

Q4

VBG Group Interim report

January–December 2023

Sales, SEK M

1,450

Operating profit (EBITA), SEK M

218

Interim report

Fourth quarter of 2023

- Consolidated sales increased by 21.7% to **SEK 1,449.9 M** (1,191.5).
- Organic growth amounted to **15.4%** (11.5), adjusted for acquired sales and currency effects between the years.
- Consolidated operating profit (EBITA) totaled **SEK 217.5 M** (134.7), with an operating margin (EBITA) of **15.0%** (11.3).
- Profit after financial items amounted to **SEK 183.4 M** (105.6).
- Earnings per share amounted to **SEK 5.18** (3.62) before and after dilution.

Full-year 2023

- Consolidated sales increased by 25.3% to **SEK 5,739.8 M** (4,580.0).
- Organic growth amounted to **18.2%** (13.4), adjusted for acquired sales and currency effects between the years.
- Operating profit (EBITA) increased to **SEK 858.0 M** (557.5), with an operating margin (EBITA) of **14.9%** (12.2).
- Profit after financial items increased to **SEK 761.9 M** (487.8).
- Earnings per share amounted to **SEK 22.74** (14.73). The Board of Directors proposes an increase in the dividend to SEK 7.00 (5.50), corresponding to 30.8% (37.1) of profit after tax.

KEY FIGURES

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Operating profit before depreciation/amortization (EBITDA)	222.8	162.2	953.0	663.6
Operating profit before amortization (EBITA)	217.5	134.7	858.0	557.5
Operating profit (EBIT)	209.0	127.0	824.9	527.2
Operating profit after financial items (EBT)	183.4	105.6	761.9	487.8
Profit after tax	129.5	90.6	568.6	368.3
Earnings per share, SEK	5.18	3.62	22.74	14.73
Cash flow from operating activities	162.7	106.2	705.2	250.5
ROE (cumulative), %	16.2	11.4	16.2	11.4
ROCE (cumulative), %	17.2	11.6	17.2	11.6
Equity/assets ratio, %	61.4	60.8	61.4	60.8
Interest-bearing net debt/EBITDA	n/a	n/a	0.41	1.09
Average number of employees	n/a	n/a	1,864	1,731
Number of shares outstanding ('000)	25,004	25,004	25,004	25,004

This is the VBG Group

Creating
a safer
society

VBG Group is a long-term active owner of successful industrial companies and brands. The Group's three divisions — operating in 15 countries with approximately 2,000 employees — are run on a foundation of industrial expertise, strong brands and financial stability.

Leading industrial solutions

The Group's divisions offer its customers and end users leading industrial solutions that promote a safer world. Our range of products and services is directed toward a broad base of industries and customers in which continual product development as well as efficient purchasing and delivery procedures promote a competitive, cost-efficient offering.

High level of service

VBG Group has a sharp focus on service, which permeates our entire value chain and the customer's journey as a user. Our aftermarket business represents 25% of the Group's sales. Group Management supports the divisions in their work on creating the greatest possible value for the customer, from development to aftermarket.

Strong international position and presence

Through its three divisions with the appurtenant distribution network, VBG Group has a strong international position and presence. Our growth agenda going forward is oriented on continued expansion and globalization of the Group.

Broad portfolio of brands in attractive niches

Over time, the Group's active acquisition and growth strategy has enabled a broad and competitive brand portfolio. VBG, Onspot, Edscha Trailer Systems, Mobile Climate Control, Bus Climate Control, Henfel, Carlyle Johnson and Ringfeder all have world-leading positions in their respective industrial niches. Rathi has also been a part of the brand portfolio since November 2023.

Long-term financial strength

With a solid base of stable, long-term owners, VBG Group's ownership model together with strong earnings performance has enabled the Group's financial stability with a high equity/assets ratio. Our strong financial position creates conditions for acquisitions and investments, even during periods with low levels of business activity.

Considerable experience and industrial expertise

VBG Group's business concept is built on acquisitions, long-term ownership and strategic governance of industrial companies in business-to-business commerce. The solid industrial competence that has been built up since the Group was founded in 1951 is an advantage in our acquisition process as well as in the strategic governance and operational development of our divisions.

AREAS OF OPERATION



People

Every day, our customers transport thousands of people, for example, on the way to and from work or school. The automatic tire chains and climate control systems we provide let them do so safely in traffic, with a pleasant climate.



Goods

Our solutions for trucks, trailers and trains include products such as drawbars, underrun protection and sliding roofs that allow our customers to transport their goods safely, efficiently and sustainably on a daily basis.



Off-road

Our solutions for off-road, forestry and defense vehicles promote a safer work environment for the users of these vehicles. Our climate control systems improve the environment for drivers and promote new solutions that support electrification of the industry.



Industrial

Our friction springs promote a safe infrastructure in society, in everything from elevators to damping shock waves in buildings as protection against earthquakes. Additionally, we offer couplings for mechanical power transmission in freight management, the mining industry and energy production as well as the food, packaging and automotive industries.

VBG Group fourth quarter

GLOBAL PRESENCE

37

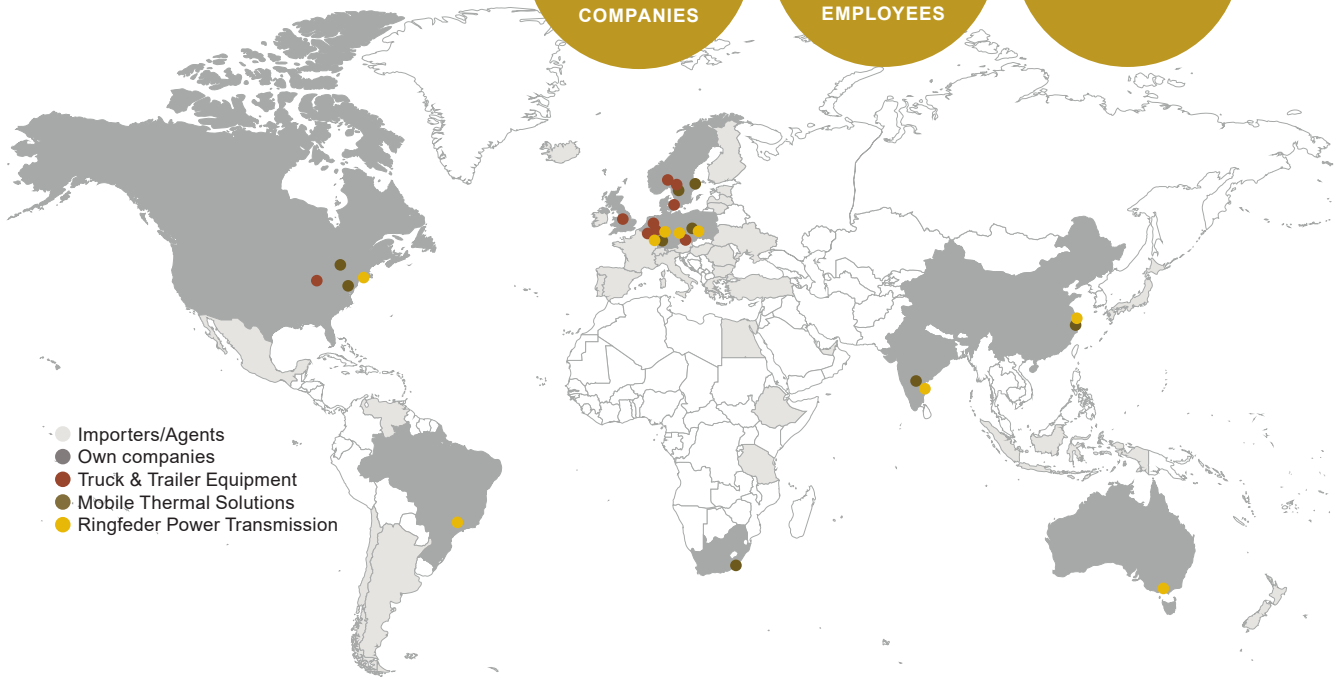
WHOLLY OWNED
COMPANIES

1,864

AVERAGE NO. OF
EMPLOYEES

15

COUNTRIES



OUR DIVISIONS

TRUCK & TRAILER EQUIPMENT

Sales	Operating profit (EBITA)	Operating margin (EBITA)	Average no. of employees
SEK 412 M	SEK 86 M	21%	383



MOBILE THERMAL SOLUTIONS

Sales	Operating profit (EBITA)	Operating margin (EBITA)	Average no. of employees
SEK 795 M	SEK 109 M	14%	1,056



RINGFEDER POWER TRANSMISSION

Sales	Operating profit (EBITA)	Operating margin (EBITA)	Average no. of employees
SEK 243 M	SEK 32 M	13%	416



Strong quarter concludes a record-setting 2023

The growth of the previous quarter continued in the fourth quarter of 2023, and net sales increased to SEK 1,450 M (1,192). The operating margin (EBITA) was 15.0% (11.3).

