

INTERIM REPORT JULY–SEPTEMBER 2021

## STRONG PERFORMANCE IN THE QUARTER

- Organic sales increased 16 percent in the quarter compared with the preceding year.
- Net sales during the quarter increased 15 percent, negatively impacted by exchange rate effects, and amounted to SEK 8,240 M (7,152).
- EBIT, excluding items affecting comparability, increased 25 percent to SEK 1,203 M (965), corresponding to an EBIT margin of 14.6 percent (13.5). Earnings were the best to date for a third quarter.
- Operating cash flow amounted to SEK 1,117 M (1,352). The cash conversion ratio for the most recent 12-month period amounted to 102 percent (124).
- Items affecting comparability for the quarter were a negative SEK 32 M (neg: 81) and pertained to restructuring costs of SEK 65 M and a capital gain on the sale of properties of SEK 33 M.
- EBIT, including items affecting comparability, amounted to SEK 1,171 M (884) for the quarter.
- Earnings per share, excluding items affecting comparability, totaled SEK 3.25 (2.21). For the Group as a whole, earnings per share were SEK 3.20 (2.41).
- The key figures in this report relate to continuing operations, unless otherwise stated.

SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
<b>Continuing operations</b>						
Net sales	8,240	7,152	15	25,096	22,665	11
Organic sales, %	16	-7		17	-12	
EBIT, excluding items affecting comparability	1,203	965	25	3,940	3,016	31
EBIT-margin, %	14.6	13.5		15.7	13.3	
Restructuring costs	-65	-81		-153	-178	
Capital gain on real estates	33	-		177	-	
Items affecting comparability	-32	-81		24	-178	
EBIT	1,171	884	32	3,964	2,838	40
Profit before tax, continuing operations	1,128	818	38	3,831	2,640	45
Net profit, discontinuing operations	14	27	-48	30	76	-61
Net profit, Group	868	652	33	2,964	2,051	45
<b>Earnings per share, SEK</b>						
Continuing operations	3.15	2.31	36	10.82	7.29	48
Discontinuing operations	0.05	0.10	-50	0.11	0.28	-61
Group	3.20	2.41	33	10.93	7.57	44
Continuing operations, excluding items affecting comparability	3.25	2.21	47	10.76	7.53	43
Operating cash flow	1,117	1,352	-17	3,358	3,487	-4
Cash conversion ratio R12, %	102	124		102	124	

As a result of the reorganization in March 2021, comparative figures have been restated. For further information about Group's key figures, including discontinued operations, see pages 17-18.

## STRONG PERFORMANCE IN THE QUARTER

*“Trelleborg performed strongly in the third quarter. Sales increased 15 percent, of which organic sales rose 16 percent. EBIT, excluding items affecting comparability, increased 25 percent, corresponding to an operating margin of 14.6 percent (13.5). Both sales and earnings were the best to date for a third quarter. Operating cash flow in relation to operating profit remains at a high level, despite increasing investments and a higher working capital requirement driven by higher sales.*

*Order intake during the quarter remained healthy in most geographies and market segments. We continue to advance our positions through investments in new geographies, improved efficiency, increased presence in selected market segments and value-generating solutions for our customers.*

*There were challenges during the quarter. The prices of raw materials continued their upward movement. The supply chains were disrupted by shortages of some components and raw materials, occasionally with temporary production stoppages as a result. A continued shortage of containers in some regions and historically high freight costs continued to present challenges, at the same time as the sudden and clear increase of energy costs pose an additional test. Overall, the challenges have been well managed within the Group, with flexible production and adjustments of prices to customers.*

*Within Trelleborg Industrial Solutions, demand from most market segments and all geographical markets improved. Sales to the construction and industry-related market segments were significantly higher compared with the preceding year. Deliveries to the aerospace and rail segments also increased. However, sales to the automotive industry declined, impacted by postponed deliveries, which were largely attributable to shortages of semiconductor components.*

*Organic sales in Trelleborg Sealing Solutions grew significantly in all market segments and geographies with good profitability. Order intake remained strong in most segments. Also in this business area, the lack of certain components and raw materials led to temporary production stoppages for some customers, especially in the automotive industry.*

*Trelleborg Wheel Systems displayed strong organic sales growth during the quarter. Significant sales growth was noted in all tire categories and in the majority of geographies. At the same time, raw materials prices continued upwards, which had a negative impact on the margins in the short term due to price formulas with OE manufacturers, meaning that the new higher customer prices take effect with some delay. Profitability is expected to gradually recover already during the next quarter.*

*We enter the fourth quarter with well-filled order books and with a high level of activity in most of our manufacturing units. As mentioned earlier, some challenges remain that we will need to address, but for a long time, the Group has demonstrated its ability to adapt to constantly changing conditions. Our general assessment at present is that demand for the fourth quarter will be on a par with the level of demand in the third quarter, adjusted for seasonal variations.”*

Peter Nilsson,  
President and CEO

## MARKET OUTLOOK FOR THE FOURTH QUARTER OF 2021

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

### **Market outlook from the interim report published on July 22, 2021, relating to the third quarter of 2021**

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

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

SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
<b>Continuing operations</b>						
Net sales	8,240	7,152	15	25,096	22,665	11
Change total, %	15	-12		11	-11	
Organic sales, %	16	-7		17	-12	
Structural change, %	0	0		0	2	
Currency effects, %	-1	-5		-6	-1	
EBIT, excluding items affecting comparability	1,203	965	25	3,940	3,016	31
EBIT-margin, %	14.6	13.5		15.7	13.3	
Restructuring costs	-65	-81		-153	-178	
Capital gain on real estates	33	-		177	-	
Items affecting comparability	-32	-81		24	-178	
EBIT	1,171	884	32	3,964	2,838	40
Financial income and expenses	-43	-66	35	-133	-198	33
Profit before tax	1,128	818	38	3,831	2,640	45
Taxes	-274	-193	-42	-897	-665	-35
Net profit, continuing operations	854	625	37	2,934	1,975	49
Net profit, discontinuing operations	14	27	-48	30	76	-61
Net profit, Group	868	652	33	2,964	2,051	45
Earnings per share, SEK						
Continuing operations <sup>1</sup>	3.15	2.31	36	10.82	7.29	48
Discontinuing operations	0.05	0.10	-50	0.11	0.28	-61
Group <sup>1</sup>	3.20	2.41	33	10.93	7.57	44
Continuing operations, excluding items affecting comparability	3.25	2.21	47	10.76	7.53	43

<sup>1</sup> Q3 2020 affected by a non-recurring item of SEK +0.32 attributable to a change in the law in the US regarding deferred tax.

**Net sales** during the third quarter of 2021 amounted to SEK 8,240 M (7,152). Organic sales increased 16 percent compared with the year-earlier period. Exchange rate effects were negative 1 percent compared with the year-earlier period.

**Sales per market.** In Europe, organic sales increased by 13 percent compared with the preceding year. Organic sales in North America rose 20 percent. In South and Central America, the organic sales increase was 55 percent, and in Asia and other markets, organic sales increased by 13 percent compared with the preceding year.

**EBIT, excluding items affecting comparability,** totaled SEK 1,203 M (965), corresponding to a margin of 14.6 percent (13.5).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a negative impact of SEK 12 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter were a negative SEK 32 M (neg: 81) and pertained to restructuring costs of SEK 65 M and a capital gain on the sale of properties of SEK 33 M.

EBIT, including items affecting comparability, amounted to SEK 1,171 M (884) for the quarter.

**The net financial expense** was SEK 43 M (expense: 66). The lower financial expenses are due to reduced net debt in 2021 compared with the preceding year. Net interest income in relation to net debt for the Group amounted to 2.1 percent (2.4).

**Net profit** was SEK 854 M (625). The tax rate for the quarter amounted to 24 percent (24).

**Earnings per share,** excluding items affecting comparability, totaled SEK 3.25 (2.21). For the Group in total, earnings per share were SEK 3.20 (2.41).

