first half of 2023, according to previous communication.
- The key figures in this report relate to continuing operations, unless otherwise stated.

SEK M	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
<u>Continuing operations</u>					
Net sales	8,711	7,095	23	31,711	30,095
Organic sales, %	7	13		12	14
EBIT, excluding items affecting comparability	1,411	1,230	15	5,247	5,066
EBIT-margin, %	16.2	17.3		16.5	16.8
Items affecting comparability	-49	-25		-265	-241
EBIT	1,362	1,205	13	4,982	4,825
Profit before tax, continuing operations	1,197	1,160	3	4,632	4,595
Net profit, discontinuing operations	463	443	5	1,848	1,828
Net profit, Group	1,362	1,303	5	5,316	5,257
Earnings per share, SEK					
Continuing operations	3.52	3.18	11	13.35	13.01
Discontinuing operations	1.81	1.63	11	7.11	6.93
Group	5.33	4.81	11	20.46	19.94
Continuing operations, excluding items affecting comparability	3.66	3.25	13	14.21	13.80
Operating cash flow	549	328	67	3,953	3,732
Cash conversion ratio R12, %	75	76		75	74

A GOOD START TO THE YEAR

“The Group had a good start to the year and presented its best operating profit to date for a quarter. Net sales increased 23 percent, with organic growth contributing 7 percent, acquisitions 9 percent and positive currency movements 7 percent. EBIT, excluding items affecting comparability, increased 15 percent and the operating margin was 16.2 percent (17.3). Operating cash flow improved significantly compared with the preceding year.

The general cost inflation was well balanced using price adjustments and efficiency improvements. The somewhat lower operating margin was mainly attributable to the acquisition and ongoing integration of Minnesota Rubber & Plastic, which was not part of the Group during the corresponding period of the preceding year. This integration is continuing and the work to achieve synergies from this major acquisition will yield gradually higher profitability over the next few years.

Trelleborg Industrial Solutions reported healthy organic sales growth. Project transactions in LNG-related and marine solutions grew considerably, at the same time as deliveries to the automotive and aerospace industries noted strong growth. Sales to the train industry were favorable compared with the preceding year. Demand from the construction industry was weaker, mainly driven by a declining market in Europe. A subdued market was also noted in certain industrial market segments.

Trelleborg Sealing Solutions reported a significant increase in sales, with a generally healthy organic trend supplemented by acquisitions. Organic sales grew in Europe, but particularly in North and South America. Sales in Asia were lower, driven by temporary weaker demand in China. Sales to healthcare & medical and the aerospace industry increased considerably, at the same time as sales to general industry declined somewhat. Deliveries to the automotive industry increased, with healthy growth particularly in Europe.

Organic sales in Trelleborg Wheel Systems were unchanged compared with the preceding year, with a positive trend in North America and weaker sales in Europe. During the quarter, all of the relevant authorities approved the sale of the business area to Yokohama Rubber. The transaction is expected to be finalized in the first half of 2023.

Compared with the preceding year’s strong growth, it is clear that we are now entering a more normalized growth phase. We have already seen more subdued demand from the construction industry and some industrial market segments. Proactive adaptation of the parts of the Group affected by lower demand has already commenced.

At the same time, the Group continues to increase its exposure to market segments and geographies that are still displaying strong growth, such as the aerospace industry, healthcare & medical and electrification, as well as in specific areas of Asia.

Trelleborg has never been in a better operational state, which, in combination with the strongest balance sheet of modern time, means that we stand well equipped to address opportunities and challenges in all their forms. Also, we will shortly receive the purchase considerations from the previously announced divestments, meaning that the Group will have a net cash position. Our strong balance sheet thus allows for the continued repurchase of shares, at the same time as we will invest in both organic capacity-increasing initiatives and acquisitions in selected fast-growing niches. Our general assessment in the current situation is that demand in the second quarter will be in line with or somewhat lower than in the first quarter.”

Peter Nilsson,
President and CEO

MARKET OUTLOOK FOR THE SECOND QUARTER OF 2023

Demand is expected to be in line with or somewhat lower than in the first quarter of 2023, 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 January 27, 2023, relating to the first quarter of 2023

Demand is expected to be lower than in the fourth quarter of 2022, adjusted for seasonal variations. The geopolitical situation entails a heightened degree of uncertainty.

NET SALES AND RESULT¹

SEK M	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
Continuing operations					
Net sales	8,711	7,095	23	31,711	30,095
Change total, %	23	22		27	27
Organic sales, %	7	13		12	14
Structural change, %	9	2		5	3
Currency effects, %	7	7		10	10
EBIT, excluding items affecting comparability	1,411	1,230	15	5,247	5,066
EBIT-margin, %	16.2	17.3		16.5	16.8
Items affecting comparability	-49	-25		-265	-241
EBIT	1,362	1,205	13	4,982	4,825
Financial income and expenses	-165	-45	-267	-350	-230
Profit before tax	1,197	1,160	3	4,632	4,595
Taxes	-298	-300	1	-1,164	-1,166
Net profit, continuing operations	899	860	5	3,468	3,429
Net profit, discontinuing operations	463	443	5	1,848	1,828
Net profit, Group	1,362	1,303	5	5,316	5,257
Earnings per share, SEK					
Continuing operations	3.52	3.18	11	13.35	13.01
Discontinuing operations	1.81	1.63	11	7.11	6.93
Group	5.33	4.81	11	20.46	19.94
Continuing operations, excluding items affecting comparability	3.66	3.25	13	14.21	13.80

Net sales for the first quarter of 2023 amounted to SEK 8,711 M (7,095), up 23 percent. Organic sales increased 7 percent compared with the year-earlier period. The net effect of currency movements increased sales by 7 percent, while acquisitions contributed 9 percent compared with the year-earlier period.

Sales per market. In Europe, organic sales increased by 7 percent compared with the preceding year. Organic sales in North and South America rose 12 percent. In Asia and other markets, organic sales declined by 1 percent compared with the preceding year.

EBIT, excluding items affecting comparability, amounted to SEK 1,411 M (1,230), up 15 percent. The margin was 16.2 percent (17.3), impacted by acquisitions with a lower margin and, in addition, acquisition-related amortization of surplus values of SEK -118 M (-52).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries, had a positive impact of SEK 67 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter totaled SEK -49 M (-25) and pertained to restructuring costs.

EBIT, including items affecting comparability, amounted to SEK 1,362 M (1,205) for the quarter.

The net financial expense for continuing operations was SEK -165 M (-45). Net financial items were impacted primarily by higher interest expenses linked to the acquisition of Minnesota Rubber & Plastics and higher interest rates. The acquisition was financed by a short-term loan that will be repaid when the proceeds are received from the ongoing sale of the Group's tire operation.

Net profit was SEK 899 M (860). The tax rate for the quarter amounted to 25 percent (26). The underlying tax rate for continuing operations is expected to remain at 26 percent.

Earnings per share, excluding items affecting comparability, amounted to SEK 3.66 (3.25), up 13 percent. For the Group as a whole, including discontinuing operations, earnings per share were SEK 5.33 (4.81), an increase of 11 percent.

