

INTERIM REPORT JULY–SEPTEMBER 2023

CONTINUED STRONG EARNINGS GROWTH

Third quarter 2023 – continuing operations

- Net sales for the quarter increased 12 percent to SEK 8,458 M (7,536). Organic sales decreased 1 percent compared with the preceding year, while acquisitions increased sales by 9 percent and currency by 4 percent.
- EBITA, excluding items affecting comparability, increased 11 percent to SEK 1,487 M (1,336). The EBITA margin was 17.6 percent (17.7).
- Operating cash flow amounted to SEK 1,608 M (928), an increase of 73 percent. The cash conversion ratio for the most recent 12-month period amounted to 99 percent (63).
- Items affecting comparability for the quarter totaled SEK -111 M (-68) and pertained to restructuring costs.
- EBITA, including items affecting comparability, amounted to SEK 1,376 M (1,268) for the quarter.
- Earnings per share for continuing operations, excluding items affecting comparability, amounted to SEK 4.19 (3.52), up 19 percent. For the Group as a whole, earnings per share were SEK 3.84 (4.79), where discontinuing operations contributed SEK 1.46 in the year-earlier quarter. These were divested in the second quarter of 2023.
- The key figures in this report relate to continuing operations, unless otherwise stated.

SEK M	Q3 2023	Q3 2022	Change, %	9M 2023	9M 2022	Change, %
<u>Continuing operations</u>						
Net sales	8,458	7,536	12	25,865	21,982	18
Organic sales, %	-1	15		3	13	
EBITA, excluding items affecting comparability	1,487	1,336	11	4,578	3,994	15
EBITA-margin, %	17.6	17.7		17.7	18.2	
Items affecting comparability	-111	-68		-354	-126	
EBITA	1,376	1,268	9	4,224	3,868	9
Profit before tax, continuing operations	1,206	1,141	6	3,791	3,547	7
Net profit, discontinuing operations	-	380	-100	6,593	1,397	372
Net profit, Group	905	1,242	-27	9,294	4,061	129
Earnings per share, SEK						
Continuing operations	3.84	3.33	15	10.91	10.03	9
Discontinuing operations	-	1.46	-100	25.93	5.25	394
Group	3.84	4.79	-20	36.84	15.28	141
Continuing operations, excluding items affecting comparability	4.19	3.52	19	12.56	10.40	21
Operating cash flow	1,608	928	73	3,742	2,054	82
Cash conversion ratio R12, %	99	63		99	63	

CONTINUED STRONG EARNINGS GROWTH

“During the third quarter of the year, the Group performed well and reported higher sales, improved earnings and a strong operating cash flow. Net sales increased by 12 percent, with organic sales decreasing by 1 percent, compared to the previous year. Acquisitions contributed 9 percent and positive exchange rate effects 4 percent. EBITA, excluding items affecting comparability, increased 11 percent, corresponding to a margin of 17.6 percent (17.7). Operating cash flow increased by a full 73 percent. During the quarter, inflation continued to impact us, though we successfully offset this through price adjustments and ongoing efficiency improvements.

Trelleborg Industrial Solutions reported organic sales that were slightly lower compared with the strong year-earlier period. Sales grew particularly in Europe, but also in North America, while they declined in Asia. Similar to earlier in the year, deliveries to the construction industry were lower. However, this was offset by sales to the automotive industry and in marine segments, where sales related to our SmartPort concept performed particularly well. It was gratifying to note that the business area achieved its highest margin to date for a single quarter.

Organic sales for Trelleborg Sealing Solutions declined marginally compared with the preceding year. Sales to the aerospace industry remained strong, while deliveries to the automotive industry continued to grow, driven mainly by sales in Europe. Sales to healthcare & medical also developed positively. However, deliveries to general industry declined in several geographic regions, which we believe is partly impacted by inventory adjustments among our customers. Substantial investments in the organization within a number of rapidly expanding market segments are having a temporary, negative impact on the margin, but are expected to have a positive effect in several dimensions in the long term.

During the quarter, we continued to make improvements to our structure. An older factory in the Netherlands was closed, and production was transferred to more cost-effective units. After the end of the quarter, we signed an agreement to divest a Czech operation in vibration-damping components for the light and heavy vehicle industry. This unit was outside our core operation and is currently reported separately from the two business areas.

Several targeted actions are in progress to improve efficiency. In the quarter, a new facility was inaugurated in France that will provide improved conditions for both efficient manufacturing and material development while in parallel increasing manufacturing capacity. During the period, we inaugurated a new state-of-the-art facility in China. The facility will boost our capacity for antivibration solutions while improving opportunities to provide technical support for our customers in the local market.

Our expansion of new manufacturing facilities continues, particularly in Asia where we see favorable prospects for further growth through a stronger local presence. We have already announced two new manufacturing facilities in Vietnam, one in Japan and a two-fold increase in capacity for Trelleborg Sealing Solutions in India. More initiatives are in progress, and I hope to be able to provide more information about these in the near future. All of these measures contribute to our goal of increasing sales with improved profitability, while also balancing our geographic exposure.

External factors continue to create significant uncertainty regarding market developments moving forward. Meanwhile, we are highly confident in our ability to address the fluctuations in the market. Due to our leading market positions and our financial status, Trelleborg stands stronger than ever. For the fourth quarter, our overall assessment is that demand will be in line with the third quarter of the year.”

Peter Nilsson,
President and CEO

MARKET OUTLOOK FOR THE FOURTH QUARTER OF 2023

Demand is expected to be in line with the third quarter of 2023, adjusted for seasonal variations. The geopolitical situation entails a heightened degree of uncertainty. For further information, refer to page 10.

Market outlook from the interim report published on July 19, 2023, relating to the third quarter of 2023

Demand is expected to be somewhat lower than in the second quarter of 2023, adjusted for seasonal variations. The geopolitical situation entails a heightened degree of uncertainty.

NET SALES AND RESULT¹

SEK M	Q3 2023	Q3 2022	Change, %	9M 2023	9M 2022	Change, %
Continuing operations						
Net sales	8,458	7,536	12	25,865	21,982	18
Change total, %	12	28		18	24	
Organic sales, %	-1	15		3	13	
Structural change, %	9	2		9	2	
Currency effects, %	4	11		6	9	
EBITA, excluding items affecting comparability	1,487	1,336	11	4,578	3,994	15
EBITA-margin, %	17.6	17.7		17.7	18.2	
Items affecting comparability	-111	-68		-354	-126	
EBITA	1,376	1,268	9	4,224	3,868	9
Amortization of surplus values related to acquisitions	-126	-58	-117	-364	-167	-118
EBIT	1,250	1,210	3	3,860	3,701	4
Financial income and expenses	-44	-69	36	-69	-154	55
Profit before tax	1,206	1,141	6	3,791	3,547	7
Taxes	-301	-279	-8	-1,090	-883	-23
Net profit, continuing operations	905	862	5	2,701	2,664	1
Net profit, discontinuing operations	-	380	-100	6,593	1,397	372
Net profit, Group	905	1,242	-27	9,294	4,061	129
Earnings per share, SEK						
Continuing operations	3.84	3.33	15	10.91	10.03	9
Discontinuing operations	-	1.46	-100	25.93	5.25	394
Group	3.84	4.79	-20	36.84	15.28	141
Continuing operations, excluding items affecting comparability	4.19	3.52	19	12.56	10.40	21

Net sales for the third quarter of 2023 amounted to SEK 8,458 M (7,536), up 12 percent. Organic sales declined by 1 percent compared with the year-earlier period. The net effect of currency movements increased sales by 4 percent, while acquisitions contributed 9 percent compared with the year-earlier period.