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

## CASH FLOW AND NET DEBT

SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
EBIT, excluding items affecting comparability	1,203	965	25	3,940	3,016	31
Depreciation/write-down, property, plant and equipment	336	341	-1	1,016	1,072	-5
Amortization/write-down, intangible assets	88	89	-1	261	276	-5
EBITDA	1,627	1,395	17	5,217	4,364	20
Capital expenditure	-359	-200	-80	-832	-757	-10
Sold non-current assets	95	3	3,067	183	134	37
Amortization of lease liabilities	-98	-98	0	-299	-300	0
Change in working capital	-92	257		-888	81	
Dividend from associated companies	1	1		1	1	
Non cash-flow affecting items	-57	-6		-24	-36	
<b>Operating cash flow, continuing operations</b>	<b>1,117</b>	<b>1,352</b>	<b>-17</b>	<b>3,358</b>	<b>3,487</b>	<b>-4</b>
Cash conversion ratio R12, %	102	124		102	124	
<b>Operating cash flow, discontinuing operations</b>	<b>52</b>	<b>39</b>	<b>33</b>	<b>193</b>	<b>32</b>	<b>503</b>
<b>Operating cash flow, Group</b>	<b>1,169</b>	<b>1,391</b>	<b>-16</b>	<b>3,551</b>	<b>3,519</b>	<b>1</b>

SEK M	9M 2021	9M 2020	12M 2020
<b>Net debt, opening balance</b>	<b>-10,026</b>	<b>-14,914</b>	<b>-14,914</b>
Operating cash flow	3,551	3,519	5,332
Cash impact from items affecting comparability	-8	-205	-325
Financial items	-166	-226	-319
Paid tax	-721	-569	-772
<b>Free cash flow</b>	<b>2,656</b>	<b>2,519</b>	<b>3,916</b>
Acquisitions	-181	3	3
Disposed operations	143	147	147
Capital increase associated companies	-29	-	-
Dividend - equity holders of the parent company	-1,355	-	-
<b>Sum net cash flow</b>	<b>1,234</b>	<b>2,669</b>	<b>4,066</b>
Exchange rate differences	-368	53	732
Lease liability according to IFRS 16 <sup>1</sup>	15	117	141
Pension liability <sup>1</sup>	27	-54	-51
<b>Net debt, closing balance</b>	<b>-9,118</b>	<b>-12,129</b>	<b>-10,026</b>
Of which:			
Pension liability	-592	-658	-603
Lease liability according to IFRS 16	-2,127	-2,184	-2,049
Net debt, excluding effect of lease and pension liability	-6,399	-9,287	-7,374
Debt/equity ratio, %	29	41	35
Net debt/EBITDA <sup>2</sup>	1.3	2.2	1.7

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

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

**Operating cash flow** for the quarter amounted to SEK 1,117 M (1,352). Cash flow was positively affected by the higher earnings generation. At the same time, working capital increased in relation to the year-earlier period, driven by higher sales. The rate of investment was higher than in the preceding year. The cash conversion ratio for the most recent 12-month period amounted to 102 percent (124).

Free cash flow for the first nine months of the year amounted to SEK 2,656 M (2,519). Net cash flow amounted to SEK 1,234 M (2,669). Net cash flow for the year was impacted by effects from acquisitions of negative SEK 181 M (pos: 3), effects from divested operations of positive SEK 143 M (pos: 147), capital contributions to associated companies of negative SEK 29 M (-), and a dividend to shareholders of the Parent Company of negative SEK 1,355 M (-).

**Net debt** at the end of the third quarter amounted to SEK 9,118 M (12,129) and was impacted by the year's net cash flow of SEK 1,234 M, negative exchange rate differences of SEK 368 M and non-cash adjustments of lease and pension liabilities totaling SEK 42 M.

The debt/equity ratio was 29 percent (41). Net debt in relation to EBITDA was 1.3 (2.2).

# RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2021	R12 2020
<b>Return on capital employed, continuing operations</b>		
Excluding items affecting comparability	12.7	9.4
Including items affecting comparability	12.5	6.9
<b>Return on equity, Group</b>		
Excluding items affecting comparability	12.2	9.1
Including items affecting comparability	11.8	-1.5

**Capital employed** within continuing operations declined year on year and amounted to SEK 39,934 M (40,775) at the end of the quarter, mainly impacted by exchange rate effects. The capital employed within assets held for sale amounted to SEK 1 804 M.

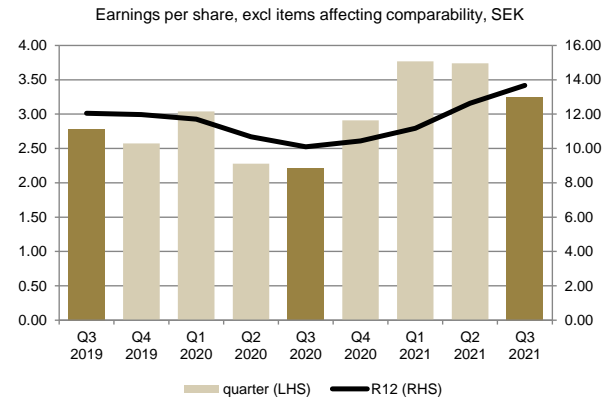
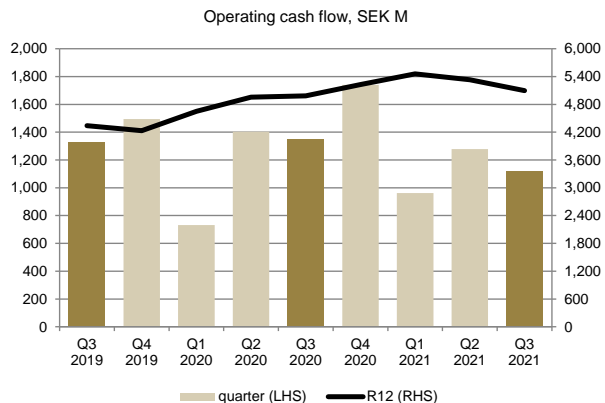
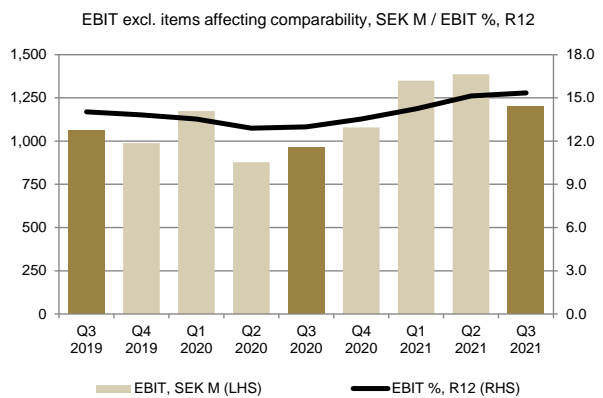
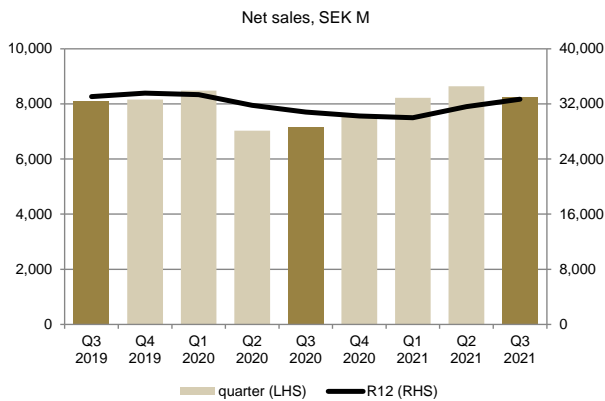
The return on capital employed, excluding items affecting comparability, was 12.7 percent (9.4).

The return on capital employed, including items affecting comparability (restructuring costs and non-recurring items), was 12.5 percent (6.9).

**Shareholders' equity** for the Group at the close of the period amounted to SEK 31,725 M (29,887), positively impacted by net profit for the year and translation effects, and negatively by the dividend to shareholders.

Equity per share amounted to SEK 117 (110). The equity/assets ratio was 58 percent (51). The return on shareholders' equity for the Group, excluding items affecting comparability, totaled 12.2 percent (9.1). The return on shareholders' equity for the Group, including items affecting comparability, totaled 11.8 percent (neg: 1.5).

## KEY FIGURES AND TRENDS



## JANUARY–SEPTEMBER 2021

**Net sales for the first nine months of the year** amounted to SEK 25,096 M (22,665), a total increase of 11 percent year-on-year. The organic sales growth was 17 percent. Exchange rate effects were negative 6 percent compared with the year-earlier period.

**EBIT, excluding items affecting comparability**, totaled SEK 3,940 M (3,016), corresponding to a margin of 15.7 percent (13.3). The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a negative impact of SEK 171 M on earnings compared with the year-earlier period. Items affecting comparability during the period amounted to SEK 24 M (neg: 178) and pertained to restructuring costs of SEK 153 M and a capital gain on the sale of properties of SEK 177 M. EBIT, including items affecting comparability, amounted to SEK 3,964 M (2,838).