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	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
EBIT, excluding items affecting comparability	1,411	1,230	15	5,247	5,066
Depreciation/write-down, property, plant and equipment	315	254	24	1,154	1,093
Amortization/write-down, intangible assets	130	64	103	382	316
EBITDA	1,856	1,548	20	6,783	6,475
Capital expenditure ¹	-397	-334	-19	-1,393	-1,330
Sold non-current assets	12	5	140	58	51
Amortization of lease liabilities	-85	-76	-12	-331	-322
Change in working capital ¹	-821	-809		-1,137	-1,125
Dividend from associated companies	0	0		0	0
Non cash-flow affecting items	-16	-6		-27	-17
Operating cash flow, continuing operations	549	328	67	3,953	3,732
Cash conversion ratio R12, %	75	76		75	74
Operating cash flow, discontinuing operations	30	413	-93	1,089	1,472
Operating cash flow, Group	579	741	-22	5,042	5,204

¹ As of 2023, capital expenditures include accounts payable linked to investments. These liabilities were previously part of the change in working capital. Items affecting comparability have been restated to reflect this reclassification.

SEK M	Q1 2023	Q1 2022	12M 2022
Net debt Group, opening balance	-20,897	-8,367	-8,367
Operating cash flow	579	741	5,204
Cash impact from items affecting comparability	-76	-117	-306
Financial items	-315	-22	-150
Paid tax	-292	-202	-1,443
Free cash flow	-104	400	3,305
Acquisitions	-45	-1	-11,199
Disposed operations	-	149	149
Capital increase associated companies	-	-	-17
Dividend - equity holders of the parent company	-	-	-1,481
Repurchase own shares	-654	-80	-3,079
Sum net cash flow	-803	468	-12,322
Exchange rate differences	45	-285	-518
Lease liability according to IFRS 16 ²	29	69	146
Pension liability ²	-2	75	164
Net debt Group, closing balance	-21,628	-8,040	-20,897
Of which:			
Pension liability	-440	-478	-438
Lease liability according to IFRS 16	-2,200	-2,068	-2,215
Net debt, excluding effect of lease and pension liability	-18,988	-5,494	-18,244
Debt/equity ratio, %	56	23	56
Net debt/EBITDA ³	2.4	1.1	2.4

² Pertains to non-cash items.

³ EBITDA including items affecting comparability.

Operating cash flow for the quarter amounted to SEK 549 M (328), positively affected by the higher earnings generation. The rate of investment was higher than in the preceding year, and amounted to SEK 397 M (334). The cash conversion ratio for the most recent 12-month period amounted to 75 percent (76).

Free cash flow was SEK -104 M (400). Net cash flow amounted to SEK -803 M (468). Net cash flow for the period was impacted by effects from acquisitions of SEK -45 M (-1) and the repurchase of own shares for SEK -654 M (-80).

Net debt at the end of the first quarter amounted to SEK -21,628 M (-8,040) and was impacted by the period's net cash flow of SEK -803 M, positive exchange rate differences of SEK 45 M and non-cash adjustments of lease and pension liabilities totaling SEK 27 M.

The debt/equity ratio was 56 percent (23). Net debt in relation to EBITDA was 2.4 (1.1).

Proceeds from ongoing divestments of the Group's tire and printing blanket operations will exceed current net debt.

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2023	R12 2022
Return on capital employed, continuing operations		
Excluding items affecting comparability	14.9	15.7
Including items affecting comparability	14.2	14.9
Return on equity, Group		
Excluding items affecting comparability	15.2	12.6
Including items affecting comparability	14.5	11.9

Capital employed within continuing operations increased year on year and amounted to SEK 42,299 M (27,786) at the end of the quarter, impacted by higher working capital due to increased sales, acquisitions and exchange rate effects.

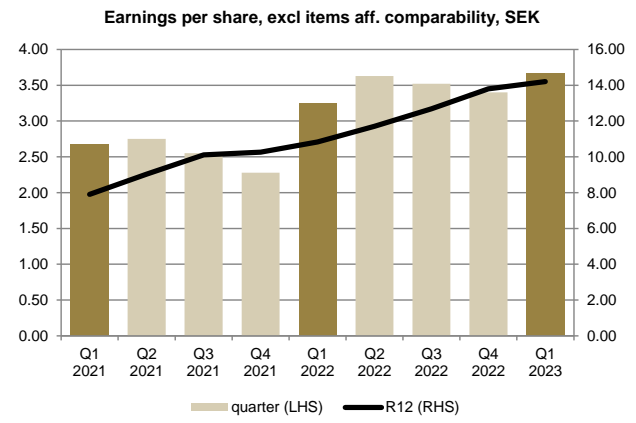
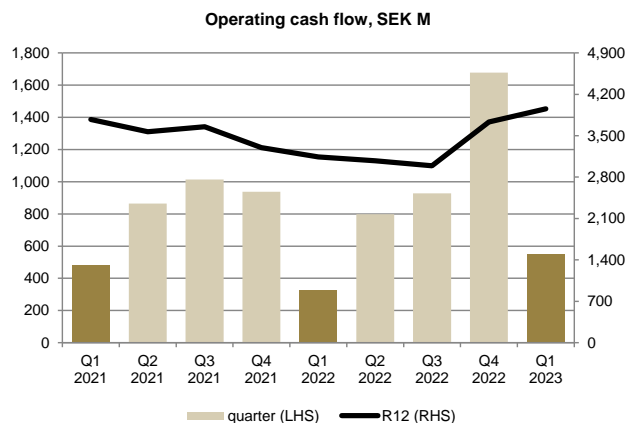
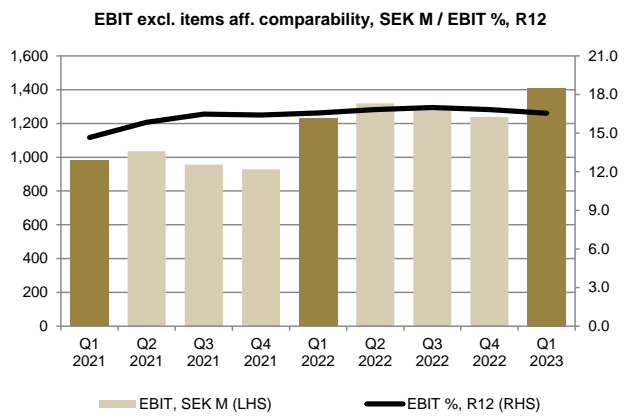
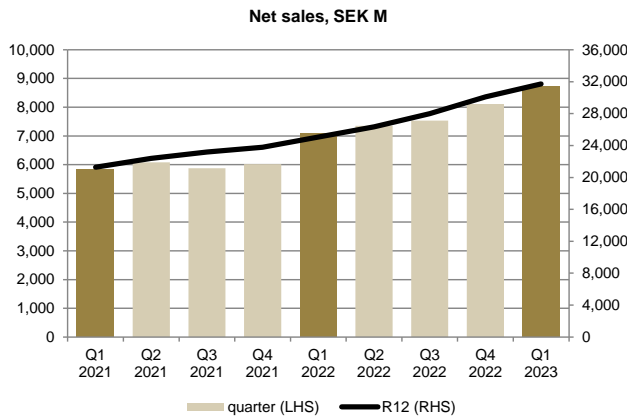
The capital employed for assets held for sale amounted to SEK 18,870 M (15,950) and pertained to the Group's tire and printing blanket operations. A large share of the increase was driven by exchange rate effects and higher working capital. The incoming proceeds will be similarly impacted, which is why previously estimated capital gains remain.

Return on capital employed for the most recent 12-month period, excluding items affecting comparability, was 14.9 percent (15.7). Return on capital employed, including items affecting comparability (restructuring costs and non-recurring items), for the corresponding period was 14.2 percent (14.9).

Shareholders' equity for the Group at the close of the period amounted to SEK 38,579 M (34,722), positively impacted by earnings for the period, translation effects and the repurchase of own shares. At the end of the year, 13,691,970 Series B shares in Trelleborg had been repurchased. During the first quarter, 2,507,164 shares were repurchased, corresponding to SEK 654 M. A total of 16,199,134 shares were repurchased, corresponding to 6.0 percent of the number of shares outstanding, at a value of SEK 3,733 M.

