



# Q4

INTERIM REPORT Q4 2022

## Fourth quarter

### ● Net sales

MSEK 1,033 (695) – reported sales were up +49% year-on-year. After adjusting for the impact of currency +11% and EMP +34%, sales in constant currency year-on-year were up +4%.

### ● Operating income

MSEK 172 (87), generating an Operating margin of 16.7% (12.5).

### ● Net income for the period

MSEK 111 (90); basic EPS of SEK 2.92 (2.36).

### ● Cash flow from operating activities

MSEK 200 (43); cash conversion increases to 158% in the fourth quarter.

## Full year

### ● Net sales

MSEK 4,056 (2,115) – reported sales were up +92% year-on-year. After adjusting for the impact of currency +12% and EMP +65%, sales in constant currency were up +15%.

### ● Operating income

Operating income was MSEK 677 (403), generating an Operating margin of 16.7% (19.1).

### ● Net income for the period

MSEK 501 (338); basic EPS of SEK 13.20 (8.91).

### ● Cash flow from operating activities

MSEK 529 (260); cash conversion for the full year was 102%.

### ● Group's net debt

MSEK 925 (1,192); gearing ratio of 45% (82). Pension scheme revaluation has resulted in a net liability of 261 (361).

### ● Dividend

Based on the Group's earnings and strong financial position, the Board of Directors intend to propose a dividend of SEK 4.00 (3.75) per share for the financial year 2022 and to renew the current mandate for share buybacks.

### Key figures – Group <sup>1)</sup>

MSEK	Oct-Dec			Jan-Dec		
	2022	2021	Change	2022	2021	Change
Net sales	1,033	695	49%	4,056	2,115	92%
Operating income before items affecting comparability	172	127	35%	668	443	51%
Operating income	172	87	98%	677	403	68%
Earnings before tax	161	91	77%	634	390	63%
Net income for the period	111	90	23%	501	338	48%
Cash flow from operating activities	200	43	365%	529	260	103%
Net debt <sup>2)</sup>	925	1,192	-22%	925	1,192	-22%
Operating margin before items affecting comparability, %	16.7	18.2	-1.5	16.5	20.9	-4.4
Operating margin, %	16.7	12.5	4.2	16.7	19.1	-2.4
Basic EPS before items affecting comparability, SEK	2.92	3.28	-0.36	13.01	9.82	3.19
Basic EPS, SEK	2.92	2.36	0.56	13.20	8.91	4.29
Diluted EPS, SEK	2.92	2.35	0.57	13.18	8.88	4.30
Return on equity, %	26.6	26.2	0.4	26.6	26.2	0.4
Gearing ratio, %	45	82	-37	45	82	-37

1) For additional information see pages 21-22 and 26.

2) For additional information see page 22.

# Review of the fourth quarter

Strong trading performance and the acquisition of EMP increases full year net sales to SEK 4.1B, a 92% increase on the prior year.

## Financial Performance

This has been a transformational year for Concentric following the successful acquisition and integration of EMP, which combined with an overall strong trading performance has increased our net sales for the full year to SEK 4.1B, the highest in the Company's history. However, this has also been a challenging year with the war in Europe, the energy crisis, continued instability in the global supply chain and general inflationary pressures, but despite these challenges Concentric has delivered robust operating margins each quarter throughout 2022, mainly through the commitment and dedication of our employees.

Net sales for the quarter were up +49% to MSEK 1,033 with Engineered Machine Products (EMP) accounting for +34% of the year-on-year sales growth, whilst underlying sales growth and foreign exchange rates increased sales by +4% and +11% respectively.

The Operating income for the fourth quarter was MSEK 172 (87) achieving an operating margin of 16.7% (12.5). A stronger trading performance in the fourth quarter by Alfdex, our joint venture with Alfa Laval offset production and supply issues in the Hydraulics division.

Increased focus and a concerted effort across all our operating entities this quarter has resulted in a cash flow from operating activities of MSEK 200 (43) with a profit to cash conversion ratio of 158% for the quarter and a full year ratio of 102%.

The cash flow benefitted from a reduction in working capital, which reduced as a percentage of sales by 4 percentage points to 10% from the previous quarter. In absolute terms this benefitted the cash flow in the quarter by MSEK 51.

## Sales and Market Development

Our important North American market continued to grow year-on-year in the fourth quarter across all four end-market applications, whilst the European end-markets were down by single digit percentages, with the exception of the medium and heavy-duty truck sector, which grew modestly. The India construction equipment market continues to offer some growth; however, the agricultural machinery and industrial applications sectors contracted. Overall, the blended published quarterly market indices suggest the market has grown 1% year-on-year and is broadly consistent with our reported underlying sales growth.

The global market for our engine products remained at a sustained high with reported market indices suggesting the market increased +1% year-on-year. Net sales of our Engines division for the quarter were MSEK 695 (432) with an Operating margin of 17.0% (18.2). EMP increased sales by +55%, foreign exchange rates increased sales by +6% and underlying sales were flat.

Operating margins increased quarter-on-quarter because of Alfdex's stronger trading performance.

Net sales of our Hydraulics division for the quarter were MSEK 338 (263) with an Operating margin of 16.1% (18.3). Underlying sales increased +10% and foreign exchange rates increased sales by a further +18%. Whilst demand for our hydraulic products remains consistent, sales were down quarter-on-quarter, particularly in North America because of supply chain constraints and labour availability, negatively impacting the operating margin.

Sales of electric products this quarter were MSEK 178 and for the full year MSEK 678, equating to 17% of Group sales for both this quarter and the full year. Alfdex has developed an electric disc separator for use in commercial diesel truck internal combustion engines to meet Euro VII emission standards and we were pleased to recently announce the second significant business nomination starting in 2025 with a contract term to 2035. This is another significant step in our electrification journey.

## Outlook

Whilst the global macroeconomic situation remains uncertain for the coming year, near-term demand from our customers across all four end-market applications remains consistent with demand we have enjoyed throughout 2022. Therefore, we currently estimate sales in the first quarter of 2023 to be similar to the sales performance achieved during the fourth quarter of 2022.

Economic uncertainty will continue from the war in Europe, ongoing inflationary pressures and the economic situation in China, however Concentric will continue to maintain our strong trading margins through our Business Excellence program and enhanced capabilities built up during the past year. With the global supply chain stabilising further, we also aim to reduce inventory levels during 2023.

**Martin Kunz**  
President and CEO



# Concentric Group, fourth quarter figures

## Key figures<sup>1)</sup>

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2022	2021	Change	2022	2021	Change
Net sales	1,033	695	49%	4,056	2,115	92%
Operating income before items affecting comparability	172	127	35%	668	443	51%
Operating income	172	87	98%	677	403	68%
Earnings before tax	161	91	77%	634	390	63%
Net income for the period	111	90	23%	501	338	48%
Operating margin before items affecting comparability, %	16.7	18.2	-1.5	16.5	20.9	-4.4
Operating margin, %	16.7	12.5	4.2	16.7	19.1	-2.4
ROCE, %	22.1	27.4	-5.3	22.1	27.4	-5.3
Return on equity, %	26.6	26.2	0.4	26.6	26.2	0.4
Basic EPS before items affecting comparability, SEK	2.92	3.28	-0.36	13.01	9.82	3.19
Basic EPS, SEK	2.92	2.36	0.56	13.20	8.91	4.29
Diluted EPS, SEK	2.92	2.35	0.57	13.18	8.88	4.30

1) For additional information see pages 21–22 and 26.

## Sales

Reported net sales for the fourth quarter were up year-on-year by +49% with the EMP acquisition providing the biggest gain increasing Group sales by +34%. EMP was acquired on 30 October 2021 and therefore we are only comparing one extra month of EMP sales year-on-year. Due to the weak Swedish Krona, particularly against the dollar, foreign exchange movements have increased reported sales +11%. Sales in constant currency therefore were up +4%, as the market remained at a sustained high. The book-to-bill ratio at the end of the quarter was 94% (114).

Sales of electric products were MSEK 178 in the fourth quarter and MSEK 678 for the full year, representing 17% of the Group's net sales for both periods.

## Operating income

Operating income in the fourth quarter was MSEK 172 (87) resulting in a corresponding margin of 16.7% (12.5). A stronger trading performance by Alfdex, our JV with Alfa Laval, in the fourth quarter compared to the first three has contributed to this result, however this has been offset by production and supply issues in the Hydraulics division.

## Net financial items

Net financial income and expense for the fourth quarter was MSEK -11 (4), this comprised of pension financial income of MSEK 10 (8), interest expenses for right of use assets MSEK -1 (-1), interest on the loan of -17 (-3) and net other financial income MSEK -3 (0).