Sales per market. In Europe, organic sales increased by 3 percent compared with the preceding year. Organic sales in North and South America were unchanged compared with the year-earlier period. In Asia and Other markets, organic sales declined by 10 percent compared with the preceding year, driven primarily by lower sales in China.

EBITA, excluding items affecting comparability, increased 11 percent to SEK 1,487 M (1,336). The EBITA margin was 17.6 percent (17.7).

The total exchange rate effect on EBITA, excluding items affecting comparability, from the translation of foreign subsidiaries, had a positive impact of SEK 34 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter totaled SEK -111 M (-68) and pertained to restructuring costs.

EBITA, including items affecting comparability, amounted to SEK 1,376 M (1,268) for the quarter.

Financial income and expenses for continuing operations amounted to SEK -44 M (-69). Net financial items were impacted by higher interest expenses though this was offset by interest income attributable to the Group's net cash position.

Net profit was SEK 905 M (862). The tax rate for the quarter amounted to 25 percent (24). The tax rate for the quarter, excluding items affecting comparability, amounted to 25 percent (24). The underlying tax rate for continuing operations is expected to remain at 26 percent.

Earnings per share, excluding items affecting comparability, amounted to SEK 4.19 (3.52), up 19 percent. For the Group as a whole, earnings per share were SEK 3.84 (4.79), where discontinuing operations contributed SEK 1.46 in the year-earlier quarter. These were divested in the second quarter of 2023.

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	Q3 2023	Q3 2022	Change, %	9M 2023	9M 2022	Change, %
EBIT, excluding items affecting comparability	1,361	1,278	6	4,214	3,827	10
Depreciation/write-down, property, plant and equipment	328	272	21	960	791	21
Amortization/write-down, intangible assets	142	71	100	404	203	99
EBITDA	1,831	1,621	13	5,578	4,821	16
Capital expenditure ¹	-397	-272	-46	-1,168	-896	-30
Sold non-current assets	4	7	-43	17	31	-45
Amortization of lease liabilities	-153	-81	-89	-326	-235	-39
Change in working capital ¹	320	-336		-350	-1,650	
Dividend from associated companies	0	0		8	0	
Non cash-flow affecting items	3	-11		-17	-17	
Operating cash flow, continuing operations	1,608	928	73	3,742	2,054	82
Cash conversion ratio R12, %	99	63		99	63	
Operating cash flow, discontinuing operations	-	-9	100	-326	717	-145
Operating cash flow, Group	1,608	919	75	3,416	2,771	23

¹ As of 2023, capital expenditures include change in 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	9M 2023	9M 2022	12M 2022
Net debt Group, opening balance	-20,897	-8,367	-8,367
Operating cash flow	3,416	2,771	5,204
Cash impact from items affecting comparability	-336	-234	-306
Financial items	-343	-77	-150
Paid tax	-1,108	-978	-1,443
Free cash flow	1,629	1,482	3,305
Acquisitions	-416	-264	-11,199
Disposed operations	26,328	149	149
Capital increase associated companies	-	-7	-17
Dividend - equity holders of the parent company	-1,524	-1,481	-1,481
Repurchase own shares	-2,802	-2,695	-3,079
Sum net cash flow	23,215	-2,816	-12,322
Exchange rate differences	-431	-1,173	-518
Lease liability according to IFRS 16 ²	-14	184	146
Pension liability ²	-2	134	164
Net debt Group, closing balance	1,871	-12,038	-20,897
Of which:			
Pension liability	-318	-472	-438
Lease liability according to IFRS 16	-1,776	-2,143	-2,215
Net debt, excluding effect of lease and pension liability	3,965	-9,423	-18,244
Debt/equity ratio, %	-4	33	56
Net debt/EBITDA ³	-0.1	1.5	2.4

² Pertains to non-cash items.

³ EBITDA including items affecting comparability.

Operating cash flow for the quarter amounted to SEK 1,608 M (928), positively affected by the higher earnings generation and efficient working capital management. The rate of investment was higher than in the preceding year, and amounted to SEK 397 M (272) for the quarter. The cash conversion ratio for the most recent 12-month period amounted to 99 percent (63).

Free cash flow for the first nine months of the year amounted to SEK 1,629 M (1,482), where the impact of operating cash flow was reduced by higher interest expenses and negative exchange rate effects compared with the preceding year. Net cash flow amounted to SEK 23,215 M (-2,816), primarily affected by the divestment of the Group's tire and printing blanket operations with a combined effect of SEK 26,328 M. In addition, net cash flow was impacted by the effects of acquisitions of SEK -416 M (-264), dividends to the shareholders of the Parent Company of SEK -1,524 M (-1,481) as well as the repurchase of own shares of SEK -2,802 M (-2,695).

Net debt during the period was affected by net cash flow of SEK 23,215 M, of which proceeds from the divestments of the Group's tire and printing blanket operations led to the Group recognizing net cash of SEK 1,871 M (-12,038) at the end of the period. In addition, net debt was impacted by exchange rate differences of SEK -431 M (-1,173) and non-cash adjustments of leasing and pension liabilities totaling SEK -16 M (318).

As the Group reports a net cash position, the reported debt ratio becomes negative and amounts to -4 percent (33). Net debt/net cash in relation to EBITDA was -0.1 (1.5).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2023	R12 2022
Return on capital employed, continuing operations		
Excluding items affecting comparability	13.0	16.5
Including items affecting comparability	12.0	15.7
Return on equity, Group		
Excluding items affecting comparability	27.4	14.8
Including items affecting comparability	26.0	14.0

Capital employed within continuing operations increased year-on-year and amounted to SEK 42,622 M (31,862) at the end of the quarter, primarily impacted by acquisitions.

Return on capital employed for the most recent 12-month period, excluding items affecting comparability, was 13.0 percent (16.5). Return on capital employed, including items affecting comparability, for the corresponding period was 12.0 percent (15.7). Both return on capital employed measures were impacted by acquisitions with initially lower returns.