Equity per share amounted to SEK 151 (128). The equity/assets ratio was 50 percent (61). The return on shareholders' equity for the Group for the most recent 12-month period, excluding items affecting comparability, totaled 15.2 percent (12.6). The return on shareholders' equity for the Group, including items affecting comparability, amounted to 14.5 percent (11.9) for the corresponding period.

KEY FIGURES AND TRENDS



SUSTAINABILITY

Lower climate impact. CO₂ emissions for the quarter for the Group's continuing operations declined 3 percent and amounted to 31,378 tons (32,417). The positive trend was driven by increased use of renewable electricity.

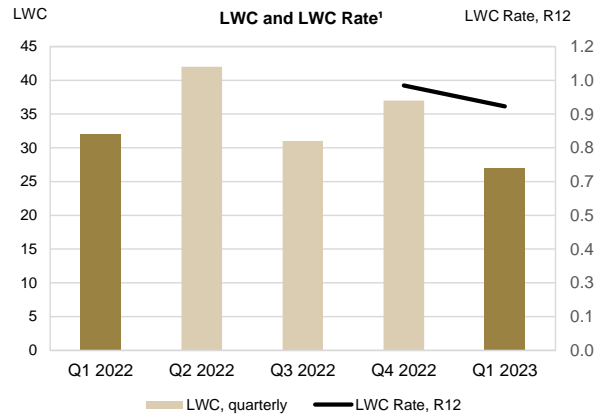
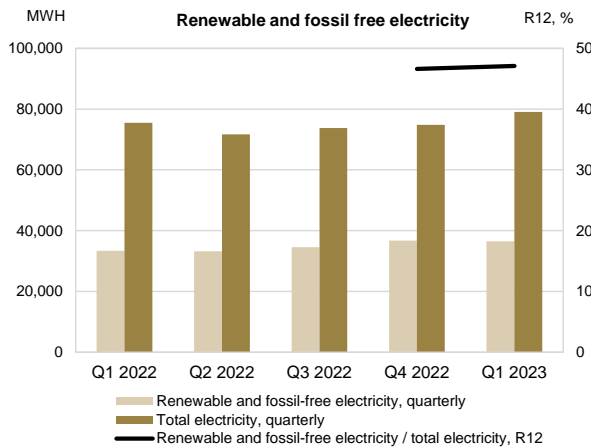
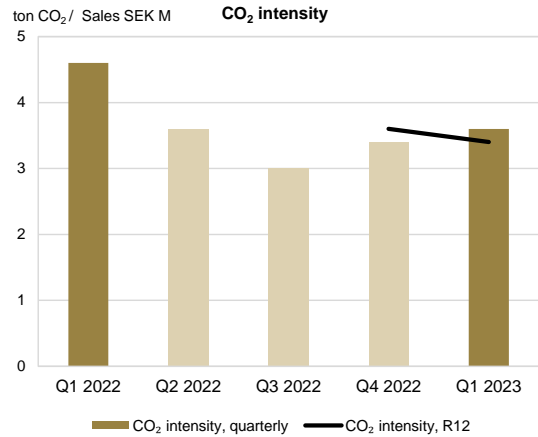
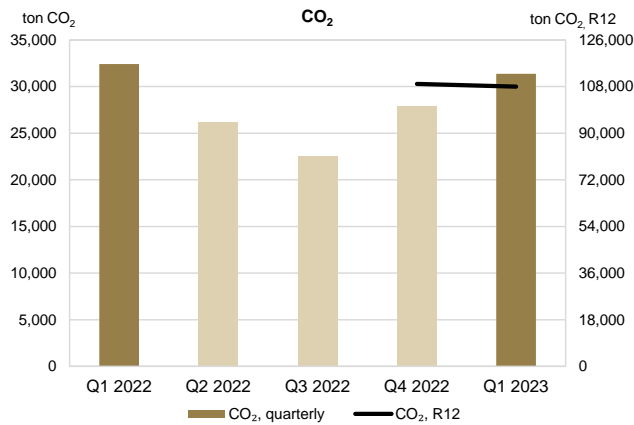
Acquisitions implemented had a negative impact on development, since the share of renewable and fossil-free electricity in these units is lower.

The CO₂ intensity (CO₂/SEK M) improved to 3.6 tons (4.6).

The proportion of renewable and fossil-free electricity in the quarter increased to 46 percent (44), driven primarily by increased usage of renewable electricity in a number of units.

LWC. The number of work-related injuries (Lost Work Cases, LWC) amounted to 27 (32). The LWC frequency declined to 0.9 (1.1), impacted by activities conducted to improve safety.

Social engagement. All workplaces with more than 50 employees must have a plan for their social engagement. For example, Trelleborg and the Right to Live Foundation ensured that water treatment plants were installed in two villages in India, providing clean drinking water for more than 3,000 residents. In the US, Trelleborg entered a partnership with a local high school in Aurora, Colorado, which will promote exchange between business and the school.



¹ LWC is measured as the number of work-related injuries which have caused at least one day of absence. LWC rate is the number of cases per 100 employees.

BUSINESS AREA

TRELLEBORG INDUSTRIAL SOLUTIONS

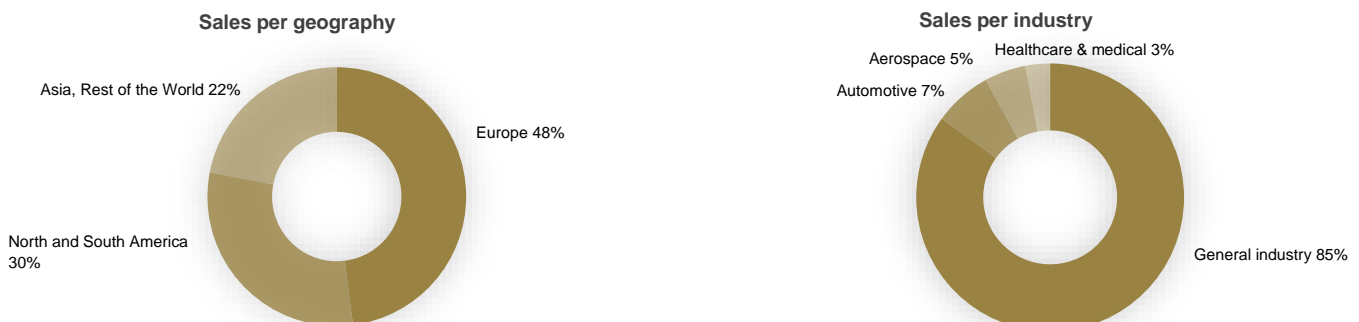
Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in selected industrial application areas and infrastructure projects.

Excluding items affecting comparability, SEK M	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
Net sales	3,840	3,323	16	14,515	13,998
Change total, %	16	29		24	28
Organic sales, %	8	21		14	18
Structural change, %	1	2		1	2
Currency effects, %	7	6		9	8
EBIT	529	441	20	2,016	1,928
EBIT, %	13.8	13.3		13.9	13.8
Capital employed, closing balance	13,228	11,581		13,228	12,857
Return on capital employed R12, %	15.8	13.5	17	15.8	15.6

Additional key ratios on pages 16 - 17

Organic sales increased 8 percent year on year. Project transactions in LNG-related and marine solutions grew considerably, at the same time as deliveries to aerospace and automotive manufacturers noted continued healthy growth. Sales to the railway industry were strong compared with the year-earlier quarter. Sales of sealing solutions for residential construction were negative, mainly driven by a softening market in Europe. Weaker demand was also noted in certain industrial market segments.