VBG Group's net sales for full-year 2023 rose to SEK 5,740 M (4,580) and operating profit increased to SEK 858 M (558), which is the best earnings in the history of the Group. The operating margin was 14.9% (12.2).

We grew as a Group by just over 25% and strengthened our profitability, a sign of strength in a highly turbulent period, macroeconomically speaking. Earnings per share amounted to SEK 22.74 (14.73) and operating cash flow rose to SEK 705 M. This is a record for the Group, which has resulted in a proposal from the Board of Directors for an increase in the dividend to SEK 7.00 (5.50), corresponding to 30.8% (37.1) of profit after tax.

Strong fourth quarter

Growth in the fourth quarter rose 21.7%, driven primarily by high demand for Mobile Thermal Solutions' products in North America. Currency effects were a positive factor in growth, but the underlying growth – 15.4% – was also good. Profitability strengthened, and we achieved an operating profit of SEK 218 M (135). This is attributable primarily to increased volumes, price adjustments and increased productivity in our plants.

Earnings per share increased 43% compared with the fourth quarter of 2022, totaling SEK 5.18 (3.62). Cash flow strengthened in the fourth quarter, which provides us with a good platform for future organic and structural growth.

Good profitability for truck solutions

Demand for our solutions for trucks remained high during the fourth quarter but we can see demand flagging in the trailer segment, primarily in Europe. Net sales for the Truck & Trailer Equipment division totaled SEK 412 M. Price adjustments and a favorable product mix led to an operating margin that remained high, at 20.8% (20.9).

The division has a solid business model with product offerings that create value for drivers, haulers and body builders.



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**Favorable
market for
climate control
systems**

Integration of acquisitions

Ringfeder Power Transmission delivered a stable fourth quarter, with net sales totaling SEK 243 M. The operating margin for the quarter was 13% (21).

A project aimed at restructuring the US operations was carried out during the year. One property was divested and staff reductions were implemented. Personnel costs and impairment losses on stock in the fourth quarter adversely impacted the operating margin.

The acquisition of the Indian company Rathi Transpower Pvt. Limited was finalized on November 9, 2023. Integration has proceeded as planned since then. The fact that we now have production units in India is strategically important for the company.

Record-high demand

Net sales in Mobile Thermal Solutions totaled SEK 795 M, an increase of 42% compared with the fourth quarter of 2022. It is positive that profitability strengthened in conjunction with growth, and the division's operating margin rose to 13.7% (2.1).

Action programs that were previously initiated for the bus operations have begun to have an effect, and the operations now account for a stable and rising operating margin – which positively affects profitability for both the division and the Group.

We are seeing a favorable market for climate control systems in North America. Climate control systems for electric vehicles represents a growing share of sales. We have also initiated sales of innovative systems for managing battery tempering in vehicles.

Sustainable business

The Group continued its solid preparatory work in the fourth quarter ahead of new regulations such as CSRD. A double materiality assessment was carried out. Preparations for reporting more comprehensive sustainability data took place in the form of training courses for employees and by developing procedures and new system structures for reporting. Ringfeder Power Transmission's plant in Brazil has been certified under ISO 14001.

The future

In conclusion, I can confirm that we followed up three very good quarters with a fourth. 2023 was thus the most successful year in VBG Group's history, with all key figures developing in the right direction. I am extremely proud of how we expanded our operations while simultaneously strengthening profitability and cash flow.

Looking forward, we see a fragmented market with demand that will level off – in specific segments – falling in Europe but increasing in North America. Our order book remains good, and order bookings increased 22% in 2023 compared with 2022.

Regardless of how the market develops, I see that as a Group we are well equipped to cope with the prevailing macroeconomic turbulence. The high rate of growth, in combination with robust profitability and a very good cash flow, gives us plenty of scope to manage future challenges.

The objective over the next year is to further improve our profitability and continue our journey of growth – not only organically, but above all through supplementary acquisitions. I am convinced that, with our industrial know-how, we can contribute to – and continue to develop and grow – both new and existing industrial companies sustainably.

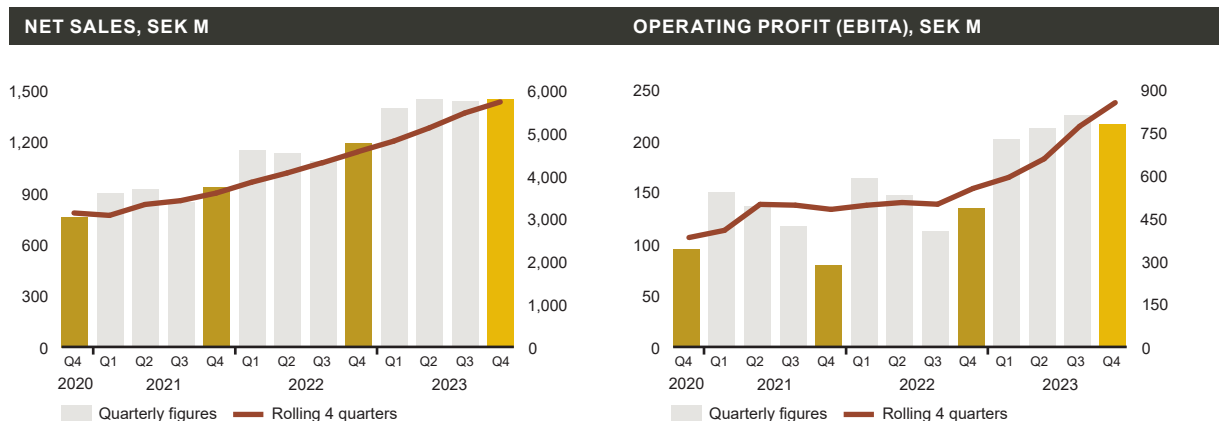
In conclusion, I would like to thank all of our employees, suppliers, partners and customers for job well done in the fourth quarter and full year. With everyone's commitment and know-how, we can develop sustainable industrial solutions that promote a safer society.

Anders Erkén
President and CEO, VBG Group

Group trend

SALES/EARNINGS										
SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales	5,739.8	1,449.9	1,439.8	1,450.2	1,399.9	4,580.0	1,191.5	1,091.6	1,141.3	1,155.5
Operating profit before depreciation/amortization (EBITDA)	953.0	222.9	256.0	242.2	232.0	663.6	162.3	149.9	167.7	183.6
Operating profit before amortization (EBITA)	858.0	217.5	225.7	212.2	202.7	557.5	134.7	111.7	147.1	164.1
Operating margin (EBITA), %	14.9	15.0	15.7	14.6	14.5	12.2	11.3	10.2	12.9	14.2
Operating profit (EBIT)	824.9	209.0	217.1	204.1	194.9	527.2	127.0	104.6	139.2	156.4
Operating margin (EBIT), %	14.4	14.4	15.1	14.1	13.9	11.5	10.7	9.6	12.2	13.5
Operating profit after financial items (EBT)	761.9	183.4	216.9	181.2	180.4	487.8	105.6	101.4	132.9	147.9
Profit after tax	568.6	129.5	158.9	138.2	142.1	368.3	90.6	62.7	100.5	114.4
Earnings per share, SEK	22.74	5.18	6.35	5.53	5.68	14.73	3.62	2.51	4.02	4.58
Cash flow from operating activities	705.2	162.7	268.7	128.9	145.0	250.5	106.2	18.3	46.3	79.7
ROE (cumulative), %	16.2	16.2	16.7	15.9	16.8	11.4	11.4	12.4	14.3	15.9
ROCE (cumulative), %	17.2	17.2	18.4	17.5	17.4	11.6	11.6	12.8	14.6	15.3
Equity/assets ratio, %	61.4	61.4	58.7	62.4	64.2	60.8	60.8	56.1	58.7	59.3