**Financial income and expenses** amounted to a net expense of SEK 133 M (expense: 198). The lower financial expenses are due to reduced net debt in 2021 compared with the preceding year. Net interest income in relation to net debt for the Group amounted to 2.1 percent (2.2).

**Net profit** was SEK 2,934 M (1,975). The tax rate for the period amounted to 23 percent (25).

**Earnings per share**, excluding items affecting comparability, totaled SEK 10.76 (7.53). For the Group in total, earnings per share were SEK 10.93 (7.57).

**Operating cash flow** for the period amounted to SEK 3,358 M (3,487). Cash flow was positively affected by the higher earnings generation. Working capital increased in relation to the year-earlier period, driven by higher sales. Investments were in line with the preceding year.

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

The various parts of the reporting segment were reported as of the interim report for the first quarter of 2021 as Assets held for sale, within Trelleborg Industrial Solutions or in the Group Activities item.

The press release regarding this split was published on March 26, 2021.

The press release on the restated key figures was published on April 12, 2021.

## BUSINESS AREA

## TRELLEBORG INDUSTRIAL SOLUTIONS

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

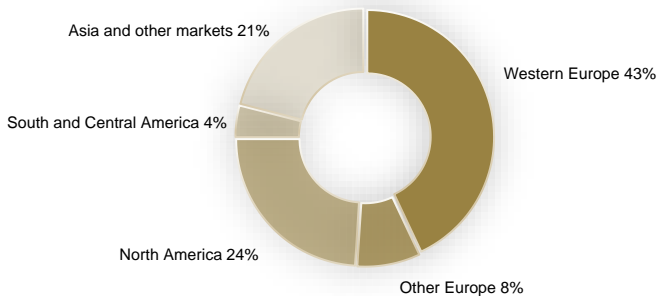
Excluding items affecting comparability, SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
Net sales	2,732	2,505	9	8,214	7,714	6
Change total, %	9	-12		6	-9	
Organic sales, %	9	-8		11	-11	
Structural change, %	1	0		1	3	
Currency effects, %	-1	-4		-6	-1	
EBIT	326	274	19	1,009	706	43
EBIT, %	12.0	10.9		12.3	9.1	
Capital employed, closing balance	10,951	11,104		10,951	11,104	
Return on capital employed R12, %	13.0	8.9	46	13.0	8.9	46

Additional key ratios on pages 16 - 18

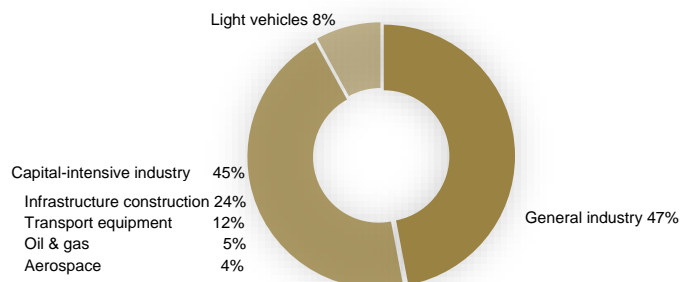
**Organic sales** for the quarter increased by 9 percent year on year. Sales to the construction and industry-related market segments were significantly higher compared with the preceding year. A growth in deliveries was noted to both the aerospace industry and to train manufacturers and other rail and mass transit applications. Sales to the automotive industry were negatively impacted by postponed deliveries, which in turn, originated in the shortage of semiconductor components. This situation is expected to be even more tangible in the fourth quarter.

**EBIT and the EBIT margin** increased year on year, due primarily to higher volumes and continued effective cost discipline. However, historically high freight costs and rising prices for raw materials and energy dampened the margin improvement. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 4 M on EBIT compared with the year-earlier period.

Sales per geography



Sales per segment



Net sales per market segment and per geographic market are based on full-year 2020, adjusted for the new reporting structure. Historically, the percentages have not fluctuated significantly between the quarters and, accordingly, the full-year values for 2020 are a good approximation.

## BUSINESS AREA

## TRELLEBORG SEALING SOLUTIONS

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

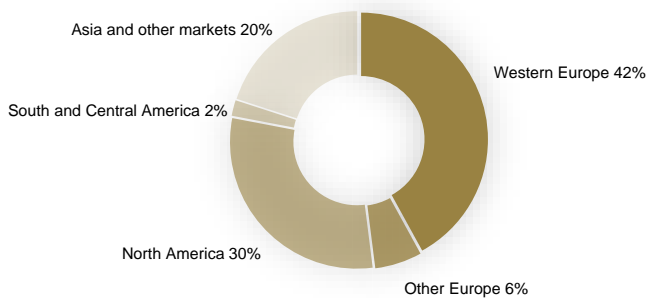
Excluding items affecting comparability, SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
Net sales	3,086	2,512	23	9,374	8,219	14
Change total, %	23	-16		14	-11	
Organic sales, %	24	-13		21	-12	
Structural change, %	-	2		-	2	
Currency effects, %	-1	-5		-7	-1	
EBIT	720	454	59	2,209	1,625	36
EBIT, %	23.3	18.1		23.6	19.8	
Capital employed, closing balance	14,425	14,499		14,425	14,499	
Return on capital employed R12, %	19.4	15.0	29	19.4	15.0	29

Additional key ratios on pages 16 - 18

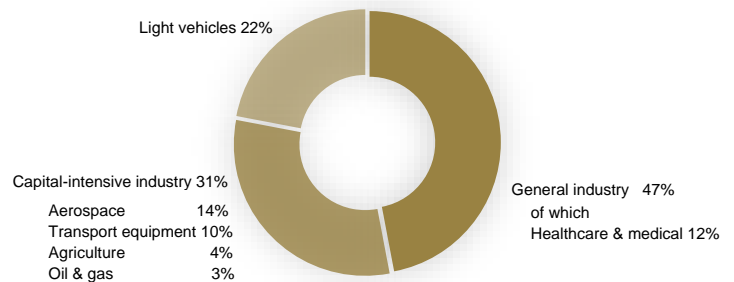
**Organic sales** for the quarter increased by 24 percent year on year. Sales to all segments and geographies displayed uniform and high growth. Toward the end of the quarter, the shortage of certain components and raw materials led to temporary production stoppages among some customers in the automotive industry, a situation that is expected to become more tangible during the fourth quarter. Sales to the aerospace industry continued to recover, with double-digit growth. Healthcare & medical deliveries increased, primarily in the important US market.

**EBIT and the EBIT margin** increased, due primarily to higher volumes, combined with strict cost control. The business area displayed a good ability to adapt its prices in relation to higher costs for freight, raw materials and energy. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 3 M on EBIT compared with the year-earlier period.

Sales per geography



Sales per segment



Net sales per market segment and per geographic market are based on full-year 2020. Historically, the percentages have not fluctuated significantly between the quarters and, accordingly, the full-year values for 2020 are a good approximation.



## BUSINESS AREA

## TRELLEBORG WHEEL SYSTEMS

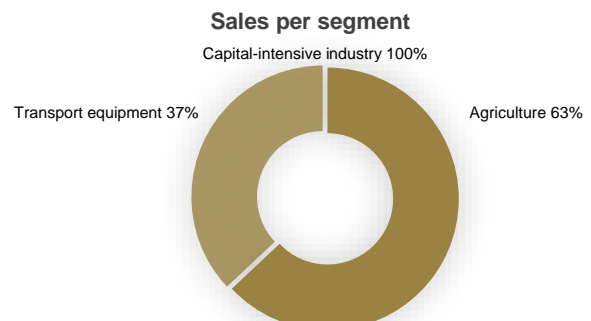
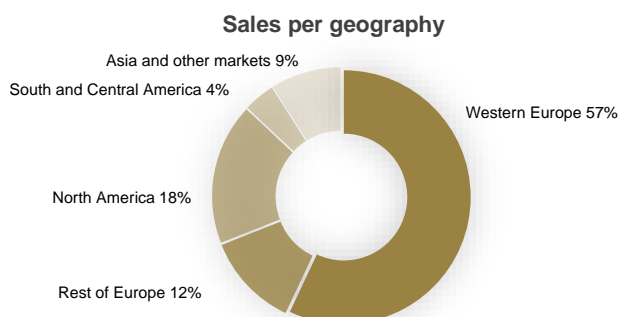
Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for off-highway vehicles and specialty applications.