EBIT and the EBIT margin increased year on year, with sales growth and price adjustments fully offsetting the general inflationary pressure. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 19 M.



Net sales per geographic market and per industry are based on full-year 2022.

BUSINESS AREA

TRELLEBORG SEALING SOLUTIONS

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

Excluding items affecting comparability, SEK M	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
Net sales	4,738	3,664	29	16,736	15,662
Change total, %	29	17		29	25
Organic sales, %	5	8		9	10
Structural change, %	17	1		10	5
Currency effects, %	7	8		10	10
EBIT	953	878	9	3,566	3,491
EBIT, %	20.1	24.0		21.3	22.3
Capital employed, closing balance	28,666	15,759		28,666	28,140
Return on capital employed R12, %	16.3	20.4	-20	16.3	18.6

Additional key ratios on pages 16 - 17

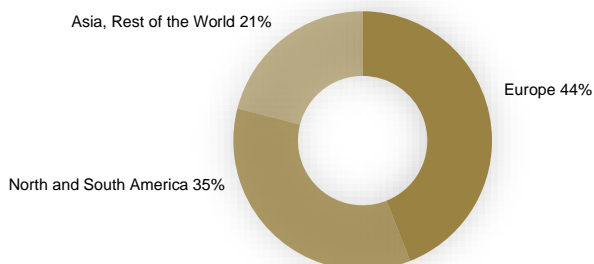
Organic sales increased 5 percent year on year. Acquisitions contributed 17 percent sales growth. Organic sales grew in Europe, but particularly in North and South America, while sales in Asia were lower, particularly in China. However, demand in China picked up at the end of the quarter. Sales to healthcare & medical and the aerospace industry increased considerably, at the same time as sales to general industry decreased somewhat. Deliveries to the automotive industry increased overall, with healthy growth particularly in Europe.

EBIT increased year on year due to sales growth that was mainly driven by price adjustments. The EBIT margin declined as a result of acquisitions with a lower margin and, in addition, significant acquisition-related amortization of surplus values. The sales mix also had a slightly negative impact.

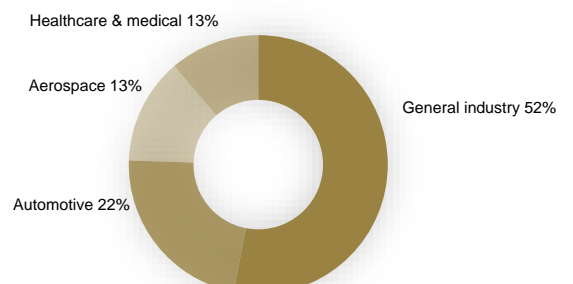
Anticipated synergies related to Minnesota Rubber & Plastics were confirmed. In the meantime, sales were initially somewhat lower, driven by a weaker Chinese market and reduced demand in individual industrial niches. In addition, integration costs impacted earnings initially.

Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 47 M on EBIT.

Sales per geography



Sales per industry



Net sales per geographic market and per industry are based on full-year 2022.

DISCONTINUING OPERATIONS

An agreement was signed during the fourth quarter of 2021 to divest the Group's printing blanket operation to Continental. The buyer has received the necessary approvals from all of the relevant authorities. A few formalities remain, and the transaction is expected to be finalized within the coming months.

In the first quarter of 2022, an agreement was signed to divest Trelleborg Wheel Systems to Yokohama Rubber. In March 2023, all of the relevant authorities had approved the divestment. A few formalities remain, and the transaction is expected to be finalized in the first half of 2023, according to previous communication.

For further information, refer to page 20.

Excluding items affecting comparability, SEK M	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
Net sales	3,986	3,706	8	14,895	14,615
Change total, %	8	24		18	22
Organic sales, %	-1	30		10	18
Structural change, %	-	-11		-3	-6
Currency effects, %	9	5		11	10
EBIT ¹	745	585	27	2,595	2,435
EBIT, %	18.7	15.8		17.4	16.7
Capital employed, closing balance ²	18,879	15,970		18,879	17,942
Return on capital employed R12, %	14.7	10.1	46	14.7	14.2

¹ EBIT was positively impacted by SEK 159 M in Q1 2023 and SEK 490 M in 12M 2022 since depreciation was stopped on assets held for sale in accordance with IFRS 5, mainly attributable to Trelleborg Wheel Systems.

² Capital employed includes the impact of SEK 683 M from depreciation that was stopped on assets held for sale in accordance with IFRS 5.

Of which Trelleborg Wheel Systems, SEK M	Q1 2023	Q1 2022	Change, %	R12 2023	12M 2022
Net sales	3,639	3,365	8	13,550	13,277
Change total, %	8	40		23	32
Organic sales, %	0	33		12	20
Structural change, %	-	-		-	-
Currency effects, %	8	7		11	12
EBIT	545	525	4	1,788	1,768
EBIT, %	15.0	15.6		13.2	13.3
Capital employed, closing balance	16,682	14,606		16,682	15,965
Return on capital employed R12, %	11.3	9.7	16	11.3	11.4

TRELLEBORG WHEEL SYSTEMS

Organic sales were unchanged year on year. A favorable market trend was noted in North America and in the global OE agricultural tire business, while the European market was negatively impacted by high inflation and reduced aftermarket sales. Demand for tires for material handling and construction vehicles was somewhat lower during the period.

EBIT rose somewhat as a result of price adjustments and effective cost control, which offset the significant inflation. The EBIT margin declined marginally due to lower volumes and a negative sales mix. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 5 M.

SIGNIFICANT EVENTS DURING THE QUARTER

Acquisition of manufacturer of aerospace components.

Trelleborg Group signed an agreement to acquire an operation from the US-based privately owned 4M Company, Inc. The operation specializes in sealing solutions for aerospace and industrial applications.

The group's head office and manufacturing are located in Tukwila, Washington, US, and it has annual sales of approximately SEK 85 M. This bolt-on acquisition is part of Trelleborg's strategy to strengthen its positions in attractive industries.

The transaction is expected to be finalized in the second quarter of 2023.

The press release was published on March 22, 2023.

Competition clearances for Trelleborg Wheel Systems.

During the quarter, Yokohama Rubber received clearance from all relevant authorities for the acquisition.

With these approvals, Yokohama and Trelleborg can begin finalizing the necessary documentation required to formally close the transaction, which is expected to happen in the first half of 2023, by previous communications. More information about the transaction will follow once it is finalized.

In March 2022, Trelleborg signed an agreement to divest its business area to Yokohama for EUR 2,100 M on a cash and debt-free basis. Less than 3 percent of the purchase price was subject to the performance of Trelleborg Wheel Systems in 2022. The transaction will result in an estimated capital gain of approximately SEK 6,000 M.

Press releases were published on March 24 and March 28, 2023.

Acquisition of minor tool maker specialists. Trelleborg signed agreements and finalized the acquisitions of two minor privately owned Swiss manufacturers of special tools for complex silicon components: Lehmann AG and Oechslin AG.

Trelleborg accounts for the majority of the companies' sales and the acquisitions thus entail only a marginal increase in sales.

Capital Markets Day 2023. Trelleborg decided to move the Capital Markets Day from March 21 to May 23, 2023. The Capital Markets Day is an event for institutional investors, analysts and the media.

The press release was published on March 8, 2023.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

New facility for sealing solutions in India. Trelleborg decided to invest in a completely new production facility for sealing solutions in India. It will replace existing facilities that will soon reach their full capacity. The Indian market is showing continued strong growth and the investment is part of Trelleborg's strategy to strengthen positions in attractive and profitable industries and geographic areas.