## Taxes

The reported effective tax rate for the fourth quarter was 32% (2). This rate largely reflected the mix of taxable earnings and tax rates applicable across the various tax jurisdictions.

## Earnings per share

The basic earnings per share for the fourth quarter was SEK 2.92 (2.36), up SEK 0.56 per share. The diluted earnings per share for the fourth quarter was SEK 2.92 (2.35), up SEK 0.57.

## Cash flow from operating activities

The reported cash inflow from operating activities for the fourth quarter amounted to MSEK 200 (43), which represents SEK 5.33 (2.97) per share. This has resulted in an Operating cash conversion ratio of 158% (50.5) which is a significant improvement on the previous three quarters of this year.

## Working capital

Total working capital as at 31 December 2022 was MSEK 407 (278), which represented 10.0% (13.1) of annual sales. Inventory has increased to MSEK 538 at the end of the fourth quarter, an increase of MSEK 12 from the previous quarter.

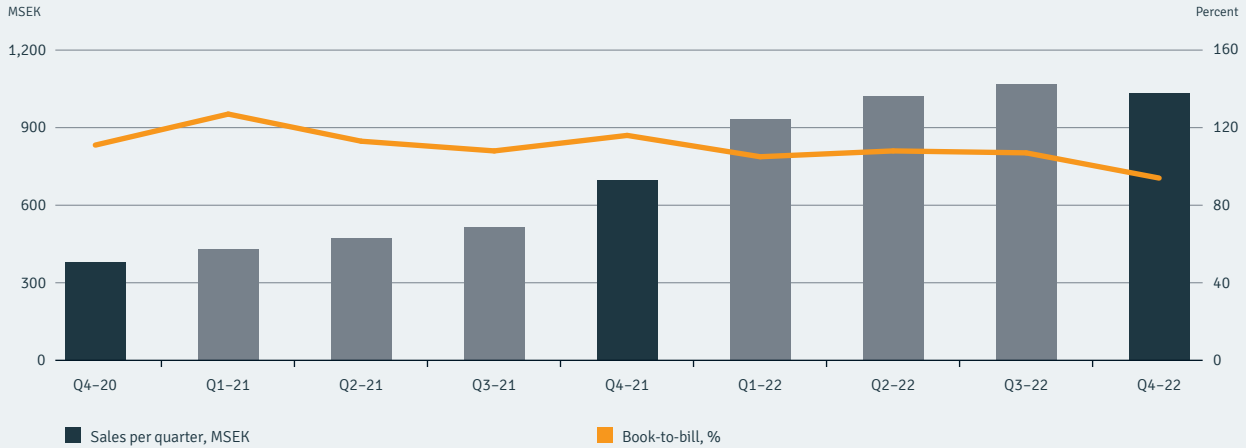
## Net debt and gearing

Following a review of the actuarial assumptions used to value the Group's defined benefit pension plans, a net remeasurement loss was taken in the fourth quarter of MSEK 165, resulting in a full year gain of MSEK 75.

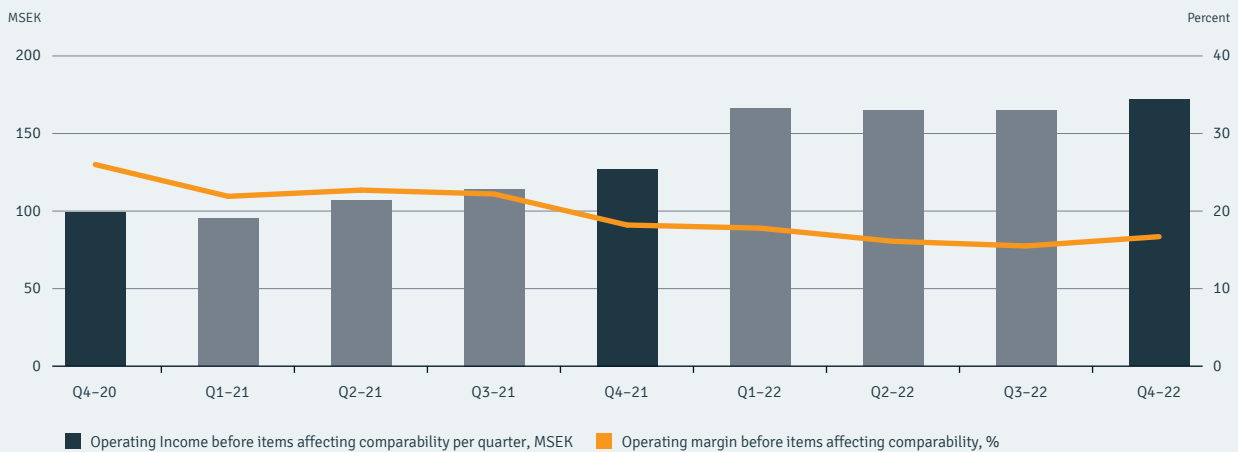
Overall, the Group's net debt at the end of the fourth quarter was MSEK 925 (1,192), comprising other interest bearing liabilities MSEK 1,174 (1,146), liabilities for right of use assets MSEK 114 (125) and net pension liabilities of MSEK 261 (361), net of cash amounting to MSEK 624 (440). Shareholders' equity amounted to MSEK 2,070 (1,462), resulting in a gearing ratio of 45% (82) at the end of the fourth quarter.

## Graphs – Concentric Group

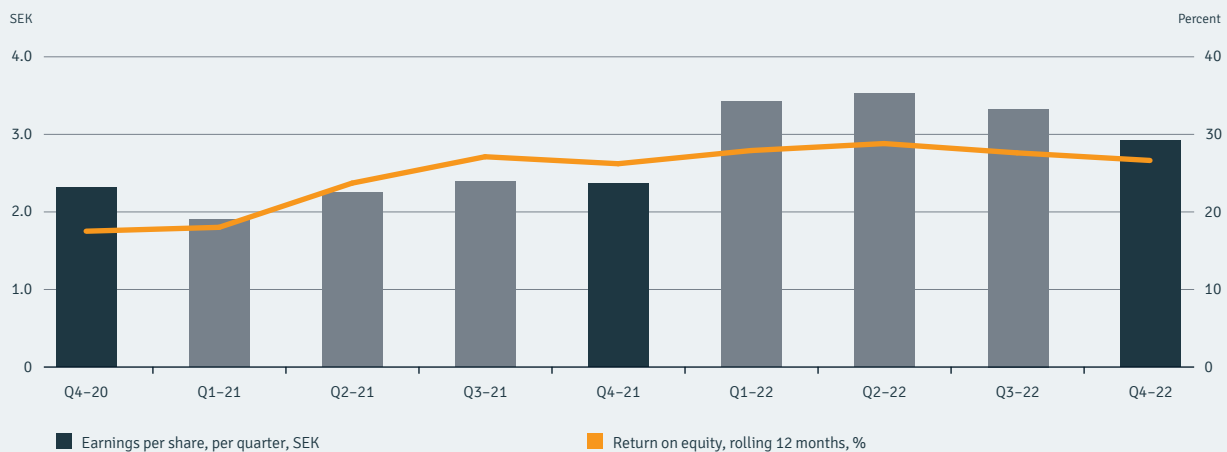
### Sales and book-to-bill



### Underlying operating income and margin



### Earnings per share and return on equity



# Engines

## Financial Performance

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2022	2021	Change	2022	2021	Change
External net sales	695	432	61%	2,691	1,115	141%
Operating income	118	79	49%	427	289	48%
Operating margin, %	17.0	18.2	-1.2	15.9	25.9	-10.0
ROCE, %	15.6	24.2	-8.6	15.6	24.2	-8.6

### Sales and market development

Reported net sales for the fourth quarter were up year-on-year by +61%. The acquisition of EMP has increased sales by +55% and foreign exchange movements have increased sales a further +6%. Underlying sales in constant currency are flat year-on-year.

Overall sales of Engine products were flat year-on-year, maintaining a sustained high. Sales into Agriculture equipment and Industrial application sectors were particularly strong this quarter, whilst sales into Medium and heavy-duty truck and Construction equipment sectors were down by single digit percentages. A similar performance in both North America and Europe. Sales into our domestic India customers remained flat year-on-year.

Market indices suggest production rates, blended to the Engines end-markets and regions show a +1% growth, indicating the overall Engines market is maintaining the current levels of demand. Book-to-bill ratio at the end of the quarter was 94% (102), however we have an order back log in our North American facilities that we will look to complete during 2023.