Excluding items affecting comparability, SEK M	Q3 2021	Q3 2020	Change, %	9M 2021	9M 2020	Change, %
Net sales	2,369	2,075	14	7,323	6,580	11
Change total, %	14	-5		11	-12	
Organic sales, %	15	1		17	-11	
Structural change, %	-	-1		-	0	
Currency effects, %	-1	-5		-6	-1	
EBIT	238	272	-13	939	825	14
EBIT, %	10.1	13.1		12.8	12.5	
Capital employed, closing balance	14,001	14,524		14,001	14,524	
Return on capital employed R12, %	8.4	6.2	35	8.4	6.2	35

Additional key ratios on pages 16 - 18

**Organic sales** for the quarter increased by 15 percent year-on-year, which is attributable to a positive trend in all tire categories. Organic sales of tires for agricultural machinery increased in most markets during the quarter, with the strongest trend in South and North America. Organic sales of tires for material handling and off-highway vehicles increased in all regions compared with the year-earlier period.

**EBIT and the EBIT margin** decreased as a result of rising costs for raw materials, freight and energy during the quarter, and continued prioritization of deliveries to long-term OE customers, which is expected to benefit the business in the long term. Price adjustments to customers are expected to gradually improve profitability going forward. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 6 M on EBIT compared with the year-earlier period.



Net sales per market segment and per geographic market are based on full-year 2020. Historically, the percentages have not fluctuated significantly between the quarters and, accordingly, the full-year values for 2020 are a good approximation.

## SIGNIFICANT EVENTS DURING THE QUARTER

**Agreement to divest Czech operation in technical rubber products.** Trelleborg signed an agreement to divest a Czech operation in technical rubber products. The company, which has its main business located in Nachod, in the Czech Republic, is recognized among Assets held for sale in the financial statements. The buyer is Kaprain, a Czech investment group.

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

The press release about the divestment was published on August 2, 2021.

**Acquisition of properties in southeast Sweden.** Trelleborg entered an agreement with Kalmar Municipality Group, Sweden, to acquire the office and industrial properties that Trelleborg Group currently lease in the city of Kalmar. The agreed value of the properties amounts to SEK 190 M. Completion of the transaction is subject to the approval of Kalmar City Council, which is expected to be given during autumn 2021.

In Kalmar, the Trelleborg Sealing Solutions business area develops and manufactures noise and vibration-damping solutions for light vehicles, primarily brake shims.

The press release on the agreement was published on August 24, 2021.

**Green Finance Framework published.** Trelleborg published a Green Finance Framework that will enable the Group to issue green bonds under its existing Medium Term Note (MTN) Program. The framework also empowers Trelleborg's financing activities to become more involved in the Group's '50 by 25' climate target, whereby the Group will reduce its CO<sub>2</sub> emissions by 50 percent relative to sales by 2025, combined with its vision of net zero emissions by the end of 2035.

For more information about the framework, visit <https://www.trelleborg.com/en/investors/debt-investors>.

The press release on the framework was published on August 25, 2021.

**Inaugural Green Bond issued.** Trelleborg issued a Green Bond for the first time. The bonds will finance projects that continue to support and develop the Group's ongoing and future energy efficiency initiatives in production and administration. The bond was issued in line with the Group's recently launched Green Finance Framework.

The nominal amount is SEK 1,000 M with a tenor of 5.5 years.

The press release regarding the bond was published on September 2, 2021.

**Change in Group management.** Trelleborg's General Counsel Charlotta Grähs will step down from her position at the beginning of 2022 for a corresponding role at another company. Charlotta Grähs has been Trelleborg's General Counsel and Board's secretary since 2014.

A process has been initiated to find a replacement.

The press release on this change were published on September 2, 2021.

**Capital Markets Day 2021.** Trelleborg announced its Capital Markets Day will be on December 2, 2021, an event for analysts, investors and the media.

The press release on the Capital Markets Day was published on September 29, 2021.

## SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

**Divestment of Czech operation in technical rubber products finalized.** Trelleborg finalized the divestment of the Czech operation in technical rubber products. See above.

The press release about the finalization of the divestment was published on October 1, 2021.

**Geographic expansion.** Trelleborg is expanding geographically by establishing manufacturing operations in Russia, Vietnam, Japan, and Morocco. These will be the Group's first fully owned production facilities in these countries. The total investment amounts to just under SEK 300 M, allocated over five years. When the facilities are fully operational in 2026, they are expected to have just over 300 employees. The purpose of the investments is to provide closer proximity to customers in growing and profitable segments.

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

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

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

Ragnar Lindqvist, Dunker Foundations

Per Trygg, Lannebo Funds

Anna Sundberg, Handelsbanken Funds

Jan Särilvik, Nordea Funds

Emilie Westholm, Folksam

The Annual General Meeting will be held in Trelleborg, Sweden, on April 27, 2022 at 5:00 p.m. CET.

The press release about the nomination committee was published on October 7, 2021.

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

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

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

## OTHER

### NEWS IN PRODUCTS AND SOLUTIONS



#### **Tunnel seals for Fehmarnbelt.**

Trelleborg signed an agreement to deliver all of the tunnel seals for the Fehmarnbelt immersed tunnel between Rødbyhavn, Denmark, and

Puttgarden, Germany. The production of the 79 large tunnel elements and ten special elements will commence in 2022 and will be delivered continuously until the end of 2026. When the link is completed, it will be the world's longest immersed tunnel construction. The order strengthens Trelleborg's position as a leading global manufacturer of seals for immersed tunnels.



#### **Launch of Rapid Development Center.**

For customers in healthcare & medical, Trelleborg's Rapid Development Center offers a single partner for design, rapid

prototyping, development, and serial production, ensuring cost control and scalability of customers' solutions. The purpose of the center is to respond to customer needs to accelerate time to market, reduce the production cost of parts already in market and improve the transition from design to serial production.

**AI in tire production.** Using artificial intelligence (AI), the production of existing and newly developed rubber compounds intended for tire production has been accelerated and significantly improved, with the aim of enhancing the performance of both tires and vehicle. Valuable knowledge has been obtained from the use of AI in combination with machine learning from millions of items of data stored in laboratory equipment, but also from input from the operation.

### SUSTAINABILITY



#### **Member of Global Platform for Sustainable Natural Rubber.**

Trelleborg is a member of the Global Platform for Sustainable Natural Rubber, which is working to improve the situation in the world in terms of deforestation, labor rights, and living and working conditions. About 70 percent of natural rubber globally is used for tire production. Trelleborg's share of the annual natural rubber production in the world is approximately 0.35 percent.

**CDP Supply Chain.** Trelleborg has joined the CDP Supply Chain program. The purpose of the membership is to collect robust data for Scope 3 emissions and set baseline calculations from Trelleborg's selected suppliers of direct materials and transports using the comprehensive CDP Climate Change questionnaire.



#### **Trelleborg SportsClub.**

Trelleborg engages with the community wherever the Group operates. Part of this involves support for young people who, with the help of Trelleborg SportsClub, become involved in sport, training and coaching. Recently launched initiatives include Motivationslyftet ("Motivation Boost") in collaboration with Trelleborgs FF football club and Hälsosam Ungdom ("Healthy Young People") in collaboration with Malmö Redhawks ice hockey club.

## RISK MANAGEMENT

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

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

**Long-term risks.** Trelleborg has identified the relevant areas based on strategic risks, operational risks, regulatory compliance risks and financial risks that may result in damage

or loss with substantial impact on the entire Group and therefore justify management of the risk exposure at Group level.

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

**Short-term risks.** The Coronavirus pandemic and the measures taken by various countries to prevent the spread of the virus have impacted the Group. The scope and length of this pandemic are uncertain, but are expected to affect Trelleborg further. The most important risks resulting from the current uncertain situation relating to the pandemic are:

- **Supply chain:** The Group's access to components and the ability to transport finished products to customers could be affected.
- **Earnings and profitability:** Trelleborg's revenue could be affected by individual countries' decisions on extraordinary measures and customer behavior resulting from the Coronavirus pandemic.

## REVIEW REPORT

### Introduction

We have reviewed the interim report for Trelleborg AB (publ) for the period January 1–September 30, 2021. 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 27, 2021

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.