SALES BY MARKET										
SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Sweden	325.7	81.5	56.9	87.3	100.1	323.8	83.3	64.9	87.5	88.1
Other Nordic countries	270.9	66.9	59.4	69.2	75.3	248.3	59.7	60.2	62.8	65.7
Germany	552.8	121.3	132.9	133.2	165.5	589.3	146.5	136.9	146.0	159.9
Other European countries	949.4	233.8	227.0	237.6	251.0	782.0	210.1	179.8	186.5	205.7
US	2,552.9	663.9	671.0	643.0	575.1	1,839.7	476.0	446.8	458.9	458.1
Rest of North America	590.8	140.2	159.9	158.6	132.1	366.9	86.1	101.0	90.3	89.5
Brazil	145.5	37.0	40.3	39.0	29.2	121.1	29.4	30.9	34.7	26.1
Australia/New Zealand	142.5	35.9	39.1	35.9	31.6	123.5	44.8	22.6	29.0	27.3
China	57.6	14.2	18.6	14.3	10.5	69.7	25.5	20.5	12.9	10.8
Rest of world	151.6	55.2	34.7	32.2	29.0	115.7	30.1	28.1	32.8	24.5
Group	5,739.8	1,449.9	1,439.8	1,450.2	1,399.9	4,580.0	1,191.5	1,091.6	1,141.3	1,155.5



Sales and earnings

Fourth quarter of 2023

Sales increased to 1,449.9 SEK M (1,191.5) and were 21.7% higher compared with the fourth quarter of 2022. Adjusted for acquired sales and currency effects, organic growth was 15.4% (11.5).

Truck & Trailer Equipment's organic growth decreased 8.8%, organic growth in Mobile Thermal Solutions increased with 41.6% and Ringfeder Power Transmission's organic growth decreased 5.7%.

Consolidated operating profit (EBITA) increased to SEK 217.5 M (134.7), corresponding to an operating margin of 15.0% (11.4). The increased profitability was a result of a pronounced improvement in the situation in Mobile Thermal Solutions' bus operations in the US compared with the fourth quarter of 2022, which was affected by low levels of efficiency and high costs for the establishment of new production operations. Truck & Trailer Equipment's operating margin (EBITA) decreased marginally to 20.8% (20.9). Mobile Thermal Solutions' operating margin (EBITA) increased to 13.7% (2.1). The operating margin in Mobile Thermal Solutions was positively impacted by the stabilization and improvement in productivity in the bus operations in the US. Fourth-quarter earnings for 2022 were burdened by extremely low production efficiency as well as costs for obsolete stock. A high level of demand for both off-road and bus products also had a positive effect.

Ringfeder Power Transmission's operating margin (EBITA) decreased to 13.0% (21.0) for the quarter. The operating margin for Ringfeder Power Transmission in the fourth quarter of 2022 was positively impacted by SEK 26.7 M from the divestment of property in the US while costs of SEK 8.1 M were incurred for the wind-down of operations.

The consolidated net interest expense for the fourth quarter was SEK –8.1 M (–14.9) and the quarter's currency effect on foreign-currency denominated financial liabilities was SEK –14.8 M (–6.3). Net interest items were positively impacted by the positive cash flow and reduction in net debt. Other financial expenses amounted to SEK –2.7 M (–0.1). Profit after financial items increased to SEK 183.4 M (105.6) and operating profit after tax increased to SEK 129.5 M (90.6). Earnings per share totaled SEK 5.18 (3.62) before and after dilution.

During the fourth quarter, VBG Group finalized the acquisition of all shares in the Indian company Rathi Transpower Pvt. Limited, including subsidiaries in Australia and Germany. The company was consolidated into VBG Group as of November 1 and reported SEK 150 M in sales with an adjusted EBITDA margin of approximately 17% for fiscal year 2022/2023. In total the company has 246 permanent employees and just over 200 contracted employees. The estimated total purchase consideration is SEK 300 M and also includes acquisition of the land where the factory in Alandi, Pune is located as well as an estimated additional purchase consideration of SEK 22 M, which is based on the outcome of EBITDA for fiscal year 2023/2024.

Full-year 2023

Sales totaled SEK 5,739.8 M (4,580.0) and were 25.3% higher than full-year 2022. Adjusted for acquired sales and currency effects between the periods, organic volume growth was 18.2%. Operating profit (EBITA) increased to SEK 858.0 M (557.5), corresponding to an operating margin (EBITA) of 14.9% (12.2). The increased profitability was a result of a pronounced improvement in the situation in Mobile Thermal Solutions' bus operations in the US, as well as the effects produced by a lag in price increases. Furthermore, a favorable market with high demand in North America resulted in high levels of capacity utilization in our production facilities for most of 2023. Earnings for full-year 2022 were charged with SEK 24.4 M in costs for relocating the bus operations in Mobile Thermal Solutions in the US. Earnings for 2022 were also positively impacted by SEK 18.8 M in capital gains for the sale of the property in Indiana during the second quarter. Earnings for 2022 were charged with SEK 8.1 M in costs for the co-location of Ringfeder Power Transmission's operations in the US, and positively impacted by SEK 26.7 M in capital gains for the divestment of the property in the US.

Consolidated net interest expense for the full year was SEK –35.3 M (–29.1) and the currency effect on foreign-currency denominated assets and liabilities totaled SEK –18.2 M (–10.7). Net financial items deteriorated as a result of gradually rising market interest rates. Other financial expenses amounted to SEK –9.6 M (0.4). Taken together, this resulted in net financial items of SEK –63.1 M (–39.4). Accordingly, profit after financial items was SEK 761.9 M (487.8), profit after tax totaled SEK 568.6 M (368.3) and earnings per share amounted to SEK 22.74 (14.73).

Capital expenditures and depreciation/amortization

The Group's new capital expenditures for the fourth quarter totaled SEK 28.2 M (62.9). Total new capital expenditures for the full year were SEK 117.3 M (434.9). The higher level in 2022 was attributable to investments in the new Mobile Thermal Solutions production facility at York, Pennsylvania. Depreciation/amortization for the fourth quarter totaled SEK 13.9 M (35.3) and depreciation/amortization for the full year totaled SEK 128.1 M (136.3). The lower level of depreciation/amortization in the fourth quarter is attributable to remeasurement of lease commitments.

Financial position

Full-year 2023

Profit after tax for the period increased to SEK 568.6 M (368.3) and other comprehensive income – pertaining to translation differences in foreign currencies and remeasurement of pension plans – totaled SEK –45.3 M (251.8), which resulted in comprehensive income for the period of SEK 523.3 M (619.8). Dividends paid in 2023 totaled SEK 137.5 M (125.1). Accordingly, consolidated equity increased to SEK 3,674.1 M (3,288.3) during 2023.

The equity/assets ratio increased during the period to 61.4% (60.8). Cash and cash equivalents, including currency effects, increased by SEK 387.1 M (168.6) during the period as a result of high levels of profitability from operating activities and new borrowings under the credit facility. Cash and cash equivalents totaled SEK 885.9 M (498.8) at the end of the period. In addition, there were unutilized overdraft facilities of SEK 100.0 M (100.0), which means the Group at the end of December had available liquidity, excluding scope under credit agreements, of SEK 985.9 M (598.8).

The Group's interest-bearing net debt declined by SEK 329.2 M during the year and amounted to SEK 392.9 M at the end of the period (722.1).

The ratio of consolidated interest-bearing net debt to equity was 0.11 (0.22) at December 31, 2023 and the ratio of interest-bearing net debt to consolidated operating profit before depreciation/amortization and impairment (EBITDA on a rolling four-quarter basis) was 0.41 (1.09).

Consolidated goodwill increased by SEK 117.0 M as a result of the acquisition of Rathi Transpower Pvt. Limited and decreased by SEK 10.1 M from currency effects, amounting at the end of the period to SEK 1,291.3 M (1,226.8), which in relation to equity amounted to a ratio of 0.35 (0.62).

Cash flow

Full-year 2023

Cash flow from operating activities increased compared with the year-earlier period, totaling SEK 705.2 M (250.5). The increase in relation to the preceding year is attributable primarily to a rise in underlying earnings and lower accumulation of working capital, pertaining primarily to inventory. Investments made during the period totaled SEK 375.4 M (56.0), with an increased level of investments attributable to acquisitions of subsidiaries and the expansion of the production facility in Vänersborg. Consolidated total borrowings and lease liabilities increased during the full-year by SEK 168.9 M (–252.9) and the dividend that was paid out in May totaled SEK 137.5 M (125.0), which means that cash flow for the period totaled SEK 394.5 M (–183.5).