### Operating income and margin

Operating income in the fourth quarter was MSEK 118 (79) resulting in an Operating margin of 17.0% (18.2). This includes Operating income from Concentric branded Engines products, all Licos and EMP branded products and the royalties and share of net income from our JV, Alfdex. The quarter-on-quarter improvement in the Operating margin was driven primarily by the performance of Alfdex, which was particularly strong this quarter.



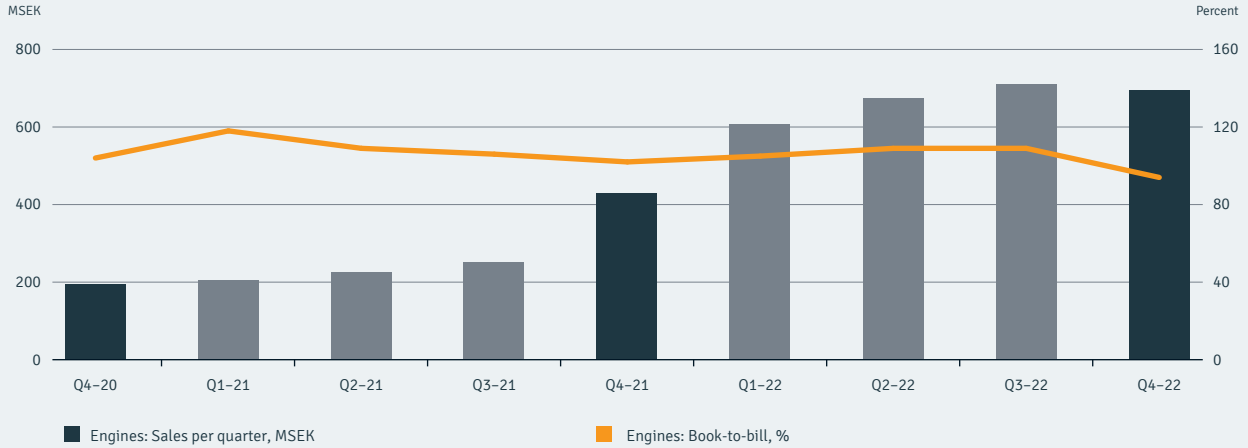
### Working capital

Working capital has increased in the Engines division to MSEK 339 (273).

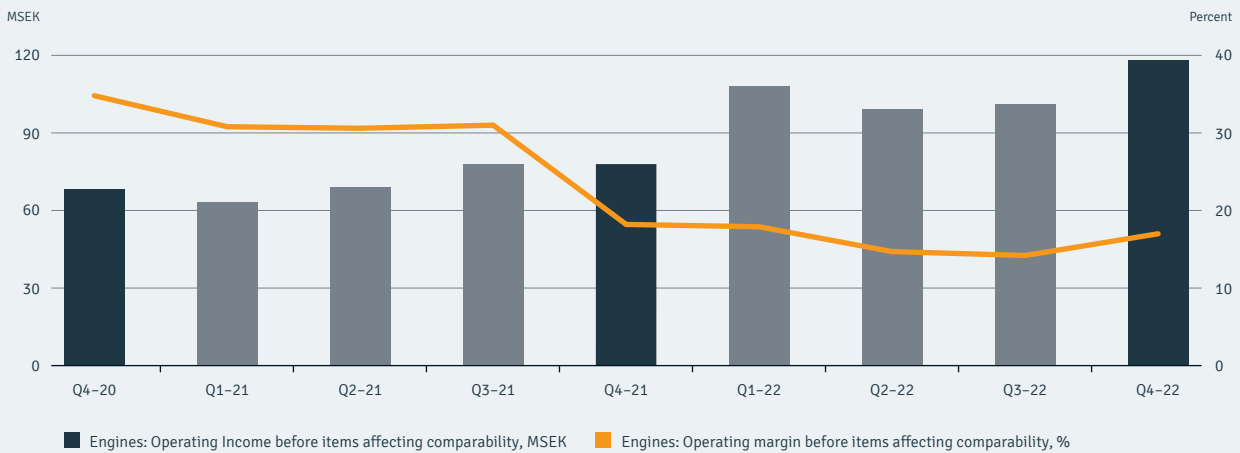
Quarter-on-quarter working capital as a percentage of sales has decreased from 15.9% to 12.6% as the supply chain situation stabilises, with the exception of components for our e-Products where the supply chain remains constrained.

## Graphs – Engines

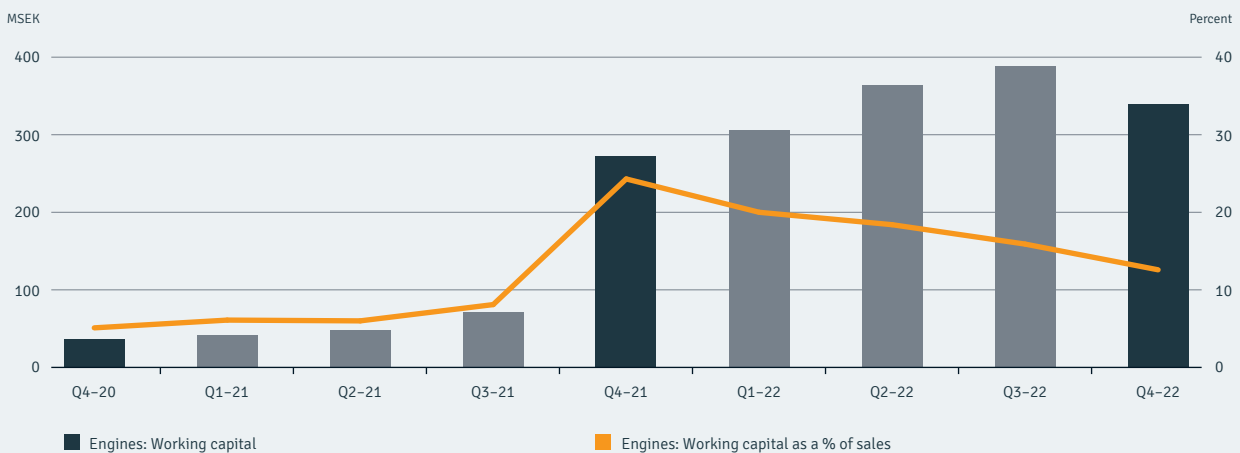
### Sales and book-to-bill



### Underlying operating income and margin



### Working capital and working capital as a % of sales



# Hydraulics

## Financial Performance

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2022	2021	Change	2022	2021	Change
External net sales	338	263	28%	1,365	1,000	37%
Operating income	54	48	13%	241	154	56%
Operating margin, %	16.1	18.3	-2.2	17.7	15.4	2.3
ROCE, %	88.4	113.2	-24.8	88.4	113.2	-24.8

### Sales and market development

Reported net sales for the fourth quarter were MSEK 338, up year-on-year by 29%. Foreign exchange movements have increased sales by +18% and underlying sales have increased +10%.

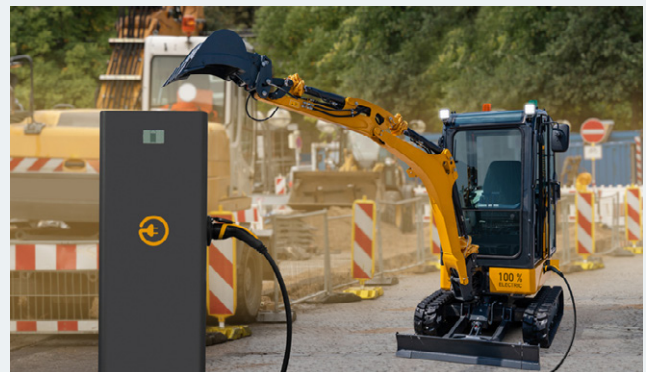
Sales to all Hydraulic end-markets have grown year-on-year in constant currency. Sales to the North American Industrial applications market fared particularly well whilst Europe showed double digit growth across all sectors. Only the North American Truck market showed a decline year-on-year. China imposed stringent controls for the majority of the fourth quarter to limit the spread of Covid-19, which negatively impacted the broader economy. Our sales in the region were lower year-on-year, however they remain a small percentage of our Group's net sales.

Market indices suggest production rates, blended to the Hydraulics end-markets and regions, were flat year-on-year in the fourth quarter compared to our constant currency sales growth of +10%. Whilst demand remains consistent, quarter-on-quarter sales were down as the North American market battles with lower levels of labour availability and specific supply chain constraints.

The book-to-bill ratio of at the end of the fourth quarter was 94% (131). We continue to have an order back log in our North American facilities that we will look to complete in 2023.