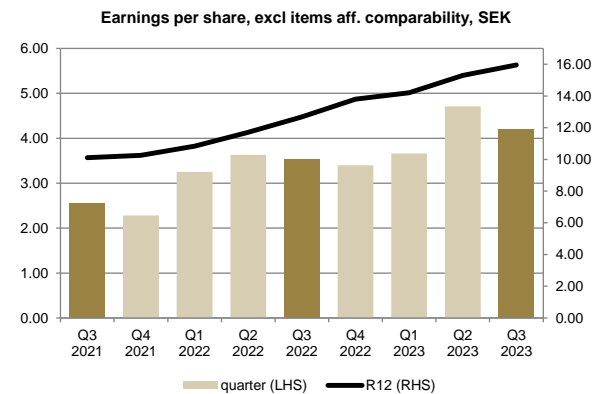
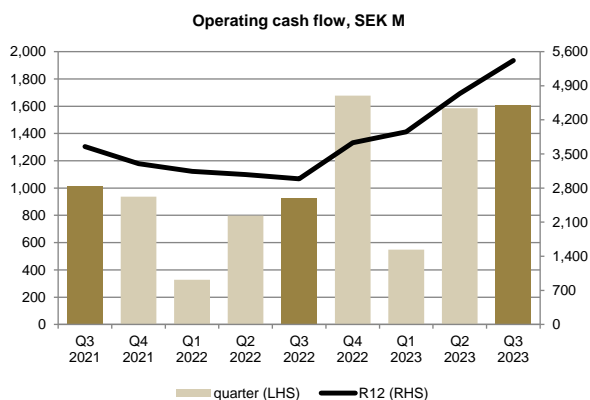
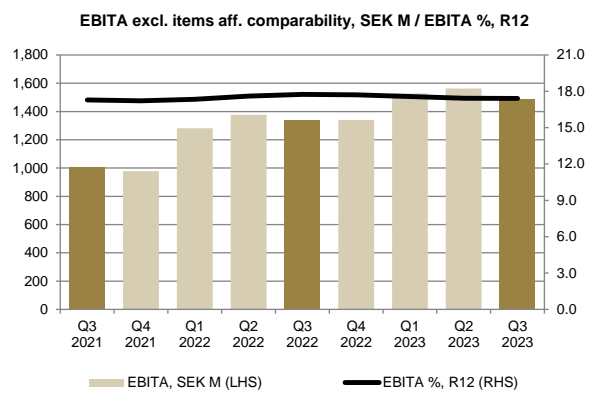
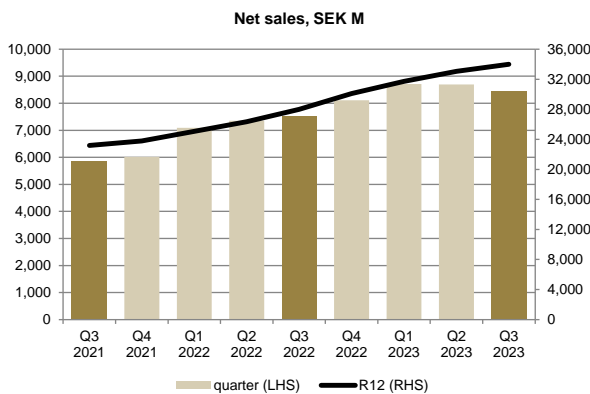
Shareholders' equity for the Group at the close of the period amounted to SEK 43,843 M (36,952), mainly positively impacted by earnings for the period, including the capital gain attributable to the divestments of the Group's tire and printing blanket operations. Shareholders' equity was also affected by positive translation effects and negatively by the dividend to the shareholders of the Parent Company and the repurchase of own shares.

During the year's first nine months, 10,362,730 Series B shares in Trelleborg had been repurchased (of which 4,393,104

during the third quarter), corresponding to SEK 2,802 M. This corresponds to 4.1 percent of the shares outstanding, amounting to 255,125,919 on the balance sheet date. In accordance with the resolution at the Annual General Meeting on April 27, 2023, Trelleborg has cancelled 15,945,864 own shares of Series B, where 13,691,970 were repurchased during 2022 and 2,253,894 during 2023. The number of treasury shares amounted to 8,108,836 on the balance sheet date.

Equity per share amounted to SEK 177 (143), based on the number of outstanding shares less treasury shares on the balance sheet date (247,017,083 shares). The equity/assets ratio was 69 percent (56). The return on shareholders' equity for the Group for the most recent 12-month period, excluding items affecting comparability, totaled 27.4 percent (14.8). The return on shareholders' equity for the Group, including items affecting comparability, amounted to 26.0 percent (14.0) for the corresponding period. Both return on investment measures were affected by the capital gain of SEK 6,052 M attributable to the divestments of the Group's tire and printing blanket operations.

KEY FIGURES AND TRENDS



JANUARY–SEPTEMBER 2023

Net sales for the first nine months of the year amounted to SEK 25,865 M (21,982), an increase of 18 percent year-on-year. The organic sales growth was 3 percent.

EBITA, excluding items affecting comparability, totaled SEK 4,578 M (3,994), corresponding to an EBITA margin of 17.7 percent (18.2). Items affecting comparability totaled SEK -354 M (-126) and pertained to restructuring costs. EBITA, including items affecting comparability, totaled SEK 4,224 M (3,868).

The net financial expense was SEK -69 M (-154), corresponding to an average interest rate of 4.8 percent (1.8). Net financial items were impacted by non-recurring financial income of SEK 218 M (SEK 173 M after tax). This income is explained by terminated interest rate hedges in connection with repayment of loans when the Group's tire business was divested.

Profit before tax totaled SEK 3,791 M (3,547). The tax rate amounted to 29 percent (25), impacted by a non-recurring tax expense of SEK 150 M. This expense is related to a change in the Group's legal structure following the divestment of the Group's tire business.

Net profit for the Group was SEK 9,294 (4,061), mainly impacted by the capital gain from the divestments of the Group's tire and printing blanket operations.

Earnings per share, excluding items affecting comparability, totaled SEK 12.56 (10.40). For the Group as a whole, earnings per share were SEK 36.84 (15.28), mainly impacted by the capital gain from the divestments of the Group's tire and printing blanket operations.

SUSTAINABILITY

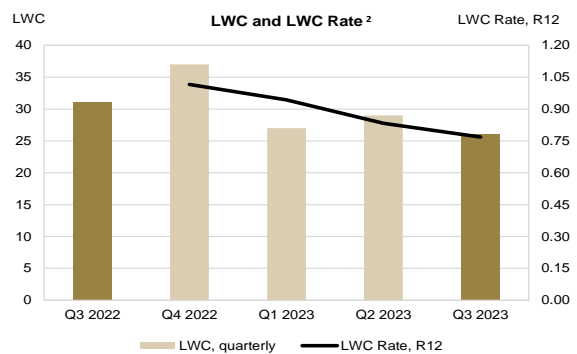
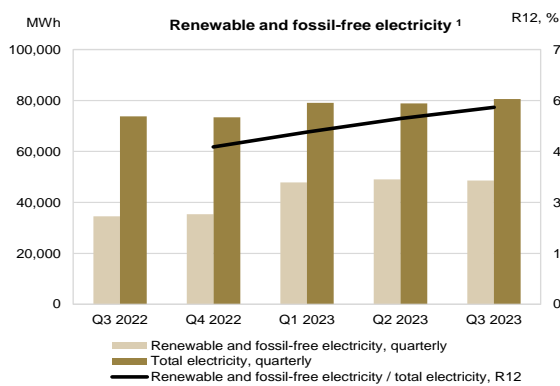
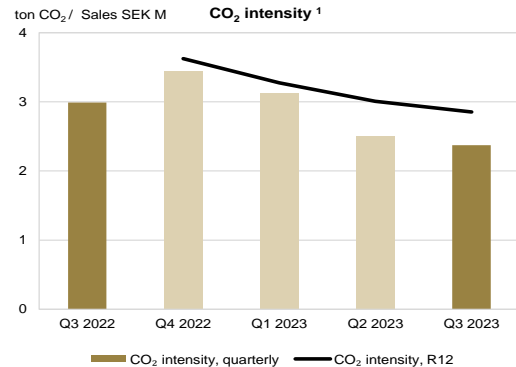
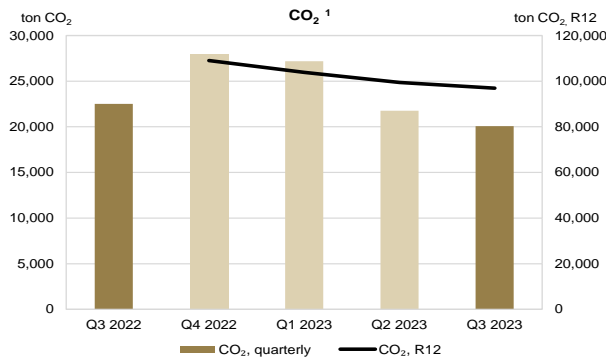
Lower climate impact. The CO₂ intensity (CO₂/SEK M) improved to 2.4 metric tons (3.0) for the quarter.

CO₂ emissions for the quarter for the Group's continuing operations declined compared with the preceding year and amounted to 20,081 metric tons (22,521), a decrease of 11 percent. The trend was driven by increased use of renewable electricity and generally reduced consumption of both natural gas and electricity. A gradual move toward renewable and fossil-free electricity has taken place in several acquired units during the quarter.