Personnel

At December 31, 2023, there were 2,065 employees (1,773) in VBG Group, including 230 (223) in Sweden. During full-year 2023, the Group employed an average of 1,864 persons (1,731). Of these, 221 (226) were active in Sweden. The cost of salaries and social security contributions for the full year was SEK 1,205.8 M (1,086.4).

Per share data

Earnings per share amounted to SEK 22.74 (14.73). Equity per share was SEK 146.16 at December 31, 2023, compared with SEK 131.51 at the same time last year.

At the end of the quarter, the share price was SEK 243.00, which corresponds to a market capitalization of SEK 6,076 M, compared with a share price of SEK 140.00 and market capitalization of SEK 3,501 M in the fourth quarter of 2022.

The number of shareholders increased by 4,877 during the full year, totaling 11,701 (6,824).



FOURTH QUARTER OF 2023

- Sales decreased 7.0% to **SEK 412.3 M** (443.2).
- Adjusted for currency effects between the years, organic growth decreased **8.8%**.
- Operating profit (EBITA) decreased to **SEK 85.9 M** (92.5), with an operating margin (EBITA) of 20.8% (20.9).

FULL-YEAR 2023

- Sales increased 6.1% to **SEK 1,727.7 M** (1,628.8).
- Adjusted for currency effects between the years, organic growth was **1.2%**.
- During the third quarter, the Swedish operations of Truck & Trailer Equipment received an energy subsidy of SEK 3.5 M.
- Operating profit (EBITA) amounted to **SEK 370.3 M** (307.6), with an operating margin (EBITA) of 21.4% (18.9).

SALES/EARNINGS

SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales	1,727.7	412.3	381.7	437.9	495.7	1,628.8	443.2	362.4	388.3	434.8
Operating profit (EBITDA)	393.2	82.7	89.9	97.6	123.0	341.3	98.9	61.5	79.4	101.5
Operating profit (EBITA)	370.3	85.9	81.2	88.6	114.7	307.6	92.5	52.6	69.1	93.4
Operating margin (EBITA), %	21.4	20.8	21.3	20.2	23.1	18.9	20.9	14.5	17.8	21.5
Operating profit (EBIT)	364.2	84.2	79.4	87.3	113.3	302.6	91.1	51.4	67.9	92.2
Operating margin (EBIT), %	21.1	20.4	20.8	19.9	22.9	18.6	20.6	14.2	17.5	21.2
ROOC, %	62.0	62.0	65.1	61.8	60.3	57.3	57.3	53.2	53.7	56.5

SALES BY MARKET

SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Sweden	273.9	68.4	46.5	74.8	84.1	271.1	69.7	52.2	72.9	76.2
Other Nordic countries	215.6	54.0	45.6	55.4	60.5	194.4	48.5	45.1	48.7	52.1
Germany	319.1	64.0	75.9	74.7	104.6	373.3	94.8	84.2	91.8	102.5
Other European countries	591.4	134.7	135.0	152.1	169.5	495.4	130.6	117.1	111.6	136.1
US	159.5	49.0	33.4	33.3	43.8	136.9	45.4	33.0	24.1	34.4
Rest of North America	21.2	5.5	6.7	5.6	3.3	11.4	3.5	3.0	2.4	2.6
Australia/New Zealand	112.6	26.3	29.7	31.9	24.7	105.3	40.3	19.0	24.5	21.4
China	0.3	0.1	0.0	0.0	0.2	4.9	1.7	1.2	1.9	0.1
Rest of world	34.2	10.4	8.8	10.0	5.1	36.2	8.7	7.7	10.4	9.4
Truck & Trailer Equipment	1,727.7	412.3	381.7	437.9	495.7	1,628.8	443.2	362.4	388.3	434.8

Sales and earnings

Fourth quarter of 2023

Sales for the quarter declined 7.0% year-on-year, to SEK 412.3 M (443.2). Adjusted for currency effects, where the average USD rate between the quarters weakened 0.5% and the EUR – which is a more important currency for the division – strengthened 4.9%, organic growth was –8.8%.

Operating profit (EBITA) for Truck & Trailer Equipment decreased year-on-year to SEK 85.9 M (92.5) in the fourth quarter, with an operating margin (EBITA) of 20.8% (20.9). Demand for coupling products remained high, and the lag in price increases that occurred in 2022 has been increasingly catching up. However, the market for trailer components in Europe declined markedly in the third and fourth quarters compared with the corresponding periods for 2022, which explains the decrease in sales compared to 2022.

Full-year 2023

Sales for the full year increased 6.1% year-on-year to SEK 1,727.7 M (1,628.8). Adjusted for currency effects, where the average USD rate between the periods strengthened 4.9% and the EUR – which is a more important currency for the division – strengthened 7.9%, organic growth was 1.2%. EBITA for Truck & Trailer Equipment increased year-on-year to SEK 370.3 M (307.6), with an EBITA margin of 21.4% (18.9). During the third quarter, the Swedish operations of Truck & Trailer Equipment received an energy subsidy of SEK 3.5 M. Demand remained high, and the lag in price increases that occurred in 2022 to offset the sharp rise in raw materials costs has caught up.

Over the full year, the division's working capital decreased by SEK 23.8 M to SEK 374.2 M (398.1). With the addition of property, plant and equipment of SEK 244.3 M, operating capital amounted to SEK 618.5 M (599.8) at the end of December.

The division's return on operating capital (ROOC) was 62.0% (57.3).

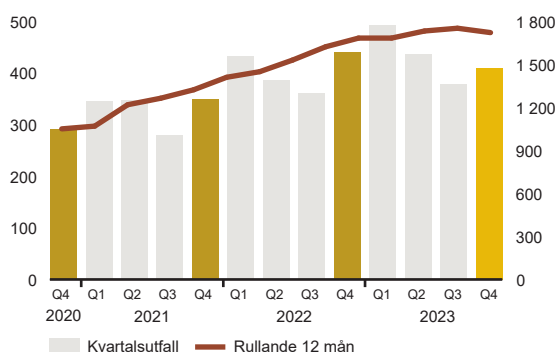
Capital expenditures and depreciation/amortization

Truck & Trailer Equipment's investments in property, plant and equipment during the fourth quarter totaled SEK 14.8 M (13.9). Total new capital expenditures for the full year were SEK 63.2 M (41.1). The higher level of investments pertained primarily to the expansion of the production facility and investments in machinery in Vänersborg. Depreciation/amortization for the fourth quarter totaled SEK –1.6 M (7.8), with the positive figure being caused by remeasurement of lease commitments, and totaled SEK 29.0 M (38.7) for the full year.

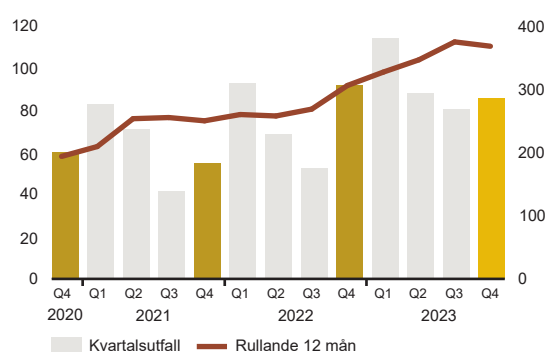
Personnel

At December 31, 2023, there were 388 employees (382) in the division. Over the full year, Truck & Trailer Equipment employed an average of 383 persons (384). Personnel costs for the full year amounted to SEK 317.1 M (303.5), resulting in a cost per employee of SEK 828.0 thousand (790.4).

NET SALES, SEK M



OPERATING PROFIT (EBITA), SEK M





FOURTH QUARTER OF 2023

- Sales increased 42.2% to **SEK 794.8 M** (558.8).
- Adjusted for currency effects between the years, organic growth was **41.6%**.
- Operating profit (EBITA) amounted to **SEK 109.2 M** (12.0), with an operating margin (EBITA) of 13.7% (2.1).
- Increased volume and productivity in the new US production facility during the fourth quarter impacted earnings positively.

FULL-YEAR 2023

- Sales increased 41.5% to **SEK 3,161.7 M** (2,234.5).
- Adjusted for currency effects between the years, organic growth was **36.6%**.
- Operating profit (EBITA) amounted to **SEK 391.1 M** (158.5), with an operating margin (EBITA) of 12.4% (7.1).
- Increased volume and productivity, compared with previous years, in the new US production facility impacted earnings positively.