### Operating income and margin

The Operating income in the fourth quarter was MSEK 54 (48), up MSEK 6 year-on-year, generating an Operating margin of 16.1% (18.3). Labour availability and specific supply chain constraints in North America have negatively impacted both Sales and Operating margin in the fourth quarter.



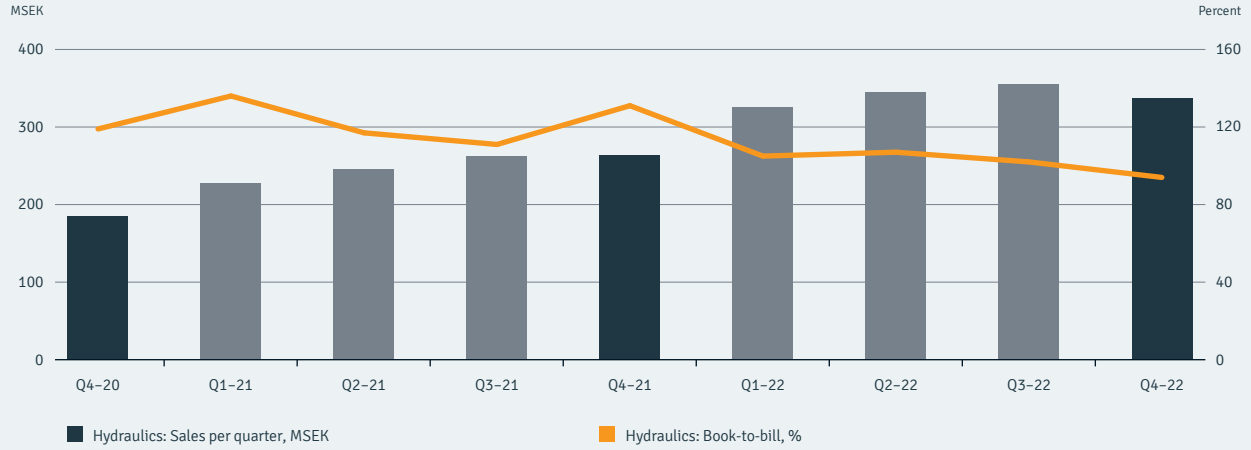
### Working capital

Working capital has increased in the Hydraulics division to MSEK 133 (92), but is down quarter-on-quarter and as a percentage of sales is going from 12.8% to 9.7%.

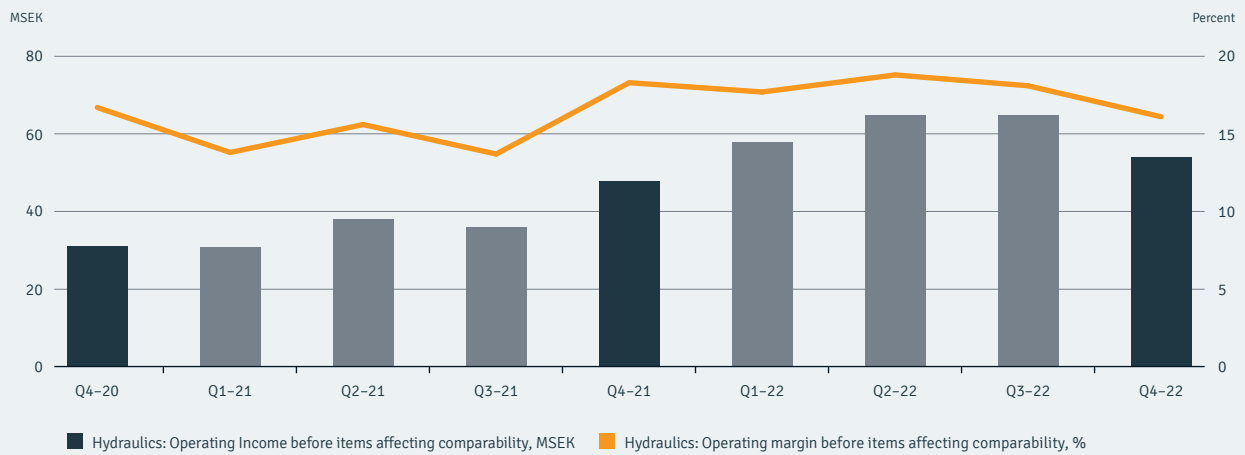


## Graphs – Hydraulics

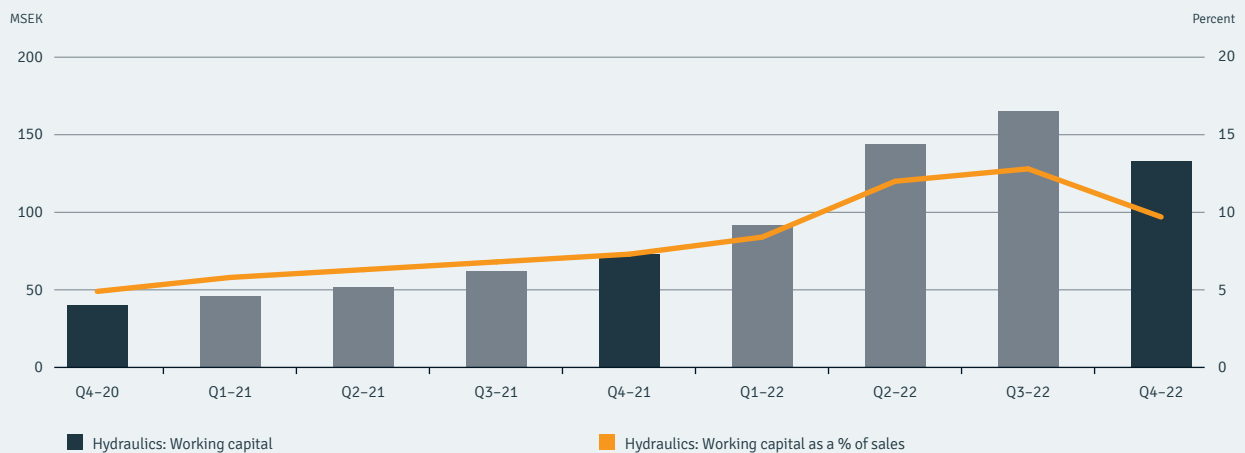
### Sales and book-to-bill



### Underlying operating income and margin



### Working capital and working capital as a % of sales



# Financial statements – Group

## General information

Unless otherwise stated, all amounts have been stated in SEK million (“MSEK”). Certain financial data has been rounded in this interim report. Where the sign “–” has been used, this either means that no number exists or the number has been rounded to zero. This English version of the Interim Report is a translation of the Swedish original. If there are any differences the latter shall prevail.

## Consolidated income statement

	Oct–Dec		Jan–Dec	
	2022	2021	2022	2021
Net sales	1,033	695	4,056	2,115
Cost of goods sold	-751	-513	-2,991	-1,495
<b>Gross income</b>	<b>282</b>	<b>182</b>	<b>1,065</b>	<b>620</b>
Selling expenses	-41	-17	-118	-60
Administrative expenses	-62	-48	-210	-159
Product development expenses	-24	-14	-91	-37
Share of net income in joint venture	27	30	62	81
Other operating income and expenses	-10	-46	-31	-42
<b>Operating income</b>	<b>172</b>	<b>87</b>	<b>677</b>	<b>403</b>
Financial income and expenses	-11	4	-43	-13
<b>Earnings before tax</b>	<b>161</b>	<b>91</b>	<b>634</b>	<b>390</b>
Taxes	-50	-1	-133	-52
<b>Net income for the period</b>	<b>111</b>	<b>90</b>	<b>501</b>	<b>338</b>
Parent Company shareholders	111	90	501	338
Non-controlling interest	–	–	–	–
Basic earnings per share, before items affecting comparability, SEK	2.92	3.28	13.01	9.82
Basic earnings per share, SEK	2.92	2.36	13.20	8.91
Diluted earnings per share, SEK	2.92	2.35	13.18	8.88
Basic average number of shares (000)	37,980	37,930	37,961	37,902
Diluted average number of shares (000)	38,035	38,106	38,030	38,020