The proportion of renewable and fossil-free electricity in the quarter increased to 60 percent (47).

LWC. The number of work-related injuries (Lost Work Cases, LWC) amounted to 26 (31). The LWC rate declined to 0.8 (1.1), impacted by activities conducted to improve safety.

Social engagement. Trelleborg participates actively in the local communities where the Group operates. The focus is on promoting education and physical activity among children and young people. Examples of local involvement are regular lectures for young people in Clifton, New Jersey, US, about career opportunities in engineering sciences, and support via a local sports club to the *Handboll för alla* (Handball for all) youth program in Helsingborg, Sweden, with activities such as handball, hip hop dance, martial arts and homework assistance.



¹ During Q3 2023, electricity certificates were purchased primarily in the US, covering consumption for the whole of 2023. The previously reported outcome for Q1 and Q2 2023 has therefore been adjusted, which affects the graphs CO₂, CO₂ intensity and Renewable and fossil-free electricity.

² 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.

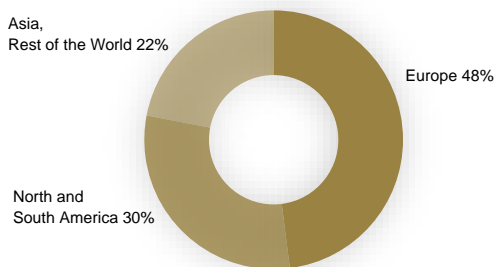
Excluding items affecting comparability, SEK M	Q3 2023	Q3 2022	Change, %	9M 2023	9M 2022	Change, %
Net sales	3,663	3,472	6	11,483	10,307	11
Change total, %	6	28		11	27	
Organic sales, %	-1	17		4	18	
Structural change, %	2	1		2	2	
Currency effects, %	5	10		5	7	
EBITA	594	507	17	1,789	1,538	16
EBITA, %	16.2	14.6		15.6	14.9	
Capital employed, closing balance	13,454	13,142		13,454	13,142	
Return on capital employed R12, %	16.3	15.3	7	16.3	15.3	7

Additional key ratios on pages 15 - 16

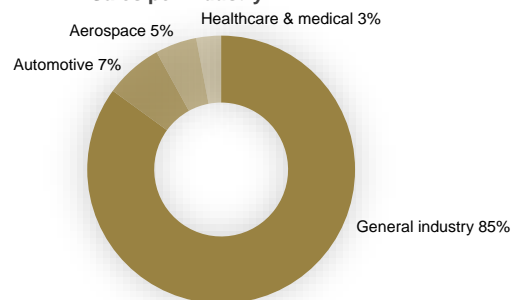
Organic sales for the quarter declined 1 percent year-on-year. Sales grew particularly in Europe, but also in North America, while organic sales declined in Asia. Deliveries to the construction industry remained negative, driven by the continued decline in construction markets in Europe and North America. Some industrial market segments also noted weaker demand. Strong sales were noted within the marine segment. Sales to automotive and train manufacturers were positive compared with the year-earlier quarter.

EBITA improved, while the EBITA margin strengthened compared with the year-earlier period. Price adjustments, combined with a positive sales mix and improved efficiency, more than compensated for the general inflationary pressure. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 18 M compared to the year-earlier quarter.

Sales per geography



Sales per industry



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

BUSINESS AREA

TRELLEBORG SEALING SOLUTIONS

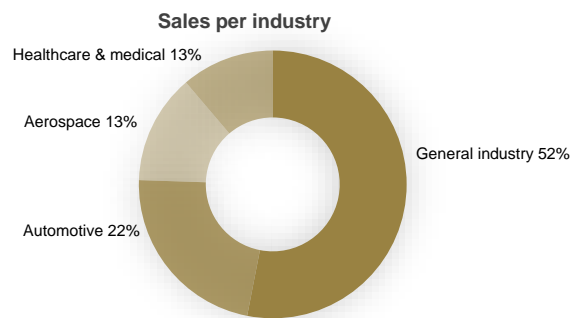
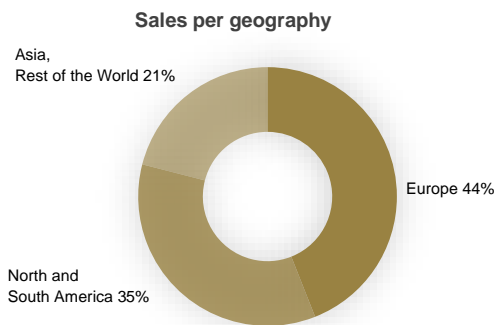
Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions and components deployed in aerospace, automotive, general industry, and healthcare & medical.

Excluding items affecting comparability, SEK M	Q3 2023	Q3 2022	Change, %	9M 2023	9M 2022	Change, %
Net sales	4,688	3,970	18	13,997	11,359	23
Change total, %	18	29		23	21	
Organic sales, %	-1	13		2	10	
Structural change, %	15	3		16	2	
Currency effects, %	4	13		5	9	
EBITA	936	907	3	2,970	2,704	10
EBITA, %	20.0	22.9		21.2	23.8	
Capital employed, closing balance	29,684	18,164		29,684	18,164	
Return on capital employed R12, %	12.7	20.3	-37	12.7	20.3	-37

Additional key ratios on pages 15 - 16

Organic sales for the quarter declined 1 percent year-on-year. Acquisitions contributed 15 percent sales growth. Sales to the aerospace industry remained highly favorable, while deliveries to the automotive industry continued to grow, driven mainly by Europe. Organic sales to general industry declined in most geographic regions, partly as a result of inventory adjustments among customers. Sales to healthcare & medical developed positively in Europe and North America.

EBITA improved slightly at the same time as the EBITA margin declined, mainly as a result of acquisitions with a lower margin. Lower volumes to industrial market segments and a certain negative geographic sales mix were partly offset by price adjustments and cost savings. Considerable investments in the organization within a number of rapidly expanding market segments are having a temporary, negative impact on the margin, but are expected to have a positive effect in the long term. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 22 M on EBITA compared with the year-earlier quarter.



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

SIGNIFICANT EVENTS DURING THE QUARTER

Nomination Committee for the 2024 Annual General Meeting. According to a previous resolution by the Annual General Meeting of Trelleborg AB, the Chairman of the Board is assigned the task of annually asking the five largest shareholders, in terms of votes registered on August 31, to appoint one member each to the Nomination Committee prior to the next Annual General Meeting.

The following have agreed to participate in the Nomination Committee prior to the 2024 Annual General Meeting:

Ragnar Lindqvist, Dunkerstiftelserna
Per Trygg, Lannebo Fonder
Anna Sundberg, Handelsbanken Fonder
Ulrik Grönvall, Swedbank Robur Fonder
Erik Granström, Folksam

The Annual General Meeting will be held in Trelleborg, Sweden, on April 24, 2024.

Shareholders wishing to submit proposals regarding candidates for the Board of Trelleborg may address these by email to valberedningen@trelleborg.com no later than January 31, 2024.

The press release was published on September 26, 2023.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Divestment of Czech automotive component operation.

Trelleborg Group signed an agreement to divest a Czech operation in automotive components that is currently recognized under Group activities. In 2022, the divested operation reported annual sales of approximately SEK 450 M and made a minor loss. The sale has only an insignificant impact on the group's EBITA and profit after tax. The buyer is Kaprain, a Czech investment group.

Located in Hradec Kralove in the Czech Republic, the operation develops and manufactures primarily antivibration solutions for the chassis and engines of automotive light and heavy vehicles.

The divestment is expected to be finalized during the fourth quarter of 2023.

The press release was published on October 25, 2023.