Trelleborg will acquire land in the Bangalore area to build a modern facility that can meet future demands for both efficient production processes and sustainability, which includes solar panels, energy efficiency, green transportation, and effective water management. In addition, the production equipment will be upgraded. Production in the new facility will start in the first half of 2026. The Group will invest approximately SEK 300 M in total between 2023 and 2026.

The press release was published on April 19, 2023.

Application to Science Based Targets initiative. Trelleborg submitted an application to have a new climate target validated by the Science Based Targets initiative (SBTi). The climate target is to apply to the entire value chain for the period through 2030. In addition, the Group has the ambition of achieving net zero emissions in its own operations not later than 2035.

OTHER

NEWS IN PRODUCTS AND SOLUTIONS

Patent on patient care. Trelleborg obtained patent for its Dartex Zoned Coatings®, a manufacturing process for coated fabrics used in medical support areas, such as mattress covers. The coated fabric's most important physical characteristics – the balance between breathability and durability – can be varied across the textile's breadth, without joints, welds or seams. Trelleborg also launched Dartex Repel, a novel surface technology that creates a fast-acting antimicrobial surface without the need for chemical additives.

New in France. A newly built global center for the development and production of automotive boots has replaced an older facility and been brought into operation in Carquefou, France. Automotive boots comprise a dynamic sealing system, manufactured from thermoplastic elastomers, which seal vehicle drive shafts and prevent ingress of contaminants such as salt, water, or particles.

Supply reliability in Finland. A series of SafePilot solutions were delivered to Gasgrid Finland Oy's floating LNG terminal vessel (FSRU) in the port of Inkoo. The SafePilot technology platform is one of the Group's solutions included in SmartPort marine systems, which contain products for mooring, docking, and anchoring.

IATF certified in the US. The number of Trelleborg-certified sites for the International Automotive Task Force (IATF) was extended to include several ServicePLUS and logistics facilities in the US. In addition to the process-oriented quality management system in accordance with the certificate, Trelleborg also offers its automotive customers and Tier 1 suppliers value-added assemblies for part streams. Globally, Trelleborg has 26 IATF certified sites.

Expanding BioPharma facility. Trelleborg's facility in Malta is being expanded to meet the rising demand for silicone tubing and hoses produced in cleanroom environments for biopharmaceutical applications. The expanded facility has a planned production start at the beginning of 2024.

Capacity increase in Bulgaria. Trelleborg's facility in Pernik, Bulgaria, is being expanded by the end of 2023 and will then have doubled its production capacity for precision seals made of Liquid Silicone Rubber (LSR). The seals are primarily used in industries such as automotive, food & beverage and sanitary.

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 40 countries, sales are conducted in just over 140 countries worldwide and manufacturing operations are carried out at 100 production units. The business is diversified geographically and within a number of industries, 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. The Group focuses on industries and geographies with good growth that can deliver consistent results even when negative economic fluctuations occur in individual industries.

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 major global geopolitical uncertainty resulting from Russia's invasion of Ukraine in 2022 contributed to higher energy prices, which exasperated the incipient inflation and subsequent strong interest rate hikes. Trelleborg has continuously addressed both opportunities and challenges that have arisen through flexible production, but has also proactively managed prices to address cost increases.

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

Trelleborg, April 27, 2023
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.

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 2022. No new or revised IFRSs or interpretative statements applied as of January 1, 2023 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 2022 Annual and Sustainability Report.

Condensed Income Statements

Income Statements, SEK M	Q1 2023	Q1 2022	R12 2023	12M 2022
Net sales	8,711	7,095	31,711	30,095
Cost of goods sold	-5,607	-4,533	-20,415	-19,341
Gross profit	3,104	2,562	11,296	10,754
Selling expenses	-637	-523	-2,356	-2,242
Administrative expenses	-774	-656	-2,926	-2,808
Research and development costs	-178	-122	-610	-554
Other operating income ¹	108	14	389	295
Other operating expenses ¹	-216	-47	-553	-384
Profit from associated companies	4	2	7	5
EBIT, excluding items affecting comparability	1,411	1,230	5,247	5,066
Items affecting comparability	-49	-25	-265	-241
EBIT	1,362	1,205	4,982	4,825
Financial income and expenses	-165	-45	-350	-230
Profit before tax	1,197	1,160	4,632	4,595
Tax	-298	-300	-1,164	-1,166
Net profit, continuing operations	899	860	3,468	3,429
Net profit, discontinuing operations	463	443	1,848	1,828
Net profit, Group	1,362	1,303	5,316	5,257
- equity holders of the parent company	1,362	1,303	5,319	5,260
- non-controlling interest	0	0	-3	-3

¹ Other operating income and expenses are impacted by exchange rate differences recognized gross.

Earnings per share, SEK ²	Q1 2023	Q1 2022	R12 2023	12M 2022
Continuing operations	3.52	3.18	13.35	13.01
Discontinuing operations	1.81	1.63	7.11	6.93
Group	5.33	4.81	20.46	19.94
Group, excluding items affecting comparability	5.58	4.90	21.49	20.81
Continuing operations, excluding items affecting comparability	3.66	3.25	14.21	13.80

² No dilution effects arose.

Number of shares	Q1 2023	Q1 2022	R12 2023	12M 2022
End of period	271,071,783	271,071,783	271,071,783	271,071,783
of which, in treasury	16,199,134	369,968	16,199,134	13,691,970
Average number	255,707,668	271,065,428	260,044,720	263,885,220

Statements of comprehensive income, SEK M	Q1 2023	Q1 2022	R12 2023	12M 2022
Net profit, Group	1,362	1,303	5,316	5,257
Other comprehensive income				
Items that will not be reclassified to the income statement				
Reassessment of net pension obligation	-2	75	68	145
Income tax relating to components of other comprehensive income	0	-13	-19	-32
Total	-2	62	49	113
Items that may be reclassified to the income statement				
Cash flow hedges	-26	160	222	408
Hedging of net investment	-126	-115	-977	-966
Translation difference	462	405	3,831	3,774
Income tax relating to components of other comprehensive income	31	-11	154	112
Total	341	439	3,230	3,328
Other comprehensive income, net of tax	339	501	3,279	3,441
Total comprehensive income	1,701	1,804	8,595	8,698
Total comprehensive income attributable to:				
- equity holders of the parent company	1,701	1,804	8,598	8,701
- non-controlling interest	0	0	-3	-3

EBIT specification, continuing operations, SEK M	Q1 2023	Q1 2022	R12 2023	12M 2022
Excluding items affecting comparability:				
EBITDA	1,856	1,548	6,783	6,475
Depreciation/write-down, property, plant and equipment	-315	-254	-1,154	-1,093
EBITA	1,541	1,294	5,629	5,382
Amortization/write-down, intangible assets	-130	-64	-382	-316
EBIT	1,411	1,230	5,247	5,066
Items affecting comparability	-49	-25	-265	-241
EBIT	1,362	1,205	4,982	4,825