## Consolidated statement of comprehensive income

	Oct–Dec		Jan–Dec	
	2022	2021	2022	2021
Net income for the period	111	90	501	338
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to the income statement</i>				
Net remeasurement gains and losses, pension obligations	-224	-22	75	81
Tax on net remeasurement gains and losses, pension obligations	59	-1	-23	-24
<i>Items that may be reclassified subsequently to the income statement</i>				
Exchange rate differences related to liabilities to foreign operations	10	-15	-78	-53
Tax arising from exchange rate differences related to liabilities to foreign operations	-2	3	16	11
Cash-flow hedging	-10	–	27	3
Tax arising from cash-flow hedging	2	–	-6	-1
Share of OCI related to joint venture	-4	4	5	9
Foreign currency translation differences	-88	48	223	153
<b>Total other comprehensive income</b>	<b>-257</b>	<b>17</b>	<b>239</b>	<b>179</b>
<b>Total comprehensive income</b>	<b>-146</b>	<b>107</b>	<b>740</b>	<b>517</b>

## Consolidated balance sheet

	31 Dec 2022	31 Dec 2021
Goodwill	1,455	1,303
Other intangible fixed assets	435	447
Right of use fixed assets	99	112
Tangible fixed assets	450	430
Share of net assets in joint venture	138	116
Deferred tax assets	117	98
Long-term receivables, joint venture	–	–
Other long-term receivables	35	4
<b>Total fixed assets</b>	<b>2,729</b>	<b>2,510</b>
Inventories	538	382
Current receivables	604	451
Cash and cash equivalents	624	440
<b>Total current assets</b>	<b>1,766</b>	<b>1,273</b>
<b>Total assets</b>	<b>4,495</b>	<b>3,783</b>
<b>Total Shareholders' equity</b>	<b>2,070</b>	<b>1,462</b>
Pensions and similar obligations	261	361
Deferred tax liabilities	140	131
Long-term liabilities for right of use fixed assets	97	105
Other long-term interest-bearing liabilities	783	791
Other long-term liabilities	2	5
<b>Total long-term liabilities</b>	<b>1,283</b>	<b>1,393</b>
Short-term liabilities for right of use fixed assets	17	20
Other short-term interest-bearing liabilities	391	355
Other current liabilities	734	553
<b>Total current liabilities</b>	<b>1,142</b>	<b>928</b>
<b>Total equity and liabilities</b>	<b>4,495</b>	<b>3,783</b>

### Financial derivatives

The carrying amount of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 31 December 2022 the fair

value of derivative instruments that were assets was MSEK 30 (3), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These measurements belong in level 2 in the fair value hierarchy.

## Consolidated changes in shareholders' equity

	31 Dec 2022	31 Dec 2021
<b>Opening balance</b>	<b>1,462</b>	<b>1,067</b>
Net income for the period	501	338
Other comprehensive income	239	179
<b>Total comprehensive income</b>	<b>740</b>	<b>517</b>
Dividend	-142	-133
Sale of own shares to satisfy LTI – options exercised	7	8
Long-term incentive plan	3	3
<b>Closing balance</b>	<b>2,070</b>	<b>1,462</b>

## Consolidated cash flow statement, in summary

	Oct–Dec		Jan–Dec	
	2022	2021	2022	2021
<b>Earnings before tax</b>	<b>161</b>	<b>91</b>	<b>634</b>	<b>390</b>
Reversal of depreciation and amortisation of fixed assets	48	35	188	98
Reversal of net income from joint venture	-27	-30	-62	-81
Reversal of other non-cash items	-9	34	3	44
Taxes paid	-24	-16	-125	-54
<b>Cash flow from operating activities before changes in working capital</b>	<b>149</b>	<b>114</b>	<b>638</b>	<b>397</b>
Change in working capital	51	-71	-109	-137
<b>Cash flow from operating activities</b>	<b>200</b>	<b>43</b>	<b>529</b>	<b>260</b>
Investments in subsidiaries	–	-1,206	-16	-1,206
Closure of subsidiary	–	-22	–	-22
Net investments in property, plant and equipment	-17	-8	-62	-21
Loan repayment from joint venture	–	12	–	25
<b>Cash flow from investing activities</b>	<b>-17</b>	<b>-1,224</b>	<b>-78</b>	<b>-1,224</b>
Dividend	–	–	-142	-133
Dividends received from joint venture	48	–	48	46
Selling of own shares to satisfy LTI – options exercised	–	–	7	8
New loans	–	1,073	–	1,073
Repayment of loans	-40	-34	-153	-52
Pension payments and other cash flows from financing activities	-15	-27	-83	-65
<b>Cash flow from financing activities</b>	<b>-7</b>	<b>1,012</b>	<b>-323</b>	<b>877</b>
<b>Cash flow for the period</b>	<b>176</b>	<b>-169</b>	<b>128</b>	<b>-87</b>
Cash and bank assets, opening balance	448	608	440	505
Exchange-rate difference in cash and bank assets	–	1	56	22
<b>Cash and bank assets, closing balance</b>	<b>624</b>	<b>440</b>	<b>624</b>	<b>440</b>

## Group notes

### Data per share

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Basic earnings per share before items affecting comparability, SEK	2.92	3.28	13.01	9.82
Basic earnings per share, SEK	2.92	2.36	13.20	8.91
Diluted earnings per share, SEK	2.92	2.35	13.18	8.88
Equity per share, SEK	54.49	38.54	54.49	38.54
Cash-flow from current operations per share, SEK	5.33	2.97	13.95	6.89
Basic weighted average no. of shares (000's)	37,980	37,930	37,961	37,902
Diluted weighted average no. of shares (000's)	38,035	38,106	38,030	38,020
Number of shares at period-end (000's)	37,980	37,930	37,980	37,930

### Key figures<sup>1)</sup>

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Sales growth, %	49	83	92	41
Sales growth, constant currency, % <sup>2)</sup>	4	33	15	31
EBITDA margin before items affecting comparability, %	21.3	23.3	21.1	25.6
EBITDA margin, %	21.3	17.6	21.3	23.7
Operating margin before items affecting comparability, %	16.7	18.2	16.5	20.9
Operating margin, %	16.7	12.5	16.7	19.1
Capital employed, MSEK	3,122	2,749	3,122	2,749
ROCE before items affecting comparability, %	21.8	30.1	21.8	30.1
ROCE, %	22.1	27.4	22.1	27.4
ROE, %	26.6	26.2	26.6	26.2
Working capital, MSEK	407	278	407	278
Working capital as a % of annual sales	10.0	13.1	10.0	13.1
Net debt, MSEK <sup>3)</sup>	925	1,192	925	1,192
Gearing ratio, %	45	82	45	82
Net investments in PPE	17	8	62	21
R&D, %	2.4	1.9	2.3	1.7
Number of employees, average	1,230	987	1,207	817

1) For additional information see pages 21–22 and 26.

2) Sales growth excludes the impact of any acquisitions or divestments. For additional information see page 26.

3) For additional information see page 22.

**Consolidated income statement in summary – by type of cost**

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	1,033	695	4,056	2,115
Direct material costs	-506	-350	-2,052	-1,037
Personnel costs	-234	-164	-879	-470
Depreciation and amortisation of fixed assets	-48	-35	-188	-98
Share of net income in joint venture	27	30	62	81
Other operating income and expenses	-100	-89	-322	-188
<b>Operating income</b>	<b>172</b>	<b>87</b>	<b>677</b>	<b>403</b>
Financial income and expense	-11	4	-43	-13
<b>Earnings before tax</b>	<b>161</b>	<b>91</b>	<b>634</b>	<b>390</b>
Taxes	-50	-1	-133	-52
<b>Net income for the period</b>	<b>111</b>	<b>90</b>	<b>501</b>	<b>338</b>

**Other operating income and expenses** (refer to Income Statement on page 9)

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Tooling income	2	5	8	10
Royalty income from joint venture	5	2	22	24
Amortisation of acquisition related surplus values	-18	-14	-73	-42
Profit from sale of subsidiary	–	–	9	–
Impairment in subsidiary	–	-22	–	-22
Acquisition costs	–	-18	–	-18
Other	1	1	3	6
<b>Other operating income and expenses</b>	<b>-10</b>	<b>-46</b>	<b>-31</b>	<b>-42</b>

## Segment reporting

The Engines segment comprises all Concentric, Licos and EMP branded engine products, including royalties and net income from our joint venture, Alfdex. The Hydraulics division includes all Concentric and Allied branded hydraulic products. This reporting structure is effective from 1 January 2022 and is in line with our management structure. The evaluation of an operating segment's

earnings is based upon its operating income or EBIT. Financial assets and liabilities are not allocated to segments.

Equity accounting is used for the consolidation of our joint venture, Alfdex, within the Engines segment reporting, in line with IFRS 11.