OTHER NEWS

Tailor-made sealing systems for the Fehmarnbelt immersed tunnel.

The upcoming 18-kilometer tunnel Fehmarnbelt between Denmark and Germany comes with significant challenges, especially when it comes to tunnel sections. To meet the needs of this massive project, Trelleborg has developed the largest-ever Gina seals for submerged tunnels, capable of withstanding high water pressure and expanding or contracting according to changing weather conditions, as well as new, patented Waterstop products that act as water barriers.

Increased capacity for antivibration solutions in China.

A new state-of-the-art facility has been established in Suzhou, China. The facility develops and produces antivibration solutions for construction equipment, rail, and renewable energy, increasing capacity and strengthening Trelleborg's position in the local Chinese market. Sustainability has been in focus for the facility, which produces renewable electricity and operates with high energy efficiency thanks to an intelligent energy management system.

New solutions for healthcare & medical. Trelleborg has launched the BioPharmaPro™ family of products, materials and services for fluid path single-use equipment. These solutions are produced from a range of materials, such as silicones and other elastomers, thermoplastics, and composites, and support biopharmaceutical companies with the development of more effective therapies and optimization of manufacturing processes.

New, efficient facility increases capacity for automotive boots in France.

Trelleborg has consolidated innovation and manufacturing of automotive boots in Europe at a new facility in Nantes, France. The new facility makes production more efficient, while the increased capacity enables continued growth and a stronger position for Trelleborg within the segment.

New range of advanced hydrogen sealing solutions.

H₂Pro™ is a new product range within Trelleborg's advanced hydrogen sealing materials. The new solution, designed to accelerate innovation for sustainable technology, offers solutions throughout the hydrogen value chain, such as the challenges of hydrogen production, transport and storage, as well as end-use.

Engineered coated fabrics in a new application area.

Trelleborg has started to supply highly engineered coated fabrics to the UK-based shoe manufacturer Enertor to be used in a new generation of shock-absorbing insoles for shoes. Trelleborg coats the printed fabrics with a custom Dartex® polyurethane coating for additional breathability and durability.

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 around 40 countries, sales are conducted in just over 140 countries worldwide and manufacturing operations are carried out at approximately 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 been subject to review by the company's auditor.

Trelleborg, October 26, 2023
Board of Directors of Trelleborg AB (publ)

REVIEW REPORT

Introduction

We have reviewed the interim report for Trelleborg AB (publ) for the period January 1–September 30, 2023. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Trelleborg, October 26, 2023

Deloitte AB

Hans Warén

Authorized Public Accountant

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	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Net sales	8,458	7,536	25,865	21,982	33,978	30,095
Cost of goods sold	-5,478	-4,835	-16,772	-14,074	-22,039	-19,341
Gross profit	2,980	2,701	9,093	7,908	11,939	10,754
Selling expenses	-648	-563	-1,900	-1,632	-2,510	-2,242
Administrative expenses	-766	-687	-2,303	-1,993	-3,118	-2,808
Research and development costs	-181	-132	-535	-379	-710	-554
Other operating income ¹	338	136	679	223	751	295
Other operating expenses ¹	-358	-177	-823	-304	-903	-384
Profit from associated companies	-4	0	3	4	4	5
EBIT, excluding items affecting comparability	1,361	1,278	4,214	3,827	5,453	5,066
Items affecting comparability	-111	-68	-354	-126	-469	-241
EBIT	1,250	1,210	3,860	3,701	4,984	4,825
Financial income and expenses ²	-44	-69	-69	-154	-145	-230
Profit before tax	1,206	1,141	3,791	3,547	4,839	4,595
Tax ³	-301	-279	-1,090	-883	-1,373	-1,166
Net profit, continuing operations	905	862	2,701	2,664	3,466	3,429
Net profit, discontinuing operations ⁴	-	380	6,593	1,397	7,024	1,828
Net profit, Group	905	1,242	9,294	4,061	10,490	5,257
- equity holders of the parent company	906	1,243	9,295	4,063	10,492	5,260
- non-controlling interest	-1	-1	-1	-2	-2	-3

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

² Q2 2023 includes non-recurring financial income of SEK 218 M (SEK 173 M after tax) attributable to concluded interest rate hedges in connection with the divestment of the Group's tire operation.

³ Q2 2023 includes a non-recurring tax expense of SEK 150 M related to a review of the Group's legal structure after the divestment of the Group's tire operation.

⁴ Q2 2023 includes a capital gain attributable to the divestment of the Group's tire and printing blanket operations.

Earnings per share, SEK ⁵	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Continuing operations	3.84	3.33	10.91	10.03	13.87	13.01
Discontinuing operations	-	1.46	25.93	5.25	27.49	6.93
Group	3.84	4.79	36.84	15.28	41.36	19.94
Group, excluding items affecting comparability	4.19	5.00	38.60	15.71	43.56	20.81
Continuing operations, excluding items affecting comparability	4.19	3.52	12.56	10.40	15.94	13.80

⁵ No dilution effects arose.

Number of shares	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
End of period	255,125,919	271,071,783	255,125,919	271,071,783	255,125,919	271,071,783
of which, in treasury	8,108,836	12,088,501	8,108,836	12,088,501	8,108,836	13,691,970
Average number	248,460,458	259,940,103	252,290,047	265,912,433	253,668,430	263,885,220

Statements of comprehensive income, SEK M	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Net profit, Group	905	1,242	9,294	4,061	10,490	5,257
Other comprehensive income						
Items that will not be reclassified to the income statement						
Reassessment of net pension obligation	16	-4	-2	115	28	145
Income tax relating to components of other comprehensive income	-3	-1	0	-24	-8	-32
Total	13	-5	-2	91	20	113
Items that may be reclassified to the income statement						
Cash flow hedges	0	120	-265	366	-223	408
Hedging of net investment	245	-321	-6	-824	-148	-966
Translation difference	-576	1,719	1,483	4,102	1,155	3,774
Income tax relating to components of other comprehensive income	-51	41	3	91	24	112
Total	-382	1,559	1,215	3,735	808	3,328
Other comprehensive income, net of tax	-369	1,554	1,213	3,826	828	3,441
Total comprehensive income	536	2,796	10,507	7,887	11,318	8,698
Total comprehensive income attributable to:						
- equity holders of the parent company	536	2,796	10,507	7,887	11,321	8,701
- non-controlling interest	0	0	0	0	-3	-3