Condensed Balance Sheets

Balance Sheets, SEK M	Mar 31 2023	Mar 31 2022	Dec 31 2022
Property, plant and equipment	7,661	6,041	7,589
Right-of-use assets	1,506	1,407	1,507
Goodwill	20,891	13,468	20,818
Other intangible assets	5,662	2,281	5,744
Participations in associated companies	65	52	61
Financial non-current assets	400	161	456
Deferred tax assets	546	465	543
Total non-current assets	36,731	23,875	36,718
Inventories	5,648	4,295	5,463
Current operating receivables	7,339	5,782	6,620
Current tax assets	651	932	1,068
Interest-bearing receivables	73	248	429
Cash and cash equivalents	2,317	2,215	3,924
Total current assets	16,028	13,472	17,504
Assets held for sale	24,893	19,890	22,844
Total assets	77,652	57,237	77,066
Share capital	2,620	2,620	2,620
Other capital contributions	226	226	226
Other reserves	5,680	2,450	5,339
Profit brought forward	28,685	28,115	24,037
Net profit for the year	1,362	1,303	5,260
Total	38,573	34,714	37,482
Non-controlling interests	6	8	6
Equity	38,579	34,722	37,488
Interest-bearing non-current liabilities	8,460	9,205	9,029
Other non-current liabilities	83	91	86
Pension obligations	357	359	352
Other provisions	289	139	288
Deferred tax liabilities	924	683	910
Total non-current liabilities	10,113	10,477	10,665
Interest-bearing current liabilities	16,783	703	16,124
Current tax liabilities	1,032	1,321	1,360
Other current liabilities	5,969	5,087	6,045
Other provisions	346	333	361
Total current liabilities	24,130	7,444	23,890
Liabilities held for sale	4,830	4,594	5,023
Total equity and liabilities	77,652	57,237	77,066

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		Mar 31 2023	Dec 31 2022	Mar 31 2023	Dec 31 2022
	Mar 31 2023	Dec 31 2022	Mar 31 2023	Dec 31 2022	Mar 31 2023	Dec 31 2022	Mar 31 2023	Dec 31 2022				
Opening balance, January 1	2,620	2,620	226	226	5,339	2,011	29,297	28,133	6	8	37,488	32,998
Net profit/loss for the year							1,362	5,260	0	-3	1,362	5,257
Other comprehensive income					341	3,328	-2	113	0	1	339	3,442
Repurchase own shares							-654	-3,079	-	-	-654	-3,079
Dividend							-	-1,481	-	-	-	-1,481
Impact from IAS 29 ¹							44	351	-	-	44	351
Closing balance	2,620	2,620	226	226	5,680	5,339	30,047	29,297	6	6	38,579	37,488

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
	Mar 31 2023	Mar 31 2023	Mar 31 2023
	Opening repurchased own shares	13,691,970	
Purchases for the year	2,507,164		-654
Cancellations for the year	-		-
Closing repurchased own shares	16,199,134		-3,733

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	Q1 2023	Q1 2022	R12 2023	12M 2022
Operating activities				
EBIT incl part in associated companies	1,362	1,205	4,982	4,825
Adjustments for items not included in cash flow from operating activities:				
Depreciation, property, plant and equipment	224	175	809	760
Depreciation, right-of-use assets	89	77	335	323
Amortization, intangible assets	130	64	382	316
Impairment losses, property, plant and equipment	2	2	10	10
Impairment losses, intangible assets	-	-	-	-
Dividend from associated companies	-	0	1	1
Participations in associated companies and other non cash-flow affecting items	-15	-3	-27	-15
Capital gain in divested operations	-	-140	-	-140
Interest received	116	23	347	254
Interest paid	-320	-109	-601	-390
Other financial items	8	4	35	31
Taxes paid	-154	-164	-974	-984
Cash flow from operating activities before changes in working capital	1,442	1,134	5,299	4,991
Cash flow from changes in working capital				
Change in inventories	-165	-289	-570	-694
Change in operating receivables	-453	-810	-104	-461
Change in operating liabilities ¹	-204	318	-409	113
Cash flow from operating activities	620	353	4,216	3,949
Investing activities				
Acquisitions	-45	-1	-11,243	-11,199
Disposed/discontinuing operations	-	149	-	149
Capital increase associated companies	-	-	-16	-16
Capital expenditure, property, plant and equipment ¹	-367	-309	-1,276	-1,218
Capital expenditure, intangible assets	-30	-25	-117	-112
Sale of non-current assets	12	5	64	57
Cash flow from investing activities	-430	-181	-12,588	-12,339
Financing activities				
New/utilized loans	12,515	1,642	27,579	16,706
Amortized loans	-1,551	-1,714	-12,240	-12,403
Amortized leased liabilities	-85	-76	-331	-322
Repurchase own share	-654	-80	-3,653	-3,079
Dividend - equity holders of the parent company	-	-	-1,481	-1,481
Cash flow from financing activities	10,225	-228	9,874	-579
Total cash flow, continuing operations	10,415	-56	1,502	-8,969
Total cash flow, discontinuing operations	-10,731	-908	298	10,121
Cash flow for the period, Group	-316	-964	1,800	1,152
Cash and cash equivalents				
At beginning of the period, continuing operations	3,924	3,460	2,215	3,460
At beginning of the period, discontinuing operations	-835	-36	-835	-36
Cash classified as assets held for sale	-2,158	-348	-2,645	-835
Exchange rate differences	32	31	112	111
Cash and cash equivalents at end of period	2,317	2,215	2,317	3,924

¹ As of 2023, capital expenditures include accounts payable linked to investments. These liabilities were previously part of the change in working capital. Items affecting comparability have been restated to reflect this reclassification.

Change in liabilities from financing activities, SEK M	Non-cash changes								
	Dec 31 2022	Transfer between non-current and current loans	Cash changes	Acquisitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	Mar 31 2023
Non-current loans	7,672	0	-612	-	39	-	-	-	7,099
Current loans	15,481	0	640	-	-57	-	-	-	16,064
Other non-current financial liabilities	1	-	0	-	0	-	-	-	1
Other current financial liabilities	325	-	136	-	-41	-	-	-	420
Lease liabilities according to IFRS 16	2,215	-	-117	-	13	-	88	-	2,199
Pension obligations	458	-	-5	-	5	-	-	2	460
Total	26,152	-	42	-	-41	-	88	2	26,243

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	Q1 2023	Q1 2022	R12 2023	12M 2022
Net sales				
Trelleborg Industrial Solutions	3,840	3,323	14,515	13,998
Trelleborg Sealing Solutions	4,738	3,664	16,736	15,662
Group activities	190	169	671	650
Eliminations	-57	-61	-211	-215
Continuing operations	8,711	7,095	31,711	30,095
Discontinuing operations	3,986	3,706	14,895	14,615
Eliminations	-25	-18	-80	-73
Group	12,672	10,783	46,526	44,637
EBIT, excluding items affecting comparability				
Trelleborg Industrial Solutions	529	441	2,016	1,928
Trelleborg Sealing Solutions	953	878	3,566	3,491
Group activities	-71	-89	-335	-353
Continuing operations	1,411	1,230	5,247	5,066
Discontinuing operations	745	585	2,595	2,435
Group	2,156	1,815	7,842	7,501
EBIT %, excluding items affecting comparability				
Trelleborg Industrial Solutions	13.8	13.3	13.9	13.8
Trelleborg Sealing Solutions	20.1	24.0	21.3	22.3
Continuing operations	16.2	17.3	16.5	16.8
Discontinuing operations	18.7	15.8	17.4	16.7
Group	17.0	16.8	16.9	16.8

Net sales per market continuing operations, organic growth, %	Q1 2023	Q1 2022	12M 2022
Europe (46)	7	12	10
North- and South America (33)	12	21	21
Asia and rest of the world (21)	-1	8	11
Total (100% refer to share 2022)	7	13	14

Bridge net sales	Q1 2022, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q1 2023, SEK M
Trelleborg Industrial Solutions	3,323	8	1	7	3,840
Trelleborg Sealing Solutions	3,664	5	17	7	4,738
Group activities	108				133
Continuing operations	7,095	7	9	7	8,711