SALES/EARNINGS										
SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales	3,161.7	794.8	835.7	820.4	710.8	2,234.5	558.8	549.1	574.6	552.0
Operating profit (EBITDA)	438.2	108.9	123.0	116.3	90.0	212.5	28.3	67.4	62.8	54.1
Operating profit (EBITA)	391.1	109.2	106.7	100.6	74.6	158.5	12.0	42.2	56.9	47.3
Operating margin (EBITA), %	12.4	13.7	12.8	12.3	10.5	7.1	2.1	7.7	9.9	8.6
Operating profit (EBIT)	369.7	103.7	101.2	95.2	69.5	137.8	6.7	37.1	51.8	42.2
Operating margin (EBIT), %	11.7	13.1	12.1	11.6	9.8	6.2	1.2	6.8	9.0	7.6
ROOC, %	32.3	32.3	25.9	22.1	20.1	19.1	19.1	21.5	24.4	25.8

SALES BY MARKET										
SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Sweden	47.8	11.9	9.5	11.5	15.0	48.7	12.7	11.6	13.4	11.0
Other Nordic countries	50.5	11.6	12.6	12.9	13.3	50.7	10.3	14.2	13.3	12.9
Germany	34.5	8.1	8.2	9.2	9.0	25.9	5.2	6.4	7.5	6.8
Other European countries	226.6	52.7	53.6	60.7	59.6	204.4	51.7	44.9	55.7	52.0
US	2,190.6	565.9	585.7	560.9	478.1	1,514.5	388.6	365.2	386.8	373.8
Rest of North America	560.1	132.4	150.8	150.8	126.1	349.6	80.6	96.7	86.8	85.4
China	27.6	6.8	8.2	7.6	5.0	21.1	5.0	5.7	4.7	5.8
Rest of world	24.0	5.5	7.1	6.9	4.6	19.6	4.5	4.4	6.3	4.3
Mobile Thermal Solutions	3,161.7	794.8	835.7	820.4	710.8	2,234.5	558.8	549.1	574.6	552.0

Sales and earnings

Fourth quarter of 2023

Sales for the fourth quarter increased 42.2% year-on-year to SEK 794.8 M (558.8), with North America accounting for the largest increases. Adjusted for currency effects, where the average USD rate weakened 0.5% compared with the fourth quarter of the preceding year and the CAD weakened 0.9%, organic growth was 41.6%.

The operating margin (EBITA) for Mobile Thermal Solutions totaled SEK 109.2 M (12.0) and the operating margin (EBITA) increased to 13.7% (2.1). Stabilization and increased productivity at the new production facility in the US, in combination with record-high demand for both off-road and bus products, enabled higher operating profit (EBITA) and an improved operating margin (EBITA). The comparison period in 2022 was burdened with low efficiency and costs for impairment of obsolete stock.

Full-year 2023

For the full year, Mobile Thermal Solutions reported growth in sales of 41.5% year-on-year. Sales totaled SEK 3,161.7 M (2,234.5). Adjusted for currency effects, where the average USD rate strengthened 4.9% compared with the year-earlier period and the CAD strengthened 1.2%, organic growth was 36.6%.

EBITA for Mobile Thermal Solutions increased SEK 391.1 M (158.5) year-on-year with an EBITA margin of 12.4% (7.1). Increased productivity in the US, which manufactures bus products, in combination with record-high demand for Mobile Thermal Solutions' products, promoted a sharp improvement in earnings and a strengthened operating margin (EBITA). Costs of SEK 24.4 M were incurred over full-year 2022,

related to the relocation of the bus operations from Indiana to Pennsylvania in the US. Operating profit (EBITA) was also positively impacted by a capital gain of SEK 18.8 M from the sale of the property in Indiana in 2022.

Over the full year, the division's working capital increased by SEK 47.0 M to SEK 832.6 M (785.6) as a result of higher sales and currency effects. With the addition of SEK 391.9 M in property, plant and equipment, operating capital amounted to SEK 1,224.5 M (1,327.7) at the end of December.

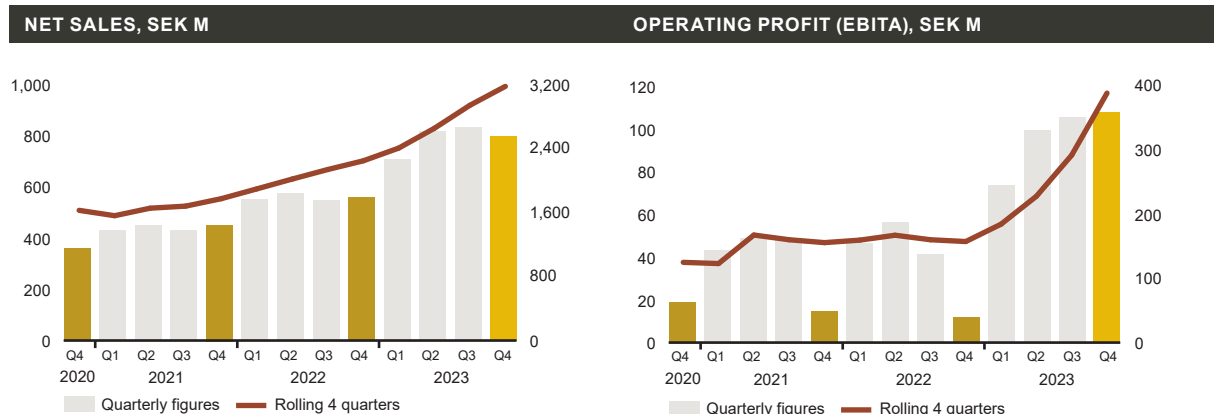
The division's return on operating capital (ROOC) for 2023 strengthened, totaling 32.3% (19.1).

Capital expenditures and depreciation/amortization

Investments in property, plant and equipment by Mobile Thermal Solutions in the fourth quarter amounted to SEK 15.9 M (37.2). New capital expenditures for the full year totaled SEK –5.1 M (372.9). The positive level of investments was caused by remeasurement of lease commitments. The higher level in 2022 was attributable to investments in the new US production facility at York, Pennsylvania. Depreciation/amortization totaled SEK 5.2 M (21.6) for the fourth quarter and SEK 68.6 M (74.8) for the full year.

Personnel

At December 31, 2023, there were 1,022 employees (1,007) in the division. During the full year, Mobile Thermal Solutions employed an average of 1,056 persons (965). Personnel costs for the full year amounted to SEK 628.2 M (543.3), resulting in a cost per employee of SEK 594.9 thousand (563.0).





FOURTH QUARTER OF 2023

- Sales increased 28.1% to **SEK 242.7 M** (189.5).
- Adjusted for currency effects and acquired sales between the years, organic growth decreased **5.7%**.
- Operating profit (EBITA) decreased to **SEK 31.6 M** (39.8), with an operating margin (EBITA) of 13.0% (21.0).

FULL-YEAR 2023

- Sales increased 18.7% to **SEK 850.4 M** (716.7).
- Adjusted for acquired sales and currency effects between the years, organic growth was **0.2%**.
- Operating profit (EBITA) increased to **SEK 125.3 M** (113.7), with an operating margin (EBITA) of 14.7% (15.9).