Condensed Balance Sheets

Balance Sheets, SEK M	Sep 30 2023	Sep 30 2022	Dec 31 2022
Property, plant and equipment	7,897	6,748	7,589
Right-of-use assets	1,659	1,441	1,507
Goodwill	21,817	15,188	20,818
Other intangible assets	5,822	2,592	5,744
Participations in associated companies	57	58	61
Financial non-current assets	174	419	456
Deferred tax assets	541	527	543
Total non-current assets	37,967	26,973	36,718
Inventories	5,769	5,245	5,463
Current operating receivables	7,468	6,745	6,620
Current tax assets	1,078	1,326	1,068
Interest-bearing receivables	297	152	429
Cash and cash equivalents	10,558	2,746	3,924
Total current assets	25,170	16,214	17,504
Assets held for sale	-	22,396	22,844
Total assets	63,137	65,583	77,066
Share capital	2,620	2,620	2,620
Other capital contributions	226	226	226
Other reserves	6,554	5,746	5,339
Profit brought forward	25,143	24,291	24,037
Net profit for the year	9,295	4,063	5,260
Total	43,838	36,946	37,482
Non-controlling interests	5	6	6
Equity	43,843	36,952	37,488
Interest-bearing non-current liabilities	8,226	9,410	9,029
Other non-current liabilities	74	57	86
Pension obligations	340	339	352
Other provisions	296	210	288
Deferred tax liabilities	868	891	910
Total non-current liabilities	9,804	10,907	10,665
Interest-bearing current liabilities	486	5,076	16,124
Current tax liabilities	1,449	1,609	1,360
Other current liabilities	7,149	5,788	6,045
Other provisions	406	349	361
Total current liabilities	9,490	12,822	23,890
Liabilities held for sale	-	4,902	5,023
Total equity and liabilities	63,137	65,583	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		Sep 30 2023	Dec 31 2022	Sep 30 2023	Dec 31 2022
	Sep 30 2023	Dec 31 2022	Sep 30 2023	Dec 31 2022	Sep 30 2023	Dec 31 2022	Sep 30 2023	Dec 31 2022				
	2023	2022	2023	2022	2023	2022	2023	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							9,295	5,260	-1	-3	9,294	5,257
Other comprehensive income					1,215	3,328	-2	113	-	1	1,213	3,442
Repurchase own shares							-2,802	-3,079	-	-	-2,802	-3,079
Cancellation of own shares	-154						154	-	-	-	-	-
Bonus issue	154						-154	-	-	-	-	-
Dividend							-1,524	-1,481	-	-	-1,524	-1,481
Impact from IAS 29 ¹							174	351	-	-	174	351
Closing balance	2,620	2,620	226	226	6,554	5,339	34,438	29,297	5	6	43,843	37,488

¹ Refers to hyperinflationary accounting in operations in Turkey.

Repurchased own shares that are included in the equity item Profit brought forward	Amount that affected equity, SEK M	
	Number of shares	
	Sep 30 2023	Sep 30 2023
Opening repurchased own shares	13,691,970	-3,079
Purchases for the year	10,362,730	-2,802
Cancellations for the year	-15,945,864	-
Closing repurchased own shares	8,108,836	-5,881

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	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Operating activities						
EBIT incl part in associated companies	1,250	1,210	3,860	3,701	4,984	4,825
Adjustments for items not included in cash flow from operating activities:						
Depreciation, property, plant and equipment	235	190	686	551	895	760
Depreciation, right-of-use assets	94	82	272	236	359	323
Amortization, intangible assets	140	71	402	203	515	316
Impairment losses, property, plant and equipment	4	1	15	3	22	10
Impairment losses, intangible assets	3	0	3	0	3	-
Dividend from associated companies	0	0	8	0	9	1
Participations in associated companies and other non cash-flow affecting items	2	-11	-18	-9	-24	-15
Capital gain in divested operations	-	-	-	-140	-	-140
Interest received	64	11	242	53	443	254
Interest paid	-132	-52	-724	-184	-930	-390
Other financial items	1	-7	262	-7	300	31
Taxes paid	-296	-217	-968	-750	-1,202	-984
Cash flow from operating activities before changes in working capital	1,365	1,278	4,040	3,657	5,374	4,991
Cash flow from changes in working capital						
Change in inventories	50	-126	-150	-793	-51	-694
Change in operating receivables	209	-164	-688	-1,241	92	-461
Change in operating liabilities ¹	-2	-27	518	423	208	113
Cash flow from operating activities	1,622	961	3,720	2,046	5,623	3,949
Investing activities						
Acquisitions	15	-16	-416	-264	-11,351	-11,199
Disposed/discontinuing operations	-	-	-	149	-	149
Capital increase associated companies	-	-	-	-7	-9	-16
Capital expenditure, property, plant and equipment ¹	-358	-250	-1,072	-821	-1,469	-1,218
Capital expenditure, intangible assets	-39	-22	-96	-75	-133	-112
Sale of non-current assets	5	6	20	30	47	57
Cash flow from investing activities	-377	-282	-1,564	-988	-12,915	-12,339
Financing activities						
New/utilized loans	-	797	12,515	4,992	24,229	16,706
Amortized loans	-781	-837	-20,151	-3,014	-29,540	-12,403
Amortized leased liabilities	-153	-81	-326	-235	-413	-322
Repurchase own share	-1,191	-1,209	-2,802	-2,695	-3,186	-3,079
Dividend - equity holders of the parent company	-	-	-1,524	-1,481	-1,524	-1,481
Cash flow from financing activities	-2,125	-1,330	-12,288	-2,433	-10,434	-579
Total cash flow, continuing operations	-880	-651	-10,132	-1,375	-17,726	-8,969
Total cash flow, discontinuing operations	-114	990	15,884	871	25,134	10,121
Cash flow for the period, Group	-994	339	5,752	-504	7,408	1,152
Cash and cash equivalents						
At beginning of the period, continuing operations	11,628	2,359	3,924	3,460	2,746	3,460
At beginning of the period, discontinuing operations	-	-473	-835	-36	-835	-36
Cash classified as assets held for sale	-	-507	-	-507	-328	-835
Exchange rate differences	-76	82	47	261	-103	111
Cash and cash equivalents at end of period	10,558	2,746	10,558	2,746	10,558	3,924

¹ As of 2023, capital expenditures include change in 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	Sep 30 2023
Non-current loans	7,672	0	-1,021	-	159	-	-	-	6,810
Current loans	15,481	0	-15,374	-	-107	-	-	-	0
Other non-current financial liabilities	1	-	-1	-	0	-	-	-	0
Other current financial liabilities	325	-	-566	-	367	-	-	-	126
Lease liabilities according to IFRS 16	2,215	-	-875	-	55	-	381	-	1,776
Pension obligations	458	-	-127	-	7	-	-	2	340
Total	26,152	0	-17,964	-	481	-	381	2	9,052

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 operational 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 www.trelleborg.com/en/investors/key-figures.

SEK M	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Net sales						
Trelleborg Industrial Solutions	3,663	3,472	11,483	10,307	15,174	13,998
Trelleborg Sealing Solutions	4,688	3,970	13,997	11,359	18,300	15,662
Group activities	165	141	549	481	718	650
Eliminations	-58	-47	-164	-165	-214	-215
Continuing operations	8,458	7,536	25,865	21,982	33,978	30,095
EBITA, excluding items affecting comparability						
Trelleborg Industrial Solutions	594	507	1,789	1,538	2,308	2,057
Trelleborg Sealing Solutions	936	907	2,970	2,704	3,882	3,616
Group activities	-43	-78	-181	-248	-272	-339
Continuing operations	1,487	1,336	4,578	3,994	5,918	5,334
EBITA %, excluding items affecting comparability						
Trelleborg Industrial Solutions	16.2	14.6	15.6	14.9	15.2	14.7
Trelleborg Sealing Solutions	20.0	22.9	21.2	23.8	21.2	23.1
Continuing operations	17.6	17.7	17.7	18.2	17.4	17.7
Net sales per market continuing operations, organic growth, %						
Europe (46)			3	7	4	9
North- and South America (33)			0	24	5	22
Asia and rest of the world (21)			-10	20	-3	10
Total (100% refer to share 2022)			-1	15	3	13
Bridge net sales						
	Q3 2022, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q3 2023, SEK M	
Trelleborg Industrial Solutions	3,472	-1	2	5	3,663	
Trelleborg Sealing Solutions	3,970	-1	15	4	4,688	
Group activities	94				107	
Continuing operations	7,536	-1	9	4	8,458	
Exchange rate differences impacting EBITA excluding items affecting comparability ¹, SEK M						
Trelleborg Industrial Solutions					18	64
Trelleborg Sealing Solutions					22	116
Group activities					-6	-11
Continuing operations					34	169
¹ Impact on EBITA excluding items affecting comparability in translation of foreign subsidiaries.						
EBIT specification, continuing operations, SEK M						
Excluding items affecting comparability:						
EBITDA	1,831	1,621	5,578	4,821	7,232	6,475
Depreciation/write-down, property, plant and equipment	-328	-272	-960	-791	-1,262	-1,093
Amortization/write-down, intangible assets	-16	-13	-40	-36	-52	-48
EBITA	1,487	1,336	4,578	3,994	5,918	5,334
Amortization of surplus values related to acquisitions	-126	-58	-364	-167	-465	-268
EBIT	1,361	1,278	4,214	3,827	5,453	5,066
Items affecting comparability	-111	-68	-354	-126	-469	-241
EBIT	1,250	1,210	3,860	3,701	4,984	4,825