Fourth quarter	Engines		Hydraulics		Elims/Adjs		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Total net sales	697	433	338	264	-2	-2	1,033	695
External net sales	695	432	338	263	-	-	1,033	695
Operating income before items affecting comparability	118	79	54	48	-	-	172	127
Operating income	118	79	54	48	-	-40	172	87
Operating margin before items affecting comparability, %	17.0	18.2	16.1	18.3	n/a	n/a	16.7	18.2
Operating margin, %	17.0	18.2	16.1	18.3	n/a	n/a	16.7	12.5
Financial income and expense	-	-	-	-	-11	4	-11	4
Earnings before tax	118	79	54	48	-11	-36	161	91
Assets	3,282	3,013	599	514	614	256	4,495	3,783
Liabilities	784	644	388	468	1,253	1,209	2,425	2,321
Capital employed	2,756	2,467	225	204	141	78	3,122	2,749
ROCE before items affecting comparability, %	15.6	24.2	88.4	113.2	n/a	n/a	21.8	30.1
ROCE, %	15.6	24.2	88.4	113.2	n/a	n/a	22.1	27.4
Net investments in PPE	14	7	3	1	-	-	17	8
Depreciation and amortisation of fixed assets	44	30	4	4	-	1	48	35
Number of employees, average	826	641	404	346	-	-	1,230	987

Full year	Engines		Hydraulics		Elims/Adjs		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Total net sales	2,702	1,124	1,366	1,001	-12	-10	4,056	2,115
External net sales	2,691	1,115	1,365	1,000	-	-	4,056	2,115
Operating income before items affecting comparability	427	289	241	154	-	-	668	443
Operating income	427	289	241	154	9	-40	677	403
Operating margin before items affecting comparability, %	15.9	25.9	17.7	15.4	n/a	n/a	16.5	20.9
Operating margin, %	15.9	25.9	17.7	15.4	n/a	n/a	16.7	19.1
Financial income and expense	-	-	-	-	-43	-13	-43	-13
Earnings before tax	427	289	241	154	-34	-53	634	390
Assets	3,282	3,013	599	514	614	256	4,495	3,783
Liabilities	784	644	388	468	1,253	1,209	2,425	2,321
Capital employed	2,756	2,467	225	204	141	78	3,122	2,749
ROCE before items affecting comparability, %	15.6	24.2	88.4	113.2	n/a	n/a	21.8	30.1
ROCE, %	15.6	24.2	88.4	113.2	n/a	n/a	22.1	27.4
Net investments in PPE	55	18	7	3	-	-	62	21
Depreciation and amortisation of fixed assets	169	79	18	18	1	1	188	98
Number of employees, average	825	486	382	331	-	-	1,207	817

### Seasonality

Each end-market will have its own seasonality profile based on the end-users, e.g. sales of agricultural machinery will be linked to harvest periods in the Northern and Southern hemispheres. However, there is no significant seasonality in the demand profile of Concentric's customers and, therefore, the most significant driver is actually the number of working days in the period.

The weighted average number of working days in the fourth quarter was 60 (57) for the Group, with an average of 61 (57) working days for the Engines segment and 58 (57) working days for the Hydraulics segment. The weighted average number of working days for the full year was 255 (246) for the Group, with an average of 258 (245) working days for the Engines segment and 248 (246) working days for the Hydraulics segment.

### Segment External Sales reporting by geographic location of customer

Fourth quarter	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
USA	437	217	175	127	612	344
Rest of North America	32	13	7	3	39	16
South America	–	11	1	–	1	11
Germany	58	51	38	43	96	94
UK	39	39	13	12	52	51
Sweden	15	8	15	15	30	23
Rest of Europe	71	65	44	34	115	99
Asia	33	20	40	28	73	48
Other	10	8	5	1	15	9
<b>Total Group</b>	<b>695</b>	<b>432</b>	<b>338</b>	<b>263</b>	<b>1,033</b>	<b>695</b>

Full year	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
USA	1,725	338	677	471	2,402	809
Rest of North America	116	46	22	11	138	57
South America	–	35	3	2	3	37
Germany	198	202	177	170	375	372
UK	165	129	57	39	222	168
Sweden	46	34	70	58	116	92
Rest of Europe	281	236	180	120	461	356
Asia	122	69	161	123	283	192
Other	38	26	18	6	56	32
<b>Total Group</b>	<b>2,691</b>	<b>1,115</b>	<b>1,365</b>	<b>1,000</b>	<b>4,056</b>	<b>2,115</b>



### Total sales by product groups

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>						
Concentric branded products	231	206	315	244	546	450
EMP branded products	405	168	–	–	405	168
LICOS branded products	59	58	–	–	59	58
Allied branded products	–	–	23	19	23	19
<b>Total Group</b>	<b>695</b>	<b>432</b>	<b>338</b>	<b>263</b>	<b>1,033</b>	<b>695</b>

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>Full year</b>						
Concentric branded products	924	722	1,277	921	2,201	1,643
EMP branded products	1,530	168	–	–	1,530	168
LICOS branded products	237	225	–	–	237	225
Allied branded products	–	–	88	79	88	79
<b>Total Group</b>	<b>2,691</b>	<b>1,115</b>	<b>1,365</b>	<b>1,000</b>	<b>4,056</b>	<b>2,115</b>

### Total sales by end-markets

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>						
Trucks	255	167	59	58	314	225
Construction	247	143	121	99	368	242
Industrial	69	47	114	73	183	120
Agriculture	124	75	44	33	168	108
<b>Total Group</b>	<b>695</b>	<b>432</b>	<b>338</b>	<b>263</b>	<b>1,033</b>	<b>695</b>

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>Full year</b>						
Trucks	950	449	234	198	1,184	647
Construction	925	315	507	373	1,432	688
Industrial	259	160	442	295	701	455
Agriculture	557	191	182	134	739	325
<b>Total Group</b>	<b>2,691</b>	<b>1,115</b>	<b>1,365</b>	<b>1,000</b>	<b>4,056</b>	<b>2,115</b>

## Business risks, accounting principles and other information

### Business overview

Descriptions of Concentric's business and its objectives, its products, the driving forces it faces, market position and the end-markets it serves are all presented in the 2021 Annual Report on pages 10–15 and pages 18–27.

### Significant risks and uncertainties

All business operations involve risk, managed risk-taking is a condition of maintaining a sustainable profitable business. Risks may arise due to events in the world and can affect a given industry or market or can be specific to a single company or group.

Concentric works continuously to identify, measure and manage risk, and in some cases Concentric is able to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Concentric's control, the aim is to minimise the consequences.

The Company continues to closely follow the situation in Russia and Ukraine. While sales and purchases in this region are not material to the Group, escalations in the conflict could impact the wider regional and global economies, including our end markets.

As many of our end markets are now in a high inflationary environment and regional central banks have increased interest rates to tackle inflation there is a risk this could reduce demand for our products.

Otherwise the risks to which Concentric may be exposed are classified into four main categories:

- **Industry and market risks** – external related risks such as the cyclical nature of our end-markets, intense competition, customer relationships and the availability and prices of raw materials;
- **Operational risks** – such as constraints on the capacity and flexibility of our production facilities and human capital, product development and new product introductions, customer complaints, product recalls and product liability;
- **Legal risks** – such as the protection and maintenance of intellectual property rights and potential disputes arising from third parties; and
- **Financial risks** – such as liquidity risk, interest rate fluctuations, currency fluctuations, credit risk, management of pension obligations and the Group's capital structure.

Concentric's Board of Directors and Senior management team have reviewed the development of these significant risks and uncertainties since the publication of the 2021 Annual Report and confirm that there have been no changes other than those comments made above in respect of market developments during 2022. Please refer to the Risk and Risk Management section on pages 69–73 of the 2021 Annual Report for further details.

### Events after the balance sheet date

There have been no material post balance sheet events which would require disclosure or adjustment to these financial statements.

### Related-party transactions

The Parent Company is a related party to its subsidiaries and joint venture. Transactions with subsidiaries and joint venture occur on commercial market terms. Other than dividends received from Subsidiary companies to the Parent company of MSEK 363 (1,018) and dividends received from the JV, Alfdex, to the Parent company of MSEK 48 (46) no other transactions have been carried out between Concentric AB and its subsidiary undertakings and any other related parties that had a material impact on either the Company's or the Group's financial position and results.

### Basis of preparation and accounting policies

This interim report for the Concentric AB Group is prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and applicable rules in RFR2 Accounting for legal entities.

The basis of accounting and the accounting policies adopted in preparing this interim report are consistent for all periods presented and comply with those policies stated in the 2021 Annual Report.