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

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

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

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

## Condensed Income Statements

Income Statements, SEK M	Q3 2021	Q3 2020	9M 2021	9M 2020	R12 2021	12M 2020
Net sales	8,240	7,152	25,096	22,665	32,689	30,258
Cost of goods sold	-5,569	-4,847	-16,743	-15,273	-21,752	-20,282
<b>Gross profit</b>	<b>2,671</b>	<b>2,305</b>	<b>8,353</b>	<b>7,392</b>	<b>10,937</b>	<b>9,976</b>
Selling expenses	-708	-598	-2,004	-1,941	-2,640	-2,577
Administrative expenses	-623	-594	-2,005	-1,981	-2,704	-2,680
Research and development costs	-133	-120	-395	-400	-538	-543
Other operating income/expenses	-5	-27	-11	-53	-37	-79
Profit from associated companies	1	-1	2	-1	1	-2
<b>EBIT, excluding items affecting comparability</b>	<b>1,203</b>	<b>965</b>	<b>3,940</b>	<b>3,016</b>	<b>5,019</b>	<b>4,095</b>
Items affecting comparability	-32	-81	24	-178	-116	-318
<b>EBIT</b>	<b>1,171</b>	<b>884</b>	<b>3,964</b>	<b>2,838</b>	<b>4,903</b>	<b>3,777</b>
Financial income and expenses	-43	-66	-133	-198	-201	-266
<b>Profit before tax</b>	<b>1,128</b>	<b>818</b>	<b>3,831</b>	<b>2,640</b>	<b>4,702</b>	<b>3,511</b>
Tax	-274	-193	-897	-665	-1,086	-854
<b>Net profit, continuing operations</b>	<b>854</b>	<b>625</b>	<b>2,934</b>	<b>1,975</b>	<b>3,616</b>	<b>2,657</b>
Net profit, discontinuing operations	14	27	30	76	8	54
<b>Net profit, Group</b>	<b>868</b>	<b>652</b>	<b>2,964</b>	<b>2,051</b>	<b>3,624</b>	<b>2,711</b>
- equity holders of the parent company	869	652	2,965	2,051	3,626	2,712
- non-controlling interest	-1	0	-1	0	-2	-1
<b>Earnings per share, SEK <sup>1</sup></b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>9M 2021</b>	<b>9M 2020</b>	<b>R12 2021</b>	<b>12M 2020</b>
Continuing operations	3.15	2.31	10.82	7.29	13.34	9.81
Discontinuing operations	0.05	0.10	0.11	0.28	0.02	0.19
<b>Group</b>	<b>3.20</b>	<b>2.41</b>	<b>10.93</b>	<b>7.57</b>	<b>13.36</b>	<b>10.00</b>
Continuing operations, excluding items affecting comparability	3.25	2.21	10.76	7.53	13.67	10.44
<sup>1</sup> No dilution effects arose.						
<b>Number of shares</b>						
End of period	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
Average number	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
<b>Statements of comprehensive income, SEK M</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>9M 2021</b>	<b>9M 2020</b>	<b>R12 2021</b>	<b>12M 2020</b>
<b>Net profit, Group</b>	<b>868</b>	<b>652</b>	<b>2,964</b>	<b>2,051</b>	<b>3,624</b>	<b>2,711</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to the income statement</b>						
Reassessment of net pension obligation	11	-47	27	-54	30	-51
Income tax relating to components of other comprehensive income	-2	10	-5	10	-9	6
<b>Total</b>	<b>9</b>	<b>-37</b>	<b>22</b>	<b>-44</b>	<b>21</b>	<b>-45</b>
<b>Items that may be reclassified to the income statement</b>						
Cash flow hedges	9	0	65	-111	127	-49
Hedging of net investment	-109	3	-244	18	317	579
Translation difference	519	-354	1,288	-913	-806	-3,007
Income tax relating to components of other comprehensive income	45	1	32	25	-90	-97
<b>Total</b>	<b>464</b>	<b>-350</b>	<b>1,141</b>	<b>-981</b>	<b>-452</b>	<b>-2,574</b>
<b>Other comprehensive income, net of tax</b>	<b>473</b>	<b>-387</b>	<b>1,163</b>	<b>-1,025</b>	<b>-431</b>	<b>-2,619</b>
<b>Total comprehensive income</b>	<b>1,341</b>	<b>265</b>	<b>4,127</b>	<b>1,026</b>	<b>3,193</b>	<b>92</b>
<b>Total comprehensive income attributable to:</b>						
- equity holders of the parent company	1,342	265	4,128	1,026	3,195	93
- non-controlling interest	-1	0	-1	0	-2	-1
<b>EBIT specification, continuing operations, SEK M</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>9M 2021</b>	<b>9M 2020</b>	<b>R12 2021</b>	<b>12M 2020</b>
Excluding items affecting comparability:						
EBITDA	1,627	1,395	5,217	4,364	6,735	5,882
Depreciation/write-down, property, plant and equipment	-336	-341	-1,016	-1,072	-1,366	-1,422
EBITA	1,291	1,054	4,201	3,292	5,369	4,460
Amortization/write-down, intangible assets	-88	-89	-261	-276	-350	-365
EBIT	1,203	965	3,940	3,016	5,019	4,095
Items affecting comparability	-32	-81	24	-178	-116	-318
<b>EBIT</b>	<b>1,171</b>	<b>884</b>	<b>3,964</b>	<b>2,838</b>	<b>4,903</b>	<b>3,777</b>

## Condensed Balance Sheets

Balance Sheets, SEK M	Sep 30 2021	Sep 30 2020	Dec 31 2020
Property, plant and equipment	11,357	12,543	11,928
Goodwill	18,408	18,937	17,867
Other intangible assets	4,369	5,018	4,675
Participations in associated companies	59	105	104
Financial non-current assets	48	87	62
Deferred tax assets	582	954	742
<b>Total non-current assets</b>	<b>34,823</b>	<b>37,644</b>	<b>35,378</b>
Inventories	5,862	5,674	5,263
Current operating receivables	7,295	6,793	6,250
Current tax assets	1,056	1,075	884
Interest-bearing receivables	58	129	233
Cash and cash equivalents	3,577	7,782	5,756
<b>Total current assets</b>	<b>17,848</b>	<b>21,453</b>	<b>18,386</b>
Assets held for sale	2,477	-	-
<b>Total assets</b>	<b>55,148</b>	<b>59,097</b>	<b>53,764</b>
Share capital	2,620	2,620	2,620
Other capital contributions	226	226	226
Other reserves	1,522	1,982	382
Profit brought forward	24,384	22,999	23,005
Net profit for the year	2,965	2,051	2,712
<b>Total</b>	<b>31,717</b>	<b>29,878</b>	<b>28,945</b>
Non-controlling interests	8	9	8
<b>Equity</b>	<b>31,725</b>	<b>29,887</b>	<b>28,953</b>
Interest-bearing non-current liabilities	9,711	13,798	10,718
Other non-current liabilities	193	324	272
Pension obligations	581	661	619
Other provisions	141	153	149
Deferred tax liabilities	867	978	899
<b>Total non-current liabilities</b>	<b>11,493</b>	<b>15,914</b>	<b>12,657</b>
Interest-bearing current liabilities	2,491	5,630	4,706
Current tax liabilities	1,345	1,380	1,138
Other current liabilities	6,974	5,868	5,987
Other provisions	353	418	323
<b>Total current liabilities</b>	<b>11,163</b>	<b>13,296</b>	<b>12,154</b>
Liabilities held for sale	767	-	-
<b>Total equity and liabilities</b>	<b>55,148</b>	<b>59,097</b>	<b>53,764</b>
<b>Specification of changes in equity, SEK M</b>	<b>Sep 30 2021</b>	<b>Sep 30 2020</b>	<b>Dec 31 2020</b>
<b>Opening balance, January 1</b>	<b>28,953</b>	<b>28,861</b>	<b>28,861</b>
Total net profit	2,964	2,051	2,711
Other comprehensive income	1,163	-1,025	-2,619
Dividend	-1,355	-	-
<b>Closing balance</b>	<b>31,725</b>	<b>29,887</b>	<b>28,953</b>
<b>Specification of capital employed, SEK M</b>	<b>Sep 30 2021</b>	<b>Sep 30 2020</b>	<b>Dec 31 2020</b>
Total assets, Group total	55,148	59,097	53,764
Less:			
Interest-bearing receivables	287	194	275
Cash and cash equivalents	3,577	7,782	5,756
Tax assets	1,638	2,029	1,626
Operating liabilities	7,908	6,382	6,408
<b>Capital employed</b>	<b>41,738</b>	<b>42,710</b>	<b>39,699</b>
Of which discontinuing operations	1,804	1,935	1,831
<b>Continuing operations</b>	<b>39,934</b>	<b>40,775</b>	<b>37,868</b>