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q1 2023
Trelleborg Industrial Solutions	19
Trelleborg Sealing Solutions	47
Group activities	1
Continuing operations	67

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

Specification of capital employed, SEK M	Mar 31 2023	Mar 31 2022	Dec 31 2022
Working capital	6,514	4,536	5,591
Property, plant and equipment	7,661	6,041	7,589
Right-of-use assets	1,506	1,407	1,507
Intangible assets	26,553	15,750	26,561
Participations in joint ventures/associated companies	65	52	61
Continuing operations	42,299	27,786	41,309
Discontinuing operations	18,870	15,950	17,935
Group	61,169	43,736	59,244

SEK M	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales									
Trelleborg Industrial Solutions	3,840	3,691	3,472	3,512	3,323	2,831	2,708	2,833	2,581
Trelleborg Sealing Solutions	4,738	4,303	3,970	3,725	3,664	3,106	3,086	3,155	3,133
Group activities	190	169	141	171	169	137	134	170	159
Eliminations	-57	-50	-47	-57	-61	-58	-56	-79	-51
Continuing operations	8,711	8,113	7,536	7,351	7,095	6,016	5,872	6,079	5,822
Discontinuing operations	3,986	3,741	3,491	3,677	3,706	3,070	2,806	3,090	2,995
Eliminations	-25	-20	-16	-19	-18	-13	-30	-40	-44
Group	12,672	11,834	11,011	11,009	10,783	9,073	8,648	9,129	8,773
Organic sales, %									
Trelleborg Industrial Solutions	8	18	17	16	21	8	10	23	3
Trelleborg Sealing Solutions	5	12	13	7	8	14	24	37	6
Continuing operations	7	15	15	11	13	9	16	31	5
EBIT, excluding items affecting comparability									
Trelleborg Industrial Solutions	529	483	476	528	441	366	326	360	308
Trelleborg Sealing Solutions	953	850	884	879	878	656	720	755	734
Group activities	-71	-94	-82	-88	-89	-94	-89	-79	-60
Continuing operations	1,411	1,239	1,278	1,319	1,230	928	957	1,036	982
Discontinuing operations	745	642	514	694	585	334	288	381	398
Group	2,156	1,881	1,792	2,013	1,815	1,262	1,245	1,417	1,380
EBIT %, excluding items affecting comparability									
Trelleborg Industrial Solutions	13.8	13.1	13.7	15.0	13.3	12.9	12.0	12.7	11.9
Trelleborg Sealing Solutions	20.1	19.8	22.3	23.6	24.0	21.1	23.3	24.0	23.4
Continuing operations	16.2	15.3	17.0	17.9	17.3	15.4	16.3	17.0	16.9
Discontinuing operations	18.7	17.2	14.7	18.9	15.8	10.9	10.3	12.3	13.3
Group	17.0	15.9	16.3	18.3	16.8	13.9	14.4	15.5	15.7

Condensed Income Statements, SEK M	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales	8,711	8,113	7,536	7,351	7,095	6,016	5,872	6,079	5,822
Cost of goods sold	-5,607	-5,267	-4,835	-4,706	-4,533	-3,966	-3,761	-3,842	-3,663
Gross profit	3,104	2,846	2,701	2,645	2,562	2,050	2,111	2,237	2,159
Selling expenses	-637	-610	-563	-546	-523	-473	-506	-464	-447
Administrative expenses	-774	-815	-687	-650	-656	-624	-522	-583	-599
Research and development costs	-178	-175	-132	-125	-122	-111	-109	-104	-108
Other operating income ¹	108	72	136	73	14	136	53	36	40
Other operating expenses ¹	-216	-80	-177	-80	-47	-50	-69	-87	-63
Profit from associated companies	4	1	0	2	2	0	-1	1	0
EBIT, excluding items affecting comparability	1,411	1,239	1,278	1,319	1,230	928	957	1,036	982
Items affecting comparability	-49	-115	-68	-33	-25	-128	-20	-40	105
EBIT	1,362	1,124	1,210	1,286	1,205	800	937	996	1,087
Financial income and expenses	-165	-76	-69	-40	-45	-34	-34	-37	-35
Profit before tax	1,197	1,048	1,141	1,246	1,160	766	903	959	1,052
Tax	-298	-283	-279	-304	-300	-254	-230	-245	-242
Net profit, continuing operations	899	765	862	942	860	512	673	714	810
Net profit, discontinuing operations	463	431	380	574	443	240	195	278	294
Net profit, Group	1,362	1,196	1,242	1,516	1,303	752	868	992	1,104
- equity holders of the parent company	1,362	1,197	1,243	1,517	1,303	752	869	992	1,104
- non-controlling interest	0	-1	-1	-1	0	0	-1	0	0

¹ Other operating income and expenses are impacted by exchange rate differences recognized gross.

Continuing operations	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales, SEK M	8,711	8,113	7,536	7,351	7,095	6,016	5,872	6,079	5,822
Organic sales, %	7	15	15	11	13	9	16	31	5
EBITDA, excl items affecting comparability, SEK M	1,856	1,654	1,621	1,652	1,548	1,237	1,256	1,334	1,280
EBITDA, excl items affecting comparability, %	21.3	20.4	21.5	22.4	21.8	20.6	21.4	22.0	22.0
EBITA, excl items affecting comparability, SEK M	1,541	1,352	1,349	1,387	1,294	991	1,013	1,093	1,037
EBITA, excl items affecting comparability, %	17.6	16.7	17.9	18.8	18.2	16.5	17.3	18.0	17.8
EBIT, excl items affecting comparability, SEK M	1,411	1,239	1,278	1,319	1,230	928	957	1,036	982
EBIT, excl items affecting comparability, %	16.2	15.3	17.0	17.9	17.3	15.4	16.3	17.0	16.9
Items affecting comparability, SEK M	-49	-115	-68	-33	-25	-128	-20	-40	105
EBIT, SEK M	1,362	1,124	1,210	1,286	1,205	800	937	996	1,087
Earnings per share, excluding items affecting comparability SEK	3.66	3.40	3.52	3.63	3.25	2.28	2.55	2.75	2.68
Operating cash flow, excl items affecting comp., SEK M	549	1,678	928	798	328	937	1,014	864	484
Cash conversion ratio, excl items affecting comp., R12, %	75	74	63	69	76	85	96	101	121
Capital employed, closing balance, SEK M	42,299	41,309	31,862	30,247	27,786	26,557	25,945	25,659	25,975
Return on capital employed R12, %	14.2	15.3	15.7	15.5	14.9	14.9	14.8	13.5	11.5

Group total	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Earnings per share, excl items affecting comparability, SEK	5.58	5.10	5.00	5.81	4.90	3.29	3.32	3.81	3.82
Earnings per share, Group, SEK	5.33	4.66	4.79	5.68	4.81	2.78	3.21	3.65	4.08
Free cash flow, SEK M	-104	1,823	499	583	400	654	836	1,095	725
Net debt, closing balance, SEK M	-21,628	-20,897	-12,038	-10,959	-8,040	-8,367	-9,118	-9,849	-9,880
Net debt/EBITDA	2.4	2.4	1.5	1.4	1.1	1.2	1.3	1.5	1.6
Debt/equity ratio %	56	56	33	31	23	25	29	32	32
Return on equity R12, %	14.5	14.9	14.0	13.5	11.9	12.0	11.8	11.4	9.7
Equity/assets ratio, %	50	49	56	57	61	59	58	57	56

Acquisitions

2023

During the first quarter of 2023, Trelleborg – through the Trelleborg Sealing Solutions business area – signed agreements and finalized the acquisitions of two minor privately owned Swiss manufacturers of special tools for complex silicon components: Lehmann AG and Oechslin AG.