Concentric closed its operations in Argentina in January 2022. Since 2018, Argentina has been a hyperinflationary economy under the criteria in IAS 29. Concentric therefore assessed the impact of making the adjustments required by IAS 29 and concluded that the impact on the Group's financial statements was non-material due to the limited extent of the operations in Argentina compared with the Group as a whole.

New standards, amendments and interpretations to existing standards have been endorsed by the EU and adopted by the Group. None of the IFRS and IFRIC interpretations endorsed by the EU are considered to have a material impact on the Group.

# Financial Statements – Parent Company

## Net sales and operating income

Net sales for the year reflected mostly the royalty income received from the joint venture, Alfdex AB. Other operating income includes the profit from the sale of our Argentine business. Operating profit for the year was MSEK 3 (loss 2).

## Net financial items and earnings before tax

During the year the company received a dividend of MSEK 48 from Alfdex AB. Exchange rate losses on foreign liabilities to subsidiaries was MSEK 78 (53) in the year, and the remaining financial items netted to MSEK -44 (-6), depending on increased interest cost on the new credit facilities signed in Q4 2021, in relation to the acquisition of EMP. Income from shares in subsidiaries amounted to MSEK 138 (-5), related to dividends of MSEK 363 (1,018) and write-downs of shares of MSEK 225 (1,023). Accordingly, earnings before tax was a profit of MSEK 67 (loss 20) for the year.

## Buy-back and holdings of own shares

The total number of holdings of own shares at 1 January 2022 was 115,965 (123,255) and shares transferred to an Employee Share Ownership Trust ("ESOT") was 251,727 (304,812). Including these shares the Company's holdings was 367,692 (428,067) and the total number of shares in issue was 38,297,600 (38,297,600). The Company did not repurchase any shares during the fourth quarter, but have sold 49,592 (60,375) of own shares, to exercise and satisfy LTI-programme. No transfer to the ESOT neither in this year nor last year, but a transfer of 41,780 (53,085) own shares to Concentric was made. The total number of holdings of own shares at 31 December 2022 was 108,153 (115,965). Consequently, the company's holdings of own shares represent 0.3% (0.3) of the total number of shares. In addition to this, the total number of own shares transferred to the ESOT was 209,947 (251,727). Including these shares, the total own holdings was 318,100 (367,692), representing 0.8% (1.0) of the total number of shares.

## Parent Company's income statement

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	8	3	29	28
Operating costs	-11	-11	-33	-26
Other operating income	-	-4	7	-4
<b>Operating income</b>	<b>-3</b>	<b>-12</b>	<b>3</b>	<b>-2</b>
Income from shares in subsidiaries	-121	-5	138	-5
Income from shares in joint venture	48	-	48	46
Net foreign exchange rate differences	10	-15	-78	-53
Other financial income and expense	-16	-4	-44	-6
<b>Earnings before tax</b>	<b>-82</b>	<b>-37</b>	<b>67</b>	<b>-20</b>
Taxes	-2	4	17	10
<b>Net income for the period<sup>1)</sup></b>	<b>-84</b>	<b>-33</b>	<b>84</b>	<b>-10</b>

1) Total Comprehensive Income for the Parent Company is the same as Net income/loss for the period.

## Parent Company's balance sheet

	31 Dec 2022	31 Dec 2021
Shares in subsidiaries	4,329	4,243
Shares in joint venture	10	10
Long-term loans receivable from subsidiaries	1,044	1,017
Long-term loans receivable from joint venture	–	–
Deferred tax assets	28	11
<b>Total financial fixed assets</b>	<b>5,411</b>	<b>5,281</b>
Other current receivables	9	10
Short-term receivables from subsidiaries	136	128
Short-term receivables from joint venture	2	–
Cash and cash equivalents	536	290
<b>Total current assets</b>	<b>683</b>	<b>428</b>
<b>Total assets</b>	<b>6,094</b>	<b>5,709</b>
<b>Total shareholders' equity</b>	<b>2,291</b>	<b>2,342</b>
Pensions and similar obligations	20	18
Long-term interest-bearing liabilities	783	791
Long-term loans payable to subsidiaries	2,459	1,987
<b>Total long-term liabilities</b>	<b>3,262</b>	<b>2,796</b>
Short-term loans payable to subsidiaries	142	221
Short-term interest-bearing liabilities	391	340
Other current liabilities	8	10
<b>Total current liabilities</b>	<b>541</b>	<b>571</b>
<b>Total equity and liabilities</b>	<b>6,094</b>	<b>5,709</b>

## Parent Company's changes in shareholders' equity

	31 Dec 2022	31 Dec 2021
Opening balance	2,342	2,477
Net income for the period	84	-10
Dividend	-142	-133
Sale of own shares to satisfy LTI options exercised	7	8
Buy-back of own shares	–	–
<b>Closing balance</b>	<b>2,291</b>	<b>2,342</b>

# Other information

## **Purpose of report and forward-looking information**

Concentric AB (publ) is listed on NASDAQ OMX Stockholm, Mid Cap. The information in this report is of the type that Concentric AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 8.00 CET on 8 February, 2023.

This report contains forward-looking information in the form of statements concerning the outlook for Concentric's operations. This information is based on the current expectations of Concentric's management, as well as estimates and forecasts. The actual future outcome could vary significantly compared with the information provided in this report, which is forward-looking, due to such considerations as changed conditions concerning the economy, market and competition.

## **Concentric's web site for investors**

[www.concentricab.com](http://www.concentricab.com) contains information about the Company, the share and insider information as well as archives for reports and press releases.

## **Reporting calendar**

Annual Report January–December 2022	24 March, 2023
Annual General Meeting 2023	18 April, 2023
Interim Report January–March 2023	3 May, 2023
Interim Report January–June 2023	26 July, 2023
Interim Report January–September 2023	8 November, 2023

## **Further information:**

Martin Kunz (President and CEO) or  
Marcus Whitehouse (CFO) at  
Tel: +44 (0) 121 445 6545 or  
E-mail: [info@concentricab.com](mailto:info@concentricab.com)

Corporate Registration Number 556828-4995

Stockholm 8 February, 2023

**Martin Kunz**  
President and CEO

This report has not been reviewed by the company's auditors.

# Alternative Performance Measures reconciliation

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
<b>Underlying EBIT or operating income</b>				
<b>EBIT or operating income</b>	<b>172</b>	<b>87</b>	<b>677</b>	<b>403</b>
Profit from sale of subsidiary	—	—	-9	—
Impairment in subsidiary	—	22	—	22
Acquisition costs	—	18	—	18
<b>Underlying operating income</b>	<b>172</b>	<b>127</b>	<b>668</b>	<b>443</b>
Net sales	1,033	695	4,056	2,115
<b>Operating margin (%)</b>	<b>16.7</b>	<b>12.5</b>	<b>16.7</b>	<b>19.1</b>
<b>Underlying operating margin (%)</b>	<b>16.7</b>	<b>18.2</b>	<b>16.5</b>	<b>20.9</b>

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
<b>Underlying EBITDA or operating income before amortisation and depreciation</b>				
<b>EBIT or operating income</b>	<b>172</b>	<b>87</b>	<b>677</b>	<b>403</b>
Operating amortisation/depreciation	30	20	115	56
Amortisation of purchase price allocation	18	15	73	42
<b>EBITDA or operating income before amortisation and depreciation</b>	<b>220</b>	<b>122</b>	<b>865</b>	<b>501</b>
Profit from sale of subsidiary	—	—	-9	—
Impairment in subsidiary	—	22	—	22
Acquisition costs	—	18	—	18
<b>Underlying EBITDA or underlying operating income before amortisation and depreciation</b>	<b>220</b>	<b>162</b>	<b>856</b>	<b>541</b>
Net sales	1,033	695	4,056	2,115
<b>EBITDA margin (%)</b>	<b>21.3</b>	<b>17.6</b>	<b>21.3</b>	<b>23.7</b>
<b>Underlying EBITDA margin (%)</b>	<b>21.3</b>	<b>23.3</b>	<b>21.1</b>	<b>25.6</b>

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
<b>Net income before items affecting comparability</b>				
<b>Net income</b>	<b>111</b>	<b>90</b>	<b>501</b>	<b>338</b>
Items affecting comparability after tax	—	35	-7	35
<b>Net income before items affecting comparability</b>	<b>111</b>	<b>125</b>	<b>494</b>	<b>373</b>
Basic average number of shares (000)	37,980	37,930	37,961	37,902
<b>Basic earnings per share</b>	<b>2.92</b>	<b>2.36</b>	<b>13.20</b>	<b>8.91</b>
<b>Basic earnings per share before items affecting comparability</b>	<b>2.92</b>	<b>3.28</b>	<b>13.01</b>	<b>9.82</b>