## Condensed Cash-flow Statements

Cash flow statements, SEK M	Q3 2021	Q3 2020	9M 2021	9M 2020	R12 2021	12M 2020
<b>Operating activities</b>						
EBIT incl part in associated companies	1,171	884	3,964	2,838	4,903	3,777
Adjustments for items not included in cash flow from operating activities:						
Depreciation, property, plant and equipment	337	341	1,010	1,063	1,351	1,404
Amortization, intangible assets	87	89	260	276	349	365
Impairment losses, property, plant and equipment	0	0	15	7	65	57
Impairment losses, intangible assets	1	0	1	0	2	1
Dividend from associated companies	1	0	1	0	2	1
Participations in associated companies and other non cash-flow affecting items	-21	-2	-23	-23	-6	-6
Interest received and other financial items	4	5	17	24	61	68
Interest paid and other financial items	-39	-70	-165	-232	-296	-363
Taxes paid	-311	-129	-759	-564	-982	-787
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,230</b>	<b>1,118</b>	<b>4,321</b>	<b>3,389</b>	<b>5,449</b>	<b>4,517</b>
<b>Cash flow from changes in working capital</b>						
Change in inventories	-438	376	-910	350	-809	451
Change in operating receivables	117	-214	-1,352	-275	-1,226	-149
Change in operating liabilities	229	95	1,374	6	1,802	434
Change in items affecting comparability	26	46	21	13	26	18
<b>Cash flow from operating activities</b>	<b>1,164</b>	<b>1,421</b>	<b>3,454</b>	<b>3,483</b>	<b>5,242</b>	<b>5,271</b>
<b>Investing activities</b>						
Acquisitions	-7	0	-181	3	-181	3
Disposed/discontinuing operations	-	-	-	27	-	27
Capital increase associated companies	-9	-	-29	-	-29	-
Capital expenditure, property, plant and equipment	-333	-180	-751	-681	-1,073	-1,003
Capital expenditure, intangible assets	-26	-20	-81	-76	-115	-110
Sale of non-current assets	95	3	183	134	199	150
<b>Cash flow from investing activities</b>	<b>-280</b>	<b>-197</b>	<b>-859</b>	<b>-593</b>	<b>-1,199</b>	<b>-933</b>
<b>Financing activities</b>						
Change in interest-bearing investments	-3	144	186	112	105	31
Change in interest-bearing liabilities	-1,254	130	-1,616	-516	-1,642	-542
New/utilized loans	1,000	-20	1,000	4,620	-500	3,120
Amortized loans	-1,162	-112	-4,273	-2,050	-5,960	-3,737
Dividend - equity holders of the parent company	-	-	-1,355	-	-1,355	-
<b>Cash flow from financing activities</b>	<b>-1,419</b>	<b>142</b>	<b>-6,058</b>	<b>2,166</b>	<b>-9,352</b>	<b>-1,128</b>
<b>Total cash flow, continuing operations</b>	<b>-535</b>	<b>1,366</b>	<b>-3,463</b>	<b>5,056</b>	<b>-5,309</b>	<b>3,210</b>
<b>Total cash flow, discontinuing operations</b>	<b>1,135</b>	<b>39</b>	<b>1,287</b>	<b>154</b>	<b>1,224</b>	<b>91</b>
<b>Cash flow for the period, Group</b>	<b>600</b>	<b>1,405</b>	<b>-2,176</b>	<b>5,210</b>	<b>-4,085</b>	<b>3,301</b>
<b>Cash and cash equivalents</b>						
At beginning of the period	3,049	6,413	5,756	2,694	7,782	2,694
Exchange rate differences	36	-36	105	-122	-12	-239
<b>Cash and cash equivalents at end of period</b>	<b>3,685</b>	<b>7,782</b>	<b>3,685</b>	<b>7,782</b>	<b>3,685</b>	<b>5,756</b>

Change in liabilities from financing activities, SEK M	Non-cash changes								
	Dec 31 2020	Transfer between long-term and short-term loans	Cash changes	Acquisitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	Sep 30 2021
Long-term loans	9,015	-1,251	60	-	199	-	-	-	8,023
Current loans	4,128	1,251	-3,333	-	22	-	-	-	2,068
Other non-current financial liabilities	23	-	-21	-	0	-	-	-	2
Other current financial liabilities	209	-	-328	-	169	-	-	-	50
Lease liabilities according to IFRS 16	2,049	-	-297	-	78	-	297	-	2,127
Pension obligations	618	-	11	-	6	-	-	-27	608
<b>Total</b>	<b>16,042</b>	<b>-</b>	<b>-3,908</b>	<b>-</b>	<b>474</b>	<b>-</b>	<b>297</b>	<b>-27</b>	<b>12,878</b>



## Key figures

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

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

SEK M	Q3 2021	Q3 2020	9M 2021	9M 2020	R12 2021	12M 2020
<b>Net sales</b>						
Trelleborg Industrial Solutions	2,732	2,505	8,214	7,714	10,835	10,335
Trelleborg Sealing Solutions	3,086	2,512	9,374	8,219	12,047	10,892
Trelleborg Wheel Systems	2,369	2,075	7,323	6,580	9,508	8,765
Group Activities	105	93	357	250	512	405
Eliminations	-52	-33	-172	-98	-213	-139
<b>Continuing operations</b>	<b>8,240</b>	<b>7,152</b>	<b>25,096</b>	<b>22,665</b>	<b>32,689</b>	<b>30,258</b>
Discontinuing operations	439	611	1,569	2,126	2,139	2,696
Eliminations	-31	-21	-115	-73	-160	-118
<b>Group</b>	<b>8,648</b>	<b>7,742</b>	<b>26,550</b>	<b>24,718</b>	<b>34,668</b>	<b>32,836</b>
<b>EBIT, excluding items affecting comparability</b>						
Trelleborg Industrial Solutions	326	274	1,009	706	1,400	1,097
Trelleborg Sealing Solutions	720	454	2,209	1,625	2,721	2,137
Trelleborg Wheel Systems	238	272	939	825	1,164	1,050
Group Activities	-81	-35	-217	-140	-266	-189
<b>Continuing operations</b>	<b>1,203</b>	<b>965</b>	<b>3,940</b>	<b>3,016</b>	<b>5,019</b>	<b>4,095</b>
Discontinuing operations	42	34	102	160	129	187
<b>Group</b>	<b>1,245</b>	<b>999</b>	<b>4,042</b>	<b>3,176</b>	<b>5,148</b>	<b>4,282</b>
<b>EBIT %, excluding items affecting comparability</b>						
Trelleborg Industrial Solutions	12.0	10.9	12.3	9.1	12.9	10.6
Trelleborg Sealing Solutions	23.3	18.1	23.6	19.8	22.6	19.6
Trelleborg Wheel Systems	10.1	13.1	12.8	12.5	12.2	12.0
<b>Continuing operations</b>	<b>14.6</b>	<b>13.5</b>	<b>15.7</b>	<b>13.3</b>	<b>15.4</b>	<b>13.5</b>
Discontinuing operations	9.6	5.7	6.5	7.5	6.0	7.0
<b>Group</b>	<b>14.4</b>	<b>12.9</b>	<b>15.2</b>	<b>12.9</b>	<b>14.8</b>	<b>13.0</b>
<b>Net sales per market continuing operations, organic growth, %</b>						
Western Europe (47)	13	-10	15	-14		
Other Europe (9)	12	8	18	-1		
North America (24)	20	-15	8	-15		
South and Central America (3)	55	-11	50	-8		
Asia and other markets (17)	13	5	27	-4		
<b>Total (100% refer to share 2020)</b>	<b>16</b>	<b>-7</b>	<b>17</b>	<b>-12</b>		

Bridge net sales	Q3 2020, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q3 2021, SEK M
Trelleborg Industrial Solutions	2,505	9	1	-1	2,732
Trelleborg Sealing Solutions	2,512	24	-	-1	3,086
Trelleborg Wheel Systems	2,075	15	-	-1	2,369
Group Activities	60				53
<b>Continuing operations</b>	<b>7,152</b>	<b>16</b>	<b>0</b>	<b>-1</b>	<b>8,240</b>