SALES/EARNINGS										
SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales	850.4	242.7	222.4	191.9	193.4	716.7	189.5	180.0	178.3	168.9
Operating profit (EBITDA)	147.0	38.2	45.0	36.2	27.6	129.8	44.1	24.8	29.6	31.3
Operating profit (EBITA)	125.3	31.6	40.0	31.3	22.5	113.7	39.8	21.2	25.6	27.2
Operating margin (EBITA), %	14.7	13.0	18.0	16.3	11.6	15.9	21.0	11.8	14.4	16.1
Operating profit (EBIT)	119.8	30.1	38.6	29.9	21.1	109.1	38.7	20.5	24.1	25.8
Operating margin (EBIT), %	14.1	12.4	17.3	15.6	10.9	15.2	20.4	11.4	13.5	15.3
ROOC, %	30.0	30.0	32.5	29.3	29.7	32.2	32.2	27.9	33.0	35.1

SALES BY MARKET										
SEK M	Full-year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Full-year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Sweden	4.1	1.3	0.8	1.0	1.0	4.1	0.9	1.1	1.2	0.9
Other Nordic countries	4.8	1.3	1.1	0.8	1.5	3.2	0.9	0.9	0.7	0.7
Germany	199.1	49.2	48.8	49.3	51.8	190.1	46.5	46.3	46.6	50.7
Other European countries	131.5	46.5	38.4	24.7	21.9	82.3	27.8	17.7	19.1	17.7
US	202.9	49.0	51.8	48.9	53.2	188.4	42.0	48.6	47.9	49.9
Rest of North America	9.5	2.3	2.3	2.2	2.7	5.8	1.9	1.3	1.1	1.4
Brazil	136.8	35.3	38.3	35.9	27.3	106.3	26.1	28.4	30.7	21.1
Australia/New Zealand	27.6	8.9	8.9	3.3	6.5	17.0	4.0	3.4	4.1	5.4
China	29.7	7.3	10.4	6.6	5.4	43.7	18.8	13.6	6.4	4.9
Rest of world	104.4	41.6	21.5	19.1	22.2	75.8	20.6	18.7	20.4	16.1
Ringfeder Power Transmission	850.4	242.7	222.4	191.9	193.4	716.7	189.5	180.0	178.3	168.9

Sales and earnings

Fourth quarter of 2023

Sales for the fourth quarter increased 28.1% year-on-year to SEK 242.7 M (189.5); adjusted for acquired sales and currency effects – where the average USD rate weakened 0.5%, the BRL strengthened 5.6% and the EUR strengthened 4.9% – organic growth decreased 5.7%.

Operating profit (EBITA) for Ringfeder Power Transmission decreased to SEK 31.6 M (39.8) and the operating margin (EBITA) totaled 13.0% (21.0). Fourth-quarter earnings decreased compared with the year-earlier period. One property in the US was divested in the fourth quarter of 2022, which results in a capital gain of SEK 26 M while restructuring costs of SEK 8 M were incurred for the wind-down of those same operations.

The acquisition of all shares in the Indian company Rathi Transpower Pvt. Limited, including subsidiaries in Australia and Germany, was finalized in the fourth quarter. 2023/2024.

Full-year 2023

Sales for the full year increased 18.7% year-on-year to SEK 850.4 M (716.7); adjusted for acquired sales and currency effects – where the average USD rate strengthened 4.9%, the BRL strengthened 8.4% and the EUR strengthened 7.9% year-on-year – organic growth decreased 0.2%.

EBITA for Ringfeder Power Transmission increased year-on-year to SEK 125.3 M (113.7) and the EBITA margin totaled 14.7% (15.9). Changes in the product mix, greater price sensitivity among customers in Europe, higher raw

materials prices and disruptions in the supply chain during the quarter had a negative impact on the EBITA margin compared with the year-earlier period.

During the period, the division's working capital increased by SEK 51.7 M to SEK 335.5 M (283.8). With the addition of SEK 170.5 M in property, plant and equipment, operating capital amounted to SEK 506.0 M (426.3) at the end of December.

The division's return on operating capital (ROOC) for the period decreased to 30.0% (32.2). The decrease is largely attributable to the addition of Rathi Transpower.

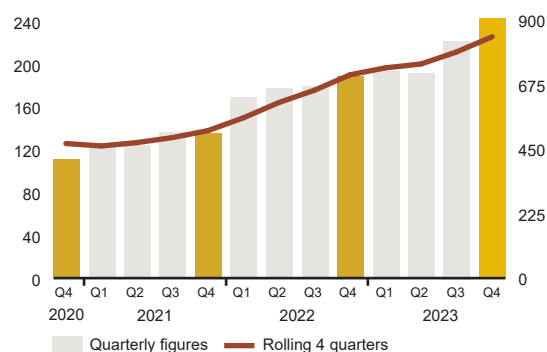
Capital expenditures and depreciation/amortization

Investments in property, plant and equipment by Ringfeder Power Transmission in the fourth quarter amounted to SEK 13.0 M (11.8). New capital expenditures for the full year totaled SEK 32.4 M (20.1). The higher level is attributable to an increase in investments in the Brazilian operations. Depreciation/amortization totaled SEK 2.3 M (5.4) for the fourth quarter and SEK 3.3 M (20.8) for the full year.

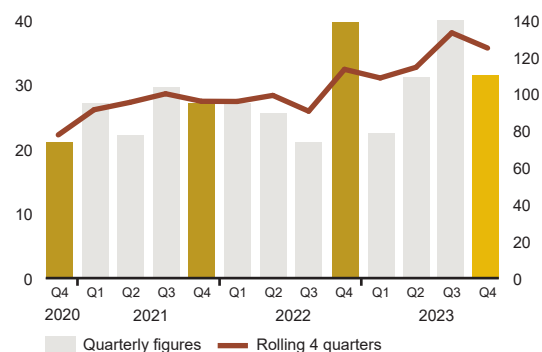
Personnel

At December 31, 2023, there were 646 employees (375) in the division. During the full year, Ringfeder Power Transmission employed an average of 416 persons (373). Personnel costs for the full year amounted to SEK 223.8 M (208.2), resulting in a cost per employee of SEK 538.4 thousand (558.2).

NET SALES, SEK M



OPERATING PROFIT (EBITA), SEK M



Other information

Parent Company

VBG Group AB's operations are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and brands. The objective is for the Group's key intangible assets, in the form of brands and other rights, to be gathered in the Parent Company. VBG Group AB focuses on maintaining and securing all the Group's trademarks and rights.

The Parent Company's net sales pertain primarily to intra-Group services and license revenues and amounted to SEK 57.7 M (56.7) during the period. Operating loss for the full year totaled SEK –15.4 M (–3.6). The lower operating result is largely attributable to the Parent Company being charged with costs for two CEOs (one taking office, one retiring) in the first five months of 2023. Profit after dividends from Group companies, net financial items and tax totaled SEK 125.6 M (6.7).

Accounting policies

The VBG Group applies the EU-endorsed IFRS standards and interpretations thereof (IFRIC). This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting, and for the Parent Company, in accordance with the Annual Accounts Act and recommendation RFR 2, Accounting for Legal Entities. The same accounting policies and calculation methods were applied as in the most recent annual report.

This report may contain rounding differences.

Errata

In conjunction with the closing of the accounts for 2023, it was found that the property sales from 2022 had been incorrectly reported in the consolidated statement of cash flow. The error has been corrected in this interim report, which means that the cash flow in the 2022 Annual Report as adopted by the Group has been corrected as follows:

Consolidated cash flow	According to 2022 Annual Report as adopted (SEK M)	Amount of correction	Corrected cash flow, 2022
Other items not affecting liquidity	45,1	–17,6	27,5
Divestment of property	0	–44,5	–44,5
Cash flow before change in working capital	595,8	–62,1	533,7
Cash flow from operating activities	312,6	–62,1	250,5
Divestment of property	430,2	–92,2	338,0
Cash flow from investing activities	–118,1	62,1	–56,0

Risks and uncertainty factors

The Group's and the Parent Company's significant risks and uncertainty factors include strategic, operational, compliance and financial risks, where the financial risks consist of financing and liquidity risks, interest-rate risk, credit risk and currency risk.

We are seeing increased geopolitical turbulence and macroeconomic headwinds, especially in Europe, with rising inflation and interest rates. Despite these uncertainties, the Group has continued to increase its sales and improve its earnings.

For a more detailed description of the Group's risks and risk management, refer to VBG Group AB's annual report for 2022.

Outlook for 2024

The company makes no forecast.

Financial information 2024

Interim report, three months 2024	April 25, 2024
Annual General Meeting 2024	May 2, 2024
Interim report, six months 2024	July 19, 2024
Interim report, nine months 2024	October 23, 2024

Related party transactions

There were no related party transactions in 2023 that significantly affected the company's financial position and results. Related party transactions during 2022 are disclosed in Note 6 of the annual report for 2022.

Auditor's review

This year-end report is unaudited.

Events after the close of the reporting period

No significant events occurred after the close of the period.

PROPOSED DISTRIBUTION OF PROFITS

The following funds in the Parent Company are available for distribution by the AGM:

Retained earnings	1,161,536,244
Net profit for the year	125,634,437
	1,287,170,681

The Board of Directors proposes that these funds be distributed as follows:

dividend to shareholders	175,028,336
to be carried forward	1,112,142,345
	1,287,170,681

Vänernborg, February 20, 2024
VBG Group AB (publ)

Anders Erkén
President and CEO

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Note:

This information is of the type that VBG Group AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication at 2:30 pm CET on February 20, 2024.