Specification of capital employed, SEK M	Sep 30 2023	Sep 30 2022	Dec 31 2022
Working capital	5,370	5,835	5,591
Property, plant and equipment	7,897	6,748	7,589
Right-of-use assets	1,659	1,441	1,507
Intangible assets	27,639	17,780	26,561
Participations in joint ventures/associated companies	57	58	61
Continuing operations	42,622	31,862	41,309

SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales									
Trelleborg Industrial Solutions	3,663	3,980	3,840	3,691	3,472	3,512	3,323	2,831	2,708
Trelleborg Sealing Solutions	4,688	4,571	4,738	4,303	3,970	3,725	3,664	3,106	3,086
Group activities	165	194	190	169	141	171	169	137	134
Eliminations	-58	-49	-57	-50	-47	-57	-61	-58	-56
Continuing operations	8,458	8,696	8,711	8,113	7,536	7,351	7,095	6,016	5,872
Organic sales, %									
Trelleborg Industrial Solutions	-1	6	8	18	17	16	21	8	10
Trelleborg Sealing Solutions	-1	1	5	12	13	7	8	14	24
Continuing operations	-1	3	7	15	15	11	13	9	16
EBITA, excluding items affecting comparability									
Trelleborg Industrial Solutions	594	632	563	519	507	561	470	394	354
Trelleborg Sealing Solutions	936	1,001	1,033	912	907	900	897	674	736
Group activities	-43	-70	-68	-91	-78	-85	-85	-91	-85
Continuing operations	1,487	1,563	1,528	1,340	1,336	1,376	1,282	977	1,005
EBITA %, excluding items affecting comparability									
Trelleborg Industrial Solutions	16.2	15.8	14.6	14.0	14.6	15.9	14.1	13.9	13.1
Trelleborg Sealing Solutions	20.0	21.9	21.8	21.2	22.9	24.1	24.5	21.7	23.9
Continuing operations	17.6	18.0	17.5	16.5	17.7	18.7	18.1	16.2	17.1

Condensed Income Statements, SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales	8,458	8,696	8,711	8,113	7,536	7,351	7,095	6,016	5,872
Cost of goods sold	-5,478	-5,687	-5,607	-5,267	-4,835	-4,706	-4,533	-3,966	-3,761
Gross profit	2,980	3,009	3,104	2,846	2,701	2,645	2,562	2,050	2,111
Selling expenses	-648	-615	-637	-610	-563	-546	-523	-473	-506
Administrative expenses	-766	-763	-774	-815	-687	-650	-656	-624	-522
Research and development costs	-181	-176	-178	-175	-132	-125	-122	-111	-109
Other operating income ¹	338	233	108	72	136	73	14	136	53
Other operating expenses ¹	-358	-249	-216	-80	-177	-80	-47	-50	-69
Profit from associated companies	-4	3	4	1	0	2	2	0	-1
EBIT, excluding items affecting comparability	1,361	1,442	1,411	1,239	1,278	1,319	1,230	928	957
Items affecting comparability	-111	-194	-49	-115	-68	-33	-25	-128	-20
EBIT	1,250	1,248	1,362	1,124	1,210	1,286	1,205	800	937
Financial income and expenses ²	-44	140	-165	-76	-69	-40	-45	-34	-34
Profit before tax	1,206	1,388	1,197	1,048	1,141	1,246	1,160	766	903
Tax ³	-301	-491	-298	-283	-279	-304	-300	-254	-230
Net profit, continuing operations	905	897	899	765	862	942	860	512	673
Net profit, discontinuing operations ⁴	-	6,130	463	431	380	574	443	240	195
Net profit, Group	905	7,027	1,362	1,196	1,242	1,516	1,303	752	868
- equity holders of the parent company	906	7,027	1,362	1,197	1,243	1,517	1,303	752	869
- non-controlling interest	-1	0	0	-1	-1	-1	0	0	-1

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

² Q2 2023 includes non-recurring financial income of SEK 218 M (SEK 173 M after tax) attributable to concluded interest rate hedges in connection with the divestment of the Group's tire operation.

³ Q2 2023 includes a non-recurring tax expense of SEK 150 M related to a review of the Group's legal structure after the divestment of the Group's tire operation.

⁴ Q2 2023 includes a capital gain attributable to the divestment of the Group's tire and printing blanket operations.

Continuing operations	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales, SEK M	8,458	8,696	8,711	8,113	7,536	7,351	7,095	6,016	5,872
Organic sales, %	-1	3	7	15	15	11	13	9	16
EBITDA, excl items affecting comparability, SEK M	1,831	1,891	1,856	1,654	1,621	1,652	1,548	1,237	1,256
EBITDA, excl items affecting comparability, %	21.7	21.7	21.3	20.4	21.5	22.4	21.8	20.6	21.4
EBITA, excl items affecting comparability, SEK M	1,487	1,563	1,528	1,340	1,336	1,376	1,282	977	1,005
EBITA, excl items affecting comparability, %	17.6	18.0	17.5	16.5	17.7	18.7	18.1	16.2	17.1
EBIT, excl items affecting comparability, SEK M	1,361	1,442	1,411	1,239	1,278	1,319	1,230	928	957
EBIT, excl items affecting comparability, %	16.1	16.6	16.2	15.3	17.0	17.9	17.3	15.4	16.3
Items affecting comparability, SEK M	-111	-194	-49	-115	-68	-33	-25	-128	-20
EBIT, SEK M	1,250	1,248	1,362	1,124	1,210	1,286	1,205	800	937
Earnings per share, excluding items affecting comparability SEK	4.19	4.71	3.66	3.40	3.52	3.63	3.25	2.28	2.55
Operating cash flow, excl items affecting comp., SEK M	1,608	1,585	549	1,678	928	798	328	937	1,014
Cash conversion ratio, excl items affecting comp., R12, %	99	88	75	74	63	69	76	85	96
Capital employed, closing balance, SEK M	42,622	43,111	42,299	41,309	31,862	30,247	27,786	26,557	25,945
Return on capital employed R12, %	12.0	12.8	14.2	15.3	15.7	15.5	14.9	14.9	14.8

Group total	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Earnings per share, excl items affecting comparability, SEK	4.19	28.83	5.58	5.10	5.00	5.81	4.90	3.29	3.32
Earnings per share, Group, SEK	3.84	27.67	5.33	4.66	4.79	5.68	4.81	2.78	3.21
Free cash flow, SEK M	1,075	658	-104	1,823	499	583	400	654	836
Net debt, closing balance, SEK M	1,871	1,881	-21,628	-20,897	-12,038	-10,959	-8,040	-8,367	-9,118
Net debt/EBITDA	-0.1	-0.1	2.4	2.4	1.5	1.4	1.1	1.2	1.3
Debt/equity ratio %	-4	-4	56	56	33	31	23	25	29
Return on equity R12, %	26.0	27.2	14.5	14.9	14.0	13.5	11.9	12.0	11.8
Equity/assets ratio, %	69	68	50	49	56	57	61	59	58

Acquisitions

9M 2023

During the first quarter of 2023, Trelleborg, through its 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 Oechsli AG.