Certain minor adjustments were made to purchase price allocations attributable to acquisitions made in 2022.

2022

No acquisitions were finalized in the first quarter of 2022.

Certain minor adjustments were made to purchase price allocations attributable to acquisitions made in 2021.

Carrying amounts of identifiable acquired assets and assumed liabilities.

Acquisitions, SEK M	Q1 2023 Acquired 2022	Q1 2022 Acquired 2021
Customer relationships ¹	29	-
Other intangible assets	-	-
Property, plant and equipment	-6	-
Right-of-use assets	-	-
Deferred tax assets	15	-
Shares in associated companies	-	-
Interest-bearing receivables	-	12
Inventories	2	-4
Operating receivables	-2	12
Current tax asset	-	-
Cash and cash equivalents	1	-1
Deferred tax liabilities	-5	-
Interest-bearing liabilities	-6	-12
Post employment benefits	-	-
Provision obligations	-4	-
Current tax liability	0	-
Operating liabilities	-10	-8
Net assets	14	-1
Goodwill	26	1
Total purchase price	40	-
Cash and other net debt in acquired operations	5	1
Impact shown in cash flow statement	45	1

¹ Excess value of customer relationships are amortized over 10 years.

The goodwill recognized above for 2023 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.

Assets and liabilities held for sale / 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. The buyer has received the necessary approvals from all of the relevant authorities. A few formalities remain, and the transaction is expected to be finalized within the coming months.

In March 2022, an agreement was signed to divest the Trelleborg Wheel Systems business area to Yokohama Rubber. In March 2023, all of the relevant authorities had approved the divestment. A few formalities remain, and the transaction is expected to be finalized in the first half of 2023, according to previous communication.

The capital employed for assets held for sale amounted to SEK 18,871 M (15,950). A large share of the increase was driven by exchange rate effects and higher working capital. The purchase considerations were positively impacted in the corresponding manner, which is why capital gains reported earlier remain.

The tables below show the condensed income statements, balance sheets and cash flow statements for the Group's assets and liabilities held for sale / Discontinuing operations.

Assets and Liabilities held for sale, SEK M	Mar 31 2023	Dec 31 2022
Non-current assets	15,240	14,852
Current assets	9,653	7,992
Total assets	24,893	22,844
Non-current liabilities	1,186	1,168
Current liabilities	3,644	3,855
Total liabilities	4,830	5,023

Cash-flow statement for discontinuing operations, SEK M	Q1 2023	Q1 2022
Cash flow from operating activities	-35	528
Cash flow from investing activities	-187	-50
Cash flow from financing activities	-10,509	-1,386
Total cash flow from discontinuing operations	-10,731	-908

Income statement for discontinuing operations, SEK M	Q1 2023	Q1 2022	R12 2023	12M 2022
Net sales	3,986	3,706	14,895	14,615
Operating expenses	-3,274	-3,127	-12,359	-12,212
EBIT	712	579	2,536	2,403
Financial items	-115	8	-156	-33
Profit before tax	597	587	2,380	2,370
Income tax	-134	-144	-532	-542
Net profit	463	443	1,848	1,828

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 March 31, 2023, 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	-	45	2	335	2	380
Financial non-current assets	76	47	3	-	-	123
Accounts receivable	5,621	-	-	-	-	5,621
Interest-bearing receivable	1	-	-	-	-	1
Cash and cash equivalents	2,317	-	-	-	-	2,317
Total	8,015	92		335		8,442

	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	-	44	2	37	2	81
Interest-bearing non-current liabilities	7,099	-	-	-	-	7,099
Interest-bearing current liabilities	16,365	26	3	-	-	16,391
Lease liabilities according to IFRS 16	1,675	-	-	-	-	1,675
Accounts payable	2,638	-	-	-	-	2,638
Total	27,777	70		37		27,884

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

A financial interest-bearing receivable of SEK 47 M (-) is recognized at fair value. Interest-bearing current liabilities include additional purchase payments according to contract of SEK 26 M (60). An assessment of the most likely outcome has been determined. The present value of this amount has been 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 42 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 March 31, 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	-	47	2	286	2	333
Financial non-current assets	57	-	-	-	-	57
Accounts receivable	4,354	-	-	-	-	4,354
Interest-bearing receivable	4	-	-	-	-	4
Cash and cash equivalents	2,215	-	-	-	-	2,215
Total	6,630	47		286		6,963

	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	-	113	2	40	2	153
Interest-bearing non-current liabilities	7,932	-	-	-	-	7,932
Interest-bearing current liabilities	241	60	3	-	-	301
Lease liabilities according to IFRS 16	1,557	-	-	-	-	1,557
Accounts payable	2,345	-	-	-	-	2,345
Total	12,075	173		40		12,288

Parent Company

Condensed Income statements, SEK M	Q1 2023	Q1 2022	R12 2023	12M 2022
Net sales	136	121	660	645
Administrative expenses	-67	-71	-411	-415
Other operating income	1	1	7	7
Other operating expenses	-29	-30	-350	-351
EBIT	41	21	-94	-114
Financial income and expenses	-217	114	7,757	8,088
Profit before tax	-176	135	7,663	7,974
Appropriations	-	-	94	94
Tax	47	20	-79	-106
Net profit	-129	155	7,678	7,962

Condensed Balance sheets, SEK M	Mar 31 2023	Mar 31 2022	Dec 31 2022
Property, plant and equipment	10	12	11
Intangible assets	11	17	13
Financial assets	54,143	38,190	42,020
Total non-current assets	54,164	38,219	42,044
Current receivables	272	294	179
Current tax asset	3	4	1
Interest-bearing receivables	0	2	96
Cash and cash equivalents	5	0	-
Total current assets	280	300	276
Total assets	54,444	38,519	42,320
Equity	13,676	11,131	14,458
Interest-bearing non-current liabilities	0	0	0
Other non-current liabilities	55	58	64
Total non-current liabilities	55	58	64
Interest-bearing current liabilities	40,606	27,238	27,631
Current tax liabilities	-	-	-
Other current liabilities	107	92	167
Total current liabilities	40,713	27,330	27,798
Total equity and liabilities	54,444	38,519	42,320

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 2022 Annual Report.

ABOUT TRELLEBORG

The Trelleborg Group is a world leader in engineered polymer solutions. The Group had sales of approximately SEK 30 billion in 2022 and operations in some 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, digitization, 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.

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.

Trelleborg's industries:

Business area/Industry	General industry	Automotive	Healthcare & medical	Aerospace
Trelleborg Industrial Solutions	85%	7%	3%	5%
Trelleborg Sealing Solutions	52%	22%	13%	13%
Continuing operations	67%	16%	8%	9%

Net sales per industry and business area based on full-year 2022.

PRESENTATION OF THE REPORT

A combined webcast and telephone conference will be held on April 27 at 3:00 p.m. CEST.

To follow the webcast, please use the following [link](#) or visit www.trelleborg.com.

To participate via telephone, please register [here](#). After registration, you will receive a telephone number and a conference ID to log into the conference. There will be an opportunity to ask questions verbally via the telephone conference.

The webcast will be available on Trelleborg's website following the presentation.

FINANCIAL CALENDER

Capital Markets Day	May 23, 2023
Interim report April-June 2023	July 19, 2023
Interim report July-September 2023	October 26, 2023
Year-end report 2023	February 1, 2024
Interim report January-March 2024	April 25, 2024

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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. The information was issued, by the contact person above, for publication on April 27, 2023, at 1:00 p.m. CEST.

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