Press releases in the fourth quarter of 2023

SSAB and VBG Group connect their ambitions for a fossil-free world	October 12, 2023
Interim report January–September 2023	October 24, 2023
Nomination Committee for the VBG Group Annual General Meeting 2024	October 30, 2023
VBG Group completes acquisition of Rathi Transpower Pvt. Limited	November 10, 2023

Condensed consolidated income statement and statement of other comprehensive income

SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Cost of goods sold	-972.6	-844.7	-3,940.7	-3,232.7
Gross profit	477.3	346.8	1,799.0	1,347.3
Selling expenses	-117.6	-102.8	-428.3	-392.5
Administrative expenses	-102.1	-92.0	-369.9	-336.7
Research and development costs	-34.6	-34.5	-142.1	-134.4
Other operating income and expenses	-14.1	9.4	-33.8	43.5
	-268.4	-219.8	-974.1	-820.1
Operating profit	209.0	127.0	824.9	527.2
Exchange rate effects, net	-14.8	-6.3	-18.2	-10.7
Interest income	11.5	5.0	34.9	8.3
Interest expenses	-19.6	-19.9	-70.2	-37.4
Other financial income and expenses	-2.7	-0.1	-9.6	0.4
Total financial items	-25.5	-21.4	-63.1	-39.4
Profit after financial items	183.4	105.6	761.9	487.8
Income tax	-53.9	-14.9	-193.3	-119.5
Profit for the period	129.5	90.6	568.6	368.3
Profit for the period attributable to Parent Company shareholders	129.5	90.6	568.6	368.3
Other comprehensive income				
Profit for the period	129.5	90.6	568.6	368.3
Items that will not be reversed in the income statement				
Effect of translation of defined-benefit pension plans, net after tax	-17.2	38.8	-6.1	50.9
Items that may later be reversed in the income statement				
Translation differences pertaining to foreign operations	-111.9	2.8	-39.1	200.6
Other comprehensive income, net after tax	-129.0	41.6	-45.3	251.5
Comprehensive income for the period	0.4	132.2	523.3	619.8
Comprehensive income for the period attributable to Parent Company shareholders	0.4	132.2	523.3	619.8

Sales and earnings by segment

SEK M	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group- wide	Group
Q4 2023					
Net sales	412.3	794.8	242.7		1,449.9
Operating profit (EBIT)	84.2	103.7	30.1	-9.2	209.0
Operating margin (EBIT), %	20.4	13.1	12.4		14.4
Net financial items				-25.5	-25.5
Profit after financial items					183.3
Full-year 2023					
Net sales	1,727.7	3,161.7	850.4		5,739.8
Operating profit (EBIT)	364.2	369.7	119.8	-28.8	824.9
Operating margin (EBIT), %	21.1	11.7	14.1		14.4
Net financial items				-63.1	-63.1
Profit after financial items					761.8
Q4 2022					
Net sales	443.2	558.8	189.5		1,191.5
Operating profit (EBIT)	91.1	6.7	38.7	-9.5	127.0
Operating margin (EBIT), %	20.6	1.2	20.4		10.7
Net financial items				-21.4	-21.4
Profit after financial items					105.6
Full-year 2022					
Net sales	1,628.8	2,234.5	716.7		4,580.0
Operating profit (EBIT)	302.6	137.8	109.1	-22.2	527.2
Operating margin (EBIT), %	18.6	6.2	15.2		11.5
Net financial items				-39.4	-39.4
Profit after financial items					487.8

Consolidated Balance Sheet

SEK M	Dec. 31, 2023	Dec. 31, 2022
Assets		
Non-current assets		
Intangible assets		
Brands, customer relationships and other intangible assets	939.3	821.1
Goodwill	1,291.3	1,226.8
	2,230.7	2,047.9
Property, plant and equipment		
Land and buildings	251.7	198.3
Plant and machinery	178.2	134.5
Equipment, tools, fixtures and fittings	72.0	96.3
Construction in progress	14.9	29.6
Right-of-use assets	297.0	430.2
	813.9	888.9
Deferred tax asset	27.5	24.3
Total non-current assets	3,072.0	2,961.1
Current assets		
Inventories		
Raw materials and consumables	531.9	628.1
Work in progress	142.9	123.9
Finished products and merchandise	364.4	358.5
	1,039.1	1,110.5
Current receivables		
Trade receivables	821.8	673.1
Current tax assets	35.9	27.8
Other receivables	88.3	98.6
Prepaid expenses and accrued income	30.0	42.1
Current capital expenditures	11.8	—
	987.8	841.6
Cash and cash equivalents		
Cash on hand and demand deposits	885.9	498.8
Total current assets	2,912.9	2,451.0
Total assets	5,985.0	5,412.0
Equity and liabilities		
Equity		
Share capital	65.5	65.5
Other contributed capital	781.3	781.3
Reserves	248.9	288.0
Retained earnings, incl. net profit for the year	2,578.4	2,153.5
Total equity	3,674.1	3,288.3
Non-current liabilities		
Provisions for pensions and similar obligations	202.1	196.9
Deferred tax liability	229.0	213.4
Other provisions	95.8	61.0
Lease liability	258.1	399.0
Liabilities to credit institutions	730.5	576.0
Other non-current liabilities	55.7	23.1
Total non-current liabilities	1,571.2	1,469.3
Current liabilities		
Trade payables	322.5	323.3
Current tax liabilities	95.5	49.8
Other liabilities	45.6	39.2
Lease liability	55.7	49.1
Accrued expenses and deferred income	220.4	193.1
Total current liabilities	739.7	654.4
Total equity and liabilities	5,985.0	5,412.0

Consolidated changes in equity

SEK M	Full-year 2023	Full-year 2022
Opening equity according to balance sheet at December 31	3,288.3	2,793.5
Total comprehensive income for the period	523.3	619.8
Dividend	-137.5	-125.0
Equity at end of period	3,674.1	3,288.3

Consolidated cash flow statement

SEK M	Full-year 2023	Full-year 2022
Operating activities		
Operating profit	824.9	527.2
Depreciation/amortization	128.1	136.3
Other items not affecting liquidity	-55.3	27.5
Gains from divestment of property	-4.5	-44.5
Interest received, etc.	37.2	11.3
Interest paid	-67.5	-24.3
Tax paid	-179.4	-99.8
Cash flow before change in working capital	683.5	533.7
Decrease/increase (-) in inventories	92.8	-201.4
Decrease/increase (-) in trade receivables	-120.7	-83.3
Decrease/increase (-) in other current receivables	36.0	-65.0
Increase/decrease (-) in trade payables	-13.7	54.6
Increase/decrease (-) in other current liabilities	27.3	11.9
Cash flow from operating activities	705.2	250.5
Investing activities		
Investments in intangible assets	-3.3	-4.6
Investments in property, plant and equipment	-111.5	-113.5
Divestment of property	15.6	62.1
Net settlements, business combinations	-243.5	—
Cash flow from investing activities	-342.7	-56.0
Financing activities		
Loans raised and changes to existing loans	183.5	-211.2
Amortization of lease liability	-14.1	-41.7
Dividend paid	-137.5	-125.0
Cash flow from financing activities	31.9	-377.9
Cash flow for the year	394.5	-183.5
Cash and cash equivalents at start of year	498.8	667.4
Translation difference, cash and cash equivalents	-7.4	14.9
Cash and cash equivalents at year-end	885.9	498.8
Unutilized overdraft facilities	100.0	100.0
Total cash and cash equivalents available	985.9	598.8

Parent Company income statement

SEK M	Full-year 2023	Full-year 2022
Net sales	57.7	56.7
Administrative expenses	-73.1	-60.3
Operating loss	-15.4	-3.6
Net financial items	96.8	-7.0
Profit/loss after financial items	81.3	-10.6
Appropriations	49.0	18.5
Tax	-4.7	-1.2
Profit for the period	125.6	6.7

Parent Company balance sheet

SEK M	Dec. 31, 2023	Dec. 31, 2022
Property, plant and equipment	0.8	1.3
Financial assets	2,194.4	2,016.7
Total non-current assets	2,195.2	2,018.0
Receivables	166.1	329.8
Cash on hand and demand deposits	551.5	277.5
Total current assets	717.7	607.3
Total assets	2,912.9	2,625.3
Equity	1,405.9	1,417.8
Untaxed reserves	24.8	18.8
Provisions	17.6	15.4
Non-current liabilities	729.5	575.5
Current liabilities	735.1	597.8
Total equity and liabilities	2,912.9	2,625.3

Business combinations

On November 9, 2023, the Group acquired 100% of the shares in Rathi Transpower Pvt. Limited through one of its wholly owned subsidiaries, Ringfeder Power Transmission India Private Ltd. The acquired company was consolidated into Ringfeder Power Transmission division as of November 1, 2023. The purchase consideration for all shares in the company amounted to SEK 284.4 M. According an initial preliminary acquisition plan, the acquisition resulted in consolidated goodwill of SEK 74.6 M. The acquired company has annual sales of approximately SEK 150 M, and has approximately 246 full-time employees as well as just over 200 contracted employees. The company generated profit of SEK 3.6 M in the period from November 1 to December 31. A preliminary acquisition balance is reported below.