Exchange rate differences impacting EBIT excluding items affecting comparability <sup>1</sup> , SEK M	Q3 2021	9M 2021
Trelleborg Industrial Solutions	-4	-35
Trelleborg Sealing Solutions	-3	-89
Trelleborg Wheel Systems	-6	-57
Group activities	1	10
<b>Continuing operations</b>	<b>-12</b>	<b>-171</b>

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

SEK M	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>Net sales</b>									
Trelleborg Industrial Solutions	2,732	2,866	2,616	2,621	2,505	2,461	2,748	2,963	2,858
Trelleborg Sealing Solutions	3,086	3,155	3,133	2,673	2,512	2,498	3,209	2,952	2,982
Trelleborg Wheel Systems	2,369	2,557	2,397	2,185	2,075	2,046	2,459	2,182	2,188
Group activities	105	132	120	155	93	45	112	104	121
Eliminations	-52	-73	-47	-41	-33	-19	-46	-39	-42
<b>Continuing operations</b>	<b>8,240</b>	<b>8,637</b>	<b>8,219</b>	<b>7,593</b>	<b>7,152</b>	<b>7,031</b>	<b>8,482</b>	<b>8,162</b>	<b>8,107</b>
Discontinuing operations	439	532	598	570	611	680	835	911	755
Eliminations	-31	-40	-44	-45	-21	-21	-31	-54	-32
<b>Group</b>	<b>8,648</b>	<b>9,129</b>	<b>8,773</b>	<b>8,118</b>	<b>7,742</b>	<b>7,690</b>	<b>9,286</b>	<b>9,019</b>	<b>8,830</b>
<b>EBIT, excluding items affecting comparability</b>									
Trelleborg Industrial Solutions	326	368	315	391	274	215	217	332	296
Trelleborg Sealing Solutions	720	755	734	512	454	465	706	626	668
Trelleborg Wheel Systems	238	342	359	225	272	256	297	97	148
Group items	-81	-78	-58	-49	-35	-58	-47	-67	-53
<b>Continuing operations</b>	<b>1,203</b>	<b>1,387</b>	<b>1,350</b>	<b>1,079</b>	<b>965</b>	<b>878</b>	<b>1,173</b>	<b>988</b>	<b>1,059</b>
Discontinuing operations	42	30	30	27	34	64	62	18	-23
<b>Group</b>	<b>1,245</b>	<b>1,417</b>	<b>1,380</b>	<b>1,106</b>	<b>999</b>	<b>942</b>	<b>1,235</b>	<b>1,006</b>	<b>1,036</b>
<b>EBIT %, excluding items affecting comparability</b>									
Trelleborg Industrial Solutions	12.0	12.8	12.1	14.9	10.9	8.7	7.9	11.2	10.4
Trelleborg Sealing Solutions	23.3	24.0	23.4	19.1	18.1	18.6	22.0	21.2	22.4
Trelleborg Wheel Systems	10.1	13.4	15.0	10.3	13.1	12.5	12.1	4.4	6.8
<b>Continuing operations</b>	<b>14.6</b>	<b>16.1</b>	<b>16.4</b>	<b>14.2</b>	<b>13.5</b>	<b>12.5</b>	<b>13.8</b>	<b>12.1</b>	<b>13.1</b>
Discontinuing operations	9.6	5.7	4.9	4.7	5.7	9.4	7.4	2.1	-3.1
<b>Group</b>	<b>14.4</b>	<b>15.5</b>	<b>15.7</b>	<b>13.6</b>	<b>12.9</b>	<b>12.3</b>	<b>13.3</b>	<b>11.2</b>	<b>11.7</b>

Condensed Income Statements, SEK M	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales	8,240	8,637	8,219	7,593	7,152	7,031	8,482	8,162	8,107
Cost of goods sold	-5,569	-5,762	-5,412	-5,009	-4,847	-4,780	-5,646	-5,504	-5,498
<b>Gross profit</b>	<b>2,671</b>	<b>2,875</b>	<b>2,807</b>	<b>2,584</b>	<b>2,305</b>	<b>2,251</b>	<b>2,836</b>	<b>2,658</b>	<b>2,609</b>
Selling expenses	-708	-658	-638	-636	-598	-588	-755	-726	-709
Administrative expenses	-623	-684	-698	-699	-594	-633	-754	-777	-702
Research and development costs	-133	-130	-132	-143	-120	-129	-151	-147	-140
Other operating income/costs	-5	-15	9	-26	-27	-21	-5	-19	-1
Profit from associated companies	1	-1	2	-1	-1	-2	2	-1	2
<b>EBIT, excluding items affecting comparability</b>	<b>1,203</b>	<b>1,387</b>	<b>1,350</b>	<b>1,079</b>	<b>965</b>	<b>878</b>	<b>1,173</b>	<b>988</b>	<b>1,059</b>
Items affecting comparability	-32	-43	99	-140	-81	-61	-36	-877	-113
<b>EBIT</b>	<b>1,171</b>	<b>1,344</b>	<b>1,449</b>	<b>939</b>	<b>884</b>	<b>817</b>	<b>1,137</b>	<b>111</b>	<b>946</b>
Financial income and expenses	-43	-58	-32	-68	-66	-76	-56	-80	-51
<b>Profit before tax</b>	<b>1,128</b>	<b>1,286</b>	<b>1,417</b>	<b>871</b>	<b>818</b>	<b>741</b>	<b>1,081</b>	<b>31</b>	<b>895</b>
Tax	-274	-306	-317	-189	-193	-181	-291	-103	-235
<b>Net profit, continuing operations</b>	<b>854</b>	<b>980</b>	<b>1,100</b>	<b>682</b>	<b>625</b>	<b>560</b>	<b>790</b>	<b>-72</b>	<b>660</b>
Net profit, discontinuing operations	14	12	4	-22	27	12	37	-2,446	1
<b>Net profit, Group</b>	<b>868</b>	<b>992</b>	<b>1,104</b>	<b>660</b>	<b>652</b>	<b>572</b>	<b>827</b>	<b>-2,518</b>	<b>661</b>
- equity holders of the parent company	869	992	1,104	661	652	572	827	-2,518	661
- non-controlling interest	-1	0	-	-1	0	0	-	-	0

Continuing operations	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales, SEK M	8,240	8,637	8,219	7,593	7,152	7,031	8,482	8,162	8,107
Organic sales, %	16	31	5	0	-7	-20	-8	-2	-1
EBITDA, excl items affecting comparability, SEK M	1,627	1,812	1,778	1,518	1,395	1,352	1,617	1,465	1,511
EBITDA, excl items affecting comparability, %	19.7	21.0	21.6	20.0	19.5	19.3	19.0	18.0	18.6
EBITA, excl items affecting comparability, SEK M	1,291	1,474	1,436	1,168	1,054	972	1,266	1,075	1,151
EBITA, excl items affecting comparability, %	15.6	17.1	17.4	15.4	14.7	13.8	14.9	13.2	14.2
EBIT, excl items affecting comparability, SEK M	1,203	1,387	1,350	1,079	965	878	1,173	988	1,059
EBIT, excl items affecting comparability, %	14.6	16.1	16.4	14.2	13.5	12.5	13.8	12.1	13.1
Items affecting comparability, SEK M	-32	-43	99	-140	-81	-61	-36	-877	-113
EBIT, SEK M	1,171	1,344	1,449	939	884	817	1,137	111	946
Earnings per share, excluding items affecting comparability SEK	3.25	3.74	3.77	2.91	2.21	2.28	3.04	2.57	2.78
Operating cash flow, excl items affecting comp., SEK M	1,117	1,279	962	1,740	1,352	1,403	732	1,494	1,328
Cash conversion ratio, excl items affecting comp., R12, %	102	112	128	128	124	121	103	91	94
Capital employed, closing balance, SEK M	39,934	39,390	39,849	37,868	40,775	41,735	44,900	42,258	43,945
Return on capital employed R12, %	12.5	11.7	10.2	9.1	6.9	6.9	7.8	8.3	10.5

Group total	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Earnings per share, excl items affecting comparability, SEK	3.32	3.81	3.82	2.90	2.31	2.47	3.21	2.45	2.83
Earnings per share, Group, SEK	3.20	3.66	4.07	2.43	2.41	2.11	3.05	-9.29	2.44
Free cash flow, SEK M	836	1,095	725	1,397	1,165	1,099	255	1,235	1,101
Net debt, closing balance, SEK M	-9,118	-9,849	-9,880	-10,026	-12,129	-13,399	-15,644	-14,914	-15,860
Net debt/EBITDA	1.3	1.5	1.6	1.7	2.2	2.4	2.6	2.5	2.6
Debt/equity ratio %	29	32	32	35	41	45	51	52	49
Return on equity R12, %	11.8	11.4	9.7	9.4	-1.5	-1.5	-0.7	-0.7	9.5
Equity/assets ratio, %	58	57	56	54	51	50	51	51	53

## Acquisitions

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

#### 9M 2021

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

#### 2020

No acquisitions were carried out in 2020.