During the second quarter of 2023, Trelleborg, through its Trelleborg Industrial Solutions business area, finalized the acquisition of an operation specializing in automotive boots for the fast-growing Indian light vehicles market. The operation was part of the India-based privately owned company Injectoplast.

During the second quarter of 2023, Trelleborg, through its Trelleborg Sealing Solutions business area, finalized the acquisition of an operation from the US-based privately owned 4M Company, Inc. The operation specializes in sealing solutions for aerospace and industrial applications.

The acquisition of an operation from the 4M Company, Inc. was an acquisition of assets and liabilities, while the other acquisitions finalized in 2023 pertained to 100 percent of the shares in the respective companies.

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

9M 2022

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

During the third quarter of 2022, Trelleborg finalized, through its Trelleborg Industrial Solutions business area, the acquisition of assets in the privately owned UK company Parklane Textiles Ltd., a sub-supplier to Trelleborg that develops and manufactures reinforcement materials used in polymer-coated fabrics.

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	9M 2023 Acquired 2022	9M 2022 Acquired 2021
Customer relationships ¹	163	77
Other intangible assets	-	-
Property, plant and equipment	5	26
Right-of-use assets	14	-
Deferred tax assets	15	0
Shares in associated companies	-	-
Interest-bearing receivables	-	12
Inventories	23	22
Operating receivables	41	36
Current tax asset	-	0
Cash and cash equivalents	13	10
Deferred tax liabilities	-29	-
Interest-bearing liabilities	-20	-205
Post employment benefits	0	-
Provision obligations	-4	-
Current tax liability	-6	0
Operating liabilities	-39	-28
Net assets	176	-50
Goodwill	233	131
Total purchase price	409	81
Cash and other net debt in acquired operations	7	183
Impact shown in cash flow statement	416	264

¹ Excess value of customer relationships are amortized over 10-12 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

The Group's tire and printing blanket operations were divested to Yokohama Rubber and Continental, respectively, on May 2, 2023. The total capital gain amounts to SEK 6,189 M before tax and SEK 6,052 M after tax. For the divested operations, capital employed on April 30, 2023, amounted to SEK 19,399 M, of which SEK 9,231 M pertained to intangible assets, SEK 5,477 M to property, plant and equipment, SEK 4,042 M to working capital, SEK 583 M to right-of-use assets and SEK 66 M to participations in joint ventures/associated companies.

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.

Income statement for discontinuing operations, SEK M	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Net sales	-	3,491	5,108	10,874	8,849	14,615
Operating expenses	-	-2,983	-4,290	-9,104	-7,398	-12,212
Capital gain	-	-	6,189	-	6,189	-
EBIT	-	508	7,007	1,770	7,640	2,403
Financial items	-	-1	-124	48	-205	-33
Profit before tax	-	507	6,883	1,818	7,435	2,370
Income tax	-	-127	-290	-421	-411	-542
Net profit	-	380	6,593	1,397	7,024	1,828

Assets and Liabilities held for sale, SEK M	Sep 30 2023	Dec 31 2022
Non-current assets	-	14,852
Current assets	-	7,992
Total assets	-	22,844
Non-current liabilities	-	1,168
Current liabilities	-	3,855
Total liabilities	-	5,023

Cash-flow statement for discontinuing operations, SEK M	9M 2023	9M 2022
Cash flow from operating activities	-345	902
Cash flow from investing activities	26,099	-281
Cash flow from financing activities	-9,870	250
Total cash flow from discontinuing operations	15,884	871

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 September 30, 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	-	145	2	206	2	351
Financial non-current assets	83	47	3	-	-	130
Accounts receivable	5,655	-	-	-	-	5,655
Interest-bearing receivable	1	-	-	-	-	1
Cash and cash equivalents	10,558	-	-	-	-	10,558
Total	16,297	192		206		16,695

	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	-	102	2	38	2	140
Interest-bearing non-current liabilities	6,811	-	-	-	-	6,811
Interest-bearing current liabilities	6	-	-	-	-	6
Lease liabilities according to IFRS 16	1,776	-	-	-	-	1,776
Accounts payable	2,412	-	-	-	-	2,412
Total	11,005	102		38		11,145

Measurement techniques used to calculate fair value of level 2

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

A financial interest-bearing receivable of SEK 47 M (0) is recognized at fair value. 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, 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 18 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 September 30, 2022, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	150	2	298	2	448
Financial non-current assets	57	-	-	-	-	57
Accounts receivable	5,039	-	-	-	-	5,039
Interest-bearing receivable	9	-	-	-	-	9
Cash and cash equivalents	2,746	-	-	-	-	2,746
Total	7,851	150		298		8,299

	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	-	209	2	154	2	363
Interest-bearing non-current liabilities	8,116	-	-	-	-	8,116
Interest-bearing current liabilities	4,422	52	3	-	-	4,474
Lease liabilities according to IFRS 16	1,612	-	-	-	-	1,612
Accounts payable	2,313	-	-	-	-	2,313
Total	16,463	261		154		16,878

Parent Company

Condensed Income statements, SEK M	Q3 2023	Q3 2022	9M 2023	9M 2022	R12 2023	12M 2022
Net sales	154	148	439	425	659	645
Administrative expenses	-57	-57	-401	-194	-622	-415
Other operating income	0	2	1	3	5	7
Other operating expenses	-43	-30	-106	-93	-364	-351
EBIT	54	63	-67	141	-322	-114
Financial income and expenses ¹	2,625	1,881	17,441	2,950	22,579	8,088
Profit before tax	2,679	1,944	17,374	3,091	22,257	7,974
Appropriations	-	-	-	-	94	94
Tax	17	7	55	-21	-30	-106
Net profit	2,696	1,951	17,429	3,070	22,321	7,962

¹ Q2 2023 includes effects from divestments of the Group's tire and printing blanket operations.

Condensed Balance sheets, SEK M	Sep 30 2023	Sep 30 2022	Dec 31 2022
Property, plant and equipment	9	11	11
Intangible assets	7	15	13
Financial assets	38,239	38,547	42,020
Total non-current assets	38,255	38,573	42,044
Current receivables	356	1,160	179
Current tax asset	5	6	1
Interest-bearing receivables	-	1	96
Cash and cash equivalents	1	0	-
Total current assets	362	1,167	276
Total assets	38,617	39,740	42,320
Equity	27,562	9,950	14,458
Interest-bearing non-current liabilities	0	0	0
Other non-current liabilities	62	60	64
Total non-current liabilities	62	60	64
Interest-bearing current liabilities	10,852	29,565	27,631
Current tax liabilities	-	-	-
Other current liabilities	141	165	167
Total current liabilities	10,993	29,730	27,798
Total equity and liabilities	38,617	39,740	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 around 40 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.

Trelleborg has filed an application to have its climate target approved by the Science Based Targets initiative (SBTi) in 2023. 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. The Group's climate target is to halve direct and indirect CO₂ emissions by the end of 2030 compared with the base year 2021, and, during the same period, reduce emissions along the value chain by 25 percent.

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 October 26 at 10:00 a.m. CEST.

To follow the presentation webcast, either access this [link](#) or visit www.trelleborg.com.

To participate via teleconference, please register [here](#). After registration, you will be provided phone numbers and a conference ID to access the call. You can ask questions verbally via the teleconference.

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

FINANCIAL CALENDAR

Year-end report 2023	February 1, 2024
Interim report January–March 2024	April 24, 2024
Annual General Meeting 2024	April 24, 2024
Interim report April–June 2024	July 18, 2024
Interim report July–September 2024	October 24, 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 persons above, for publication on October 26, 2023 at 7:45 a.m. CEST.

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