SEK M	Fair value
Purchase consideration	284.4
Acquired net assets	
Cash and cash equivalents	7.2
Property, plant and equipment	28.6
Intangible assets	0.1
Customer relationships	146.5
Long-term investments	16.5
Inventories	19.5
Receivables	95.3
Liabilities	-90.7
Deferred tax	-13.2
Preliminary goodwill	74.6
Impact on consolidated cash and cash equivalents	
Total purchase consideration	-284.4
Purchase consideration not settled, including additional purchase consideration	33.7
Cash and cash equivalents in acquired subsidiaries	7.2
Change in cash and cash equivalents due to acquisition	-243.5

Key figures for Group

SEK M	Full-year 2023	Full-year 2022
Operating margin (EBITA), %	14.9	12.2
Operating margin (EBIT), %	14.4	11.5
Profit margin (ROS), %	13.3	10.7
Return on equity (ROE), %	16.2	11.4
Return on capital employed (ROCE), %	17.2	11.6
Equity/assets ratio, %	61.4	60.8
Interest-bearing net debt/EBITDA	0.41	1.09
Equity per share outstanding at end of period, SEK	146.94	131.51
Cash flow from operating activities, per average share outstanding, SEK	28.20	10.02
Profit per average share outstanding during the period, SEK	22.74	14.73
Share price at end of period, SEK	243.00	140.00
Number of employees, average	1,864	1,731
Number of shares outstanding at end of period ('000)	25,004	25,004
Number of treasury shares at end of period ('000)	1,192	1,192

Alternative performance measures

Reconciliation between IFRS and performance measures used

Certain information in this report that is used by Group Management and analysts to assess the Group's performance has not been prepared in accordance with IFRS. Group Management believes that this information makes it easier for investors to analyze the Group's earnings performance and financial structure. Investors should view this information as a supplement to, rather than a replacement of, financial reporting in accordance with IFRS.

ORGANIC GROWTH

Net sales excluding effects of structural changes, meaning acquired or divested operations, and currency effects.

SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Group				
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Acquired volume	-26.1	-20.3	-26.1	-78.0
Currency effect	-49.4	-127.3	-299.5	-407.7
Net sales excluding acquisitions and currencies	1,374.4	1,043.9	5,414.2	4,094.2
Actual organic growth	182.9	107.8	834.2	483.0
Organic growth, %	15.4	11.5	18.2	13.4
Truck & Trailer Equipment				
Net sales	412.3	443.2	1,727.7	1,628.8
Currency effect	-8.1	-29.4	-80.2	-76.6
Net sales excluding acquisitions and currencies	404.3	413.8	1,647.5	1,552.1
Actual organic growth	-38.9	63.5	18.8	224.2
Organic growth, %	-8.8	18.1	1.2	16.9
Mobile Thermal Solutions				
Net sales	794.8	558.8	3,161.7	2,234.5
Currency effect	-3.3	-70.1	-110.3	-260.7
Net sales excluding acquisitions and currencies	791.5	488.6	3,051.4	1,973.8
Actual organic growth	232.7	38.3	816.9	211.1
Organic growth, %	41.6	8.5	36.6	12.0
Ringfeder Power Transmission				
Net sales	242.7	189.5	850.4	716.7
Acquired volume	-26.1	-20.3	-26.1	-78.0
Currency effect	-38.0	-27.8	-109.0	-70.4
Net sales excluding acquisitions and currencies	178.6	141.4	715.2	568.3
Actual organic growth	-10.9	6.0	-1.5	47.8
Organic growth, %	-5.7	4.4	-0.2	9.2

Operating profit (EBITDA)

Operating profit before depreciation/amortization and impairment.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Operating profit (EBIT)	208.9	127.0	824.9	527.2
Depreciation/amortization	13.9	35.3	128.1	136.3
Operating profit (EBITDA)	222.8	162.3	953.0	663.6

Operating margin (EBITDA)

Operating profit before depreciation/amortization as a percentage of net sales.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Operating profit (EBIT)	208.9	127.0	824.9	527.2
Depreciation/amortization	13.9	35.3	128.1	136.3
Operating margin (EBITDA), %	15.4	13.6	16.6	14.5

Operating profit (EBITA)

Operating profit before depreciation/amortization and impairment of intangible assets.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Operating profit (EBIT)	208.9	127.0	824.9	527.2
Amortization of intangible assets	8.6	7.7	33.1	30.3
Operating profit (EBITA)	217.5	134.7	858.0	557.5

Operating margin (EBITA)

Operating profit before depreciation/amortization and impairment of intangible assets, as a percentage of net sales.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Operating profit (EBIT)	208.9	127.0	824.9	527.2
Amortization of intangible assets	8.6	7.7	33.1	30.3
Operating margin (EBITA), %	15.0	11.3	14.9	12.2

Gross profit margin

Profit before net financial items as a percentage of net sales.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Gross profit	477.3	346.8	1,799.0	1,347.3
Gross profit margin, %	32.9	29.1	31.3	29.4

Profit margin

Profit after financial items as a percentage of net sales.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Net sales	1,449.9	1,191.5	5,739.8	4,580.0
Profit after financial items	183.3	105.6	761.8	487.8
Profit margin, %	12.6	8.9	13.3	10.7

Interest-bearing net debt

Interest-bearing loan liabilities and provisions less cash and cash equivalents.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Provisions for pensions			202.1	196.9
Loans			730.5	576.0
Accrued liability, business combinations			32.5	—
Lease liability			313.8	448.0
Bank balances			–885.9	–498.8
Interest-bearing net debt	n/a	n/a	392.9	722.1

Interest-bearing net debt/EBITDA

Interest-bearing loan liabilities as a percentage of operating profit before depreciation/amortization and impairment.

Group, SEK M	Q4 2023	Q4 2022	Full-year 2023	Full-year 2022
Interest-bearing net debt			392.9	722.1
EBITDA, rolling 4 quarter			953.0	663.6
Interest-bearing net debt/EBITDA	n/a	n/a	0.41	1.09

ROOC BY DIVISION

EBITDA as a percentage of operating capital as below.

Group, SEK M	Full-year 2023	Full-year 2022
Group		
Inventories	1,039.1	1,110.5
Trade receivables	821.8	673.1
Trade payables	-322.5	-323.3
Working capital	1,538.5	1,460.3
Property, plant and equipment	813.9	888.9
Operating capital	2,352.4	2,349.2
EBITDA, rolling 12 months	953.0	663.6
Average operating capital, four quarter	2,480.8	2,108.8
ROOC, %	38.4	31.5
Truck & Trailer Equipment		
Inventories	243.4	258.4
Trade receivables	199.6	219.4
Trade payables	-68.8	-79.8
Working capital	374.2	398.1
Property, plant and equipment	244.3	201.7
Operating capital	618.5	599.8
EBITDA, rolling 12 months	393.2	341.3
Average operating capital, four quarter	633.8	595.6
ROOC, %	62.0	57.3
Mobile Thermal Solutions		
Inventories	612.9	671.5
Trade receivables	434.8	329.0
Trade payables	-215.0	-214.9
Working capital	832.6	785.6
Property, plant and equipment	391.9	542.1
Operating capital	1,224.5	1,327.7
EBITDA, rolling 12 months	438.2	212.5
Average operating capital, four quarter	1,355.2	1,112.8
ROOC, %	32.3	19.1
Ringfeder Power Transmission		
Inventories	182.9	180.6
Trade receivables	187.4	124.7
Trade payables	-34.8	-21.5
Working capital	335.5	283.8
Property, plant and equipment	170.5	142.6
Operating capital	506.0	426.3
EBITDA, rolling 12 months	147.0	129.8
Average operating capital, four quarter	490.5	403.5
ROOC, %	30.0	32.2

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