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

Acquisitions, SEK M	9M 2021 Acquired 2021	9M 2020 Adjustments to Acquisitions 2019
Developed technology <sup>1</sup>	-	6
Trademarks <sup>2</sup>	-	-
Customer relationships <sup>3</sup>	50	-8
Other intangible assets	7	-
Property, plant and equipment	2	-
Deferred tax assets	0	-
Shares in associated companies	-	-
Interest-bearing receivables	19	-
Inventories	24	-1
Operating receivables	23	-2
Current tax asset	1	1
Cash and cash equivalents	22	-
Deferred tax liabilities	-12	-6
Interest-bearing liabilities	-19	-
Post employment benefits	-	-
Provision obligations	-	-
Current tax liability	-2	-2
Operating liabilities	-23	-2
<b>Net assets</b>	<b>92</b>	<b>-14</b>
Goodwill	94	11
<b>Total purchase price</b>	<b>186</b>	<b>-3</b>
Cash and other net debt in acquired operations	-5	-
<b>Impact shown in cash flow statement</b>	<b>181</b>	<b>-3</b>

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

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

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

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

## Financial instruments – classification and valuation

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

At September 30, 2021, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Assets in the balance sheet</b>						
Derivative instruments	-	25	2	50	2	75
Financial non-current assets	-	-	-	-	-	-
Accounts receivable	5,978	-	-	-	-	5,978
Interest-bearing receivable	15	-	-	-	-	15
Cash and cash equivalents	3,685	-	-	-	-	3,685
<b>Total</b>	<b>9,678</b>	<b>25</b>		<b>50</b>		<b>9,753</b>

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Liabilities in the balance sheet</b>						
Derivative instruments	-	22	2	220	2	242
Interest-bearing non-current liabilities	8,025	-	-	-	-	8,025
Interest-bearing current liabilities	2,072	22	3	-	-	2,094
Lease liabilities according to IFRS 16	2,127	-	-	-	-	2,127
Accounts payable	3,769	-	-	-	-	3,769
<b>Total</b>	<b>15,993</b>	<b>44</b>		<b>220</b>		<b>16,257</b>

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

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

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

The financial interest-bearing receivable of SEK 45 M which was recognized at fair value in September previous year was repaid in January 2021. Interest-bearing non-current and current liabilities include earnouts according to contract in an amount of SEK 0 M (29) and SEK 22 M (34), respectively. An assessment of the most probable outcome was made and the present value of this calculated.

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

Financial interest-bearing liabilities, except for financial derivatives that adjust loans and earnouts according to contract, are recognized at amortized cost. Changes in interest-rate levels and credit margins create differences between fair value and amortized cost. Measurement at fair value would increase the Group's non-current loans by SEK 96 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, 2020, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Assets in the balance sheet</b>						
Derivative instruments	-	105	2	33	2	138
Financial non-current assets	2	45	3	-	-	47
Accounts receivable	5,295	-	-	-	-	5,295
Interest-bearing receivable	19	-	-	-	-	19
Cash and cash equivalents	7,781	-	-	-	-	7,781
<b>Total</b>	<b>13,097</b>	<b>150</b>		<b>33</b>		<b>13,280</b>

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
<b>Liabilities in the balance sheet</b>						
Derivative instruments	-	172	2	507	2	679
Interest-bearing non-current liabilities	11,925	29	3	-	-	11,954
Interest-bearing current liabilities	4,840	34	3	-	-	4,874
Lease liabilities according to IFRS 16	2,184	-	-	-	-	2,184
Accounts payable	2,790	-	-	-	-	2,790
<b>Total</b>	<b>21,739</b>	<b>235</b>		<b>507</b>		<b>22,481</b>

## Parent Company

Condensed Income statements, SEK M	Q3 2021	Q3 2020	9M 2021	9M 2020	R12 2021	12M 2020
Net sales	104	57	308	323	447	462
Administrative expenses	-59	-35	-192	-167	-320	-295
Other operating income	3	2	2	4	4	6
Other operating expenses	-27	-31	-83	-90	-261	-268
<b>EBIT</b>	<b>21</b>	<b>-7</b>	<b>35</b>	<b>70</b>	<b>-130</b>	<b>-95</b>
Financial income and expenses	224	34	4,409	335	4,545	471
<b>Profit before tax</b>	<b>245</b>	<b>27</b>	<b>4,444</b>	<b>405</b>	<b>4,415</b>	<b>376</b>
Appropriations	-	-	-	-	134	134
Tax	11	-28	4	-31	1	-34
<b>Net profit</b>	<b>256</b>	<b>-1</b>	<b>4,448</b>	<b>374</b>	<b>4,550</b>	<b>476</b>

Condensed Balance sheets, SEK M	Sep 30 2021	Sep 30 2020	Dec 31 2020
Property, plant and equipment	10	12	12
Intangible assets	19	23	22
Financial assets	36,843	36,008	36,777
<b>Total non-current assets</b>	<b>36,872</b>	<b>36,043</b>	<b>36,811</b>
Current receivables	377	276	83
Current tax asset	6	7	3
Interest-bearing receivables	-	0	134
Cash and cash equivalents	0	-	-
<b>Total current assets</b>	<b>383</b>	<b>283</b>	<b>220</b>
<b>Total assets</b>	<b>37,255</b>	<b>36,326</b>	<b>37,031</b>
<b>Equity</b>	<b>11,118</b>	<b>7,923</b>	<b>8,025</b>
Interest-bearing non-current liabilities	83	92	85
Other non-current liabilities	56	45	45
<b>Total non-current liabilities</b>	<b>139</b>	<b>137</b>	<b>130</b>
Interest-bearing current liabilities	25,762	28,149	28,718
Current tax liabilities	-	2	-
Other current liabilities	236	115	158
<b>Total current liabilities</b>	<b>25,998</b>	<b>28,266</b>	<b>28,876</b>
<b>Total equity and liabilities</b>	<b>37,255</b>	<b>36,326</b>	<b>37,031</b>

### Other

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

## ABOUT TRELLEBORG

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

### Business concept

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

### Strategy

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

### Value drivers

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

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

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

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

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

### Trelleborg's market segments:

Business area/Segment distribution	General industry	Capital intensive industry					Light Vehicles	
		Oil & gas	Transport equipment	Agriculture	Infrastructure construction	Aerospace		
Trelleborg Industrial Solutions	47%	5%	12%		24%	4%	45%	8%
Trelleborg Sealing Solutions	47%	3%	10%	4%		14%	31%	22%
Trelleborg Wheel Systems			37%	63%			100%	
<b>Continuing operations</b>	<b>33%</b>	<b>3%</b>	<b>19%</b>	<b>20%</b>	<b>8%</b>	<b>6%</b>	<b>56%</b>	<b>11%</b>

Net sales per market segment and business area based on full-year 2020. Historically, these percentages have not changed substantially between the quarters, the full-year figures of 2020 will therefore give a good approximation.

## TELEPHONE CONFERENCE ON OCTOBER 27

A telephone conference will be held on October 27, at 10:30 a.m. CEST. To participate in the telephone conference, call +46 8 505 583 68 (Sweden), +44 333 3009 270 (UK) or +1 646 7224 957 (US). Code: "Trelleborg". The conference will also be streamed in real-time on the Internet. Visit our website [www.trelleborg.com](http://www.trelleborg.com) for the Internet link and presentation material.

## FINANCIAL CALENDER

Capital Markets Day	December 2, 2021
Year-end report 2021	February 4, 2022
2021 Annual Report	Week beginning March 14, 2022
Interim report January-March 2022	April 27, 2022
Annual General Meeting 2022	April 27, 2022
Interim report April-June 2022	July 21, 2022
Interim report July-September 2022	October 26, 2022

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



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

**This information is information that Trelleborg AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 a.m. CEST on October 27, 2021.**

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