CONCENTRIC INTERIM REPORT Q4 2022  
ALTERNATIVE PERFORMANCE MEASURES

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
<b>Cash Conversion</b>				
<b>Cash flow from operating activities</b>	<b>200</b>	<b>43</b>	<b>529</b>	<b>260</b>
Payments for financial transactions	18	-1	35	2
Tax payments	24	16	125	54
Net investments in property, plant and equipment	-17	-8	-62	-21
Adjustment for royalty from joint-venture (Alfdex)	-4	-2	-22	-24
<b>Operating Cash</b>	<b>221</b>	<b>48</b>	<b>605</b>	<b>271</b>
Operating income	172	87	677	403
Adjustment for EMP acquisition related costs and for closure costs of facility in Argentina	-	40	-	40
Adjustment for royalty from joint-venture (Alfdex)	-4	-2	-22	-24
Adjustments for share in profit in joint-venture (Alfdex)	-27	-30	-62	-81
<b>Adjusted Operating income</b>	<b>141</b>	<b>95</b>	<b>593</b>	<b>338</b>
<b>Cash conversion (%)</b>	<b>157.9</b>	<b>50.5</b>	<b>102.1</b>	<b>80.2</b>

	31 Dec 2022	31 Dec 2021
<b>Net debt</b>		
Pensions and similar obligations	261	361
Liabilities for right of use fixed assets	114	125
Other long term interest bearing liabilities	783	791
Other short term interest bearing liabilities	391	355
<b>Total interest bearing liabilities</b>	<b>1,549</b>	<b>1,632</b>
Cash and cash equivalents	-624	-440
<b>Total net debt</b>	<b>925</b>	<b>1,192</b>
<b>Net debt, excluding pension obligations</b>	<b>664</b>	<b>831</b>





	31 Dec 2022	31 Dec 2021
<b>Capital employed</b>		
<b>Total assets</b>	<b>4,495</b>	<b>3,783</b>
Interest bearing financial assets	-4	-4
Cash and cash equivalents	-624	-440
Tax assets	-145	-103
<b>Non interest bearing assets (excl. taxes)</b>	<b>3,722</b>	<b>3,236</b>
Non interest bearing liabilities (incl taxes)	-876	-688
Tax liabilities	276	201
<b>Non interest bearing liabilities (excl. taxes)</b>	<b>-600</b>	<b>-487</b>
<b>Total capital employed</b>	<b>3,122</b>	<b>2,749</b>

	31 Dec 2022	31 Dec 2021
<b>Working capital</b>		
Accounts receivable	524	393
Other current receivables	79	56
Inventory	538	382
<b>Working capital assets</b>	<b>1,141</b>	<b>831</b>
Accounts payable	-401	-313
Other current payables	-333	-240
<b>Working capital liabilities</b>	<b>-734</b>	<b>-553</b>
<b>Total working capital</b>	<b>407</b>	<b>278</b>

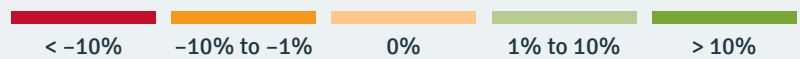
# Graph data summary

	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020
<b>Engines</b>									
Sales, MSEK	695	712	676	608	432	252	226	205	195
Book-to-bill, %	94	109	109	105	102	106	109	118	104
Operating income before items affecting comparability, MSEK	118	101	99	108	79	78	69	63	68
Operating margin before items affecting comparability, %	17.0	14.2	14.6	17.9	18.2	31.0	30.5	30.8	34.8
Working capital as % of annualised sales	12.6	15.9	18.4	20	24.3	8.1	6	6.1	5.1
Working capital, MSEK	339	388	364	306	273	72	48	42	35
<b>Hydraulics</b>									
Sales, MSEK	338	356	345	326	263	263	247	227	185
Book-to-bill, %	94	102	107	105	131	111	117	136	119
Operating income before items affecting comparability, MSEK	54	65	65	58	48	36	38	31	31
Operating margin before items affecting comparability, %	16.1	18.1	18.8	17.7	18.3	13.7	15.6	13.8	16.7
Working capital as % of annualised sales	9.7	12.8	12.0	8.4	7.3	6.8	6.3	5.8	4.9
Working capital, MSEK	133	165	144	92	73	62	52	46	40
<b>Group</b>									
Sales, MSEK	1,033	1,068	1,021	934	695	515	473	432	380
Book-to-bill, %	94	107	108	105	114	108	107	127	112
Operating income before items affecting comparability, MSEK	172	166	164	166	127	114	107	95	99
Operating margin before items affecting comparability, %	16.7	15.5	16.1	17.7	18.2	22.2	22.7	21.9	26.0
Basic earnings per share, SEK	2.92	3.32	3.53	3.42	2.36	2.39	2.25	1.90	2.32
Return on equity, %	26.6	27.6	28.8	27.9	26.2	27.1	23.7	18.0	17.5
Cash flow from operating activities per share, SEK	5.33	4.26	1.99	2.37	2.97	1.79	2.01	1.91	3.09
Working capital as % of annualised sales	10.0	14.2	15.1	12.9	13.1	3.3	1.3	0.5	-0.3
Net debt, MSEK	925	1,005	1,081	1,016	1,192	-136	-22	-90	86
Gearing ratio, %	45	45	56	59	82	-10	-2	-7	8
Gearing ratio (excl Pensions), %	32	43	51	49	57	-36	-30	-34	-35



	Q4-22 vs Q4-21					FY-22 vs FY-21					FY-23 vs FY-22				
	North America	South America	Europe	India	China	North America	South America	Europe	India	China	North America	South America	Europe	India	China
 <b>Agriculture</b> Diesel engines	4%	-4%	-6%	-21%	-3%	10%	3%	-2%	-13%	3%	-3%	-1%	-4%	-14%	0%
 <b>Construction</b> Diesel engines	6%	12%	-5%	3%	-23%	10%	14%	-3%	14%	-18%	-2%	-7%	-6%	0%	-2%
Hydraulic equipment	5%	n/a	0%	n/a	n/a	5%	n/a	0%	n/a	n/a	-6%	n/a	-1%	n/a	n/a
 <b>Trucks</b> Light vehicles	-4%	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a	n/a	-14%	n/a	n/a	n/a	n/a
Medium and Heavy vehicles	9%	4%	1%	23%	-47%	12%	5%	3%	21%	-45%	-6%	-15%	4%	16%	-12%
 <b>Industrial</b> Other off-highway	7%	1%	-5%	-8%	-5%	9%	4%	-1%	-1%	1%	-15%	0%	-5%	-3%	-2%
Hydraulic lift trucks	7%	n/a	-17%	n/a	n/a	-2%	n/a	-7%	n/a	n/a	-19%	n/a	-25%	n/a	n/a

The market indices summarised in the table above reflect the Q4 2022 update of production volumes received from Power Systems Research, Off-Highway Research and the International Truck Association of lift trucks.



### Consolidated sales development

	Q4-22 vs. Q4-21			FY-22 vs. FY-21			FY-23 vs. FY-22		
	Engines	Hydraulics	Group	Engines	Hydraulics	Group	Engines	Hydraulics	Group
Market – weighted average <sup>1)</sup>	1%	1%	1%	4%	1%	3%	-9%	-2%	-5%
Actual – constant currency <sup>2)</sup>	-1%	10%	5%	12%	21%	17%			

1) Based on latest market indices blended to Concentric's mix of end-markets and locations.  
2) Based on actual sales in constant currency, excluding EMP.

# Glossary

**APM**

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

**EHS**

Electro Hydraulic Steering.

**EMP**

Engineered Machined Products, Inc and subsidiaries.

**ESOT**

Employee Share Ownership Trust.

**JSOP**

Long-term incentive program to participants' resident in the United Kingdom to take part in a Joint Share Ownership Plan.

**LTI**

Long term incentive.

**Net investments in fixed assets**

Fixed asset additions net of fixed asset disposals and retirements.

**OEMs**

Original Equipment Manufacturers.

**Off-highway**

Collective term for industrial applications, agricultural machinery and construction equipment end-markets.

**Order backlog**

Customer sales orders received which will be fulfilled over the next three months.

**R&D expenditure**

Research and development expenditure.

**Tier 1, Tier 2-supplier**

Different levels of sub suppliers, typical within the automotive industry.

# Definitions

## **Book-to-bill**

Total sales orders received and booked into the order backlog during a three month period, expressed as a percentage of the total sales invoiced during that same three month period.

Book-to-bill is used as an indicator of the next quarter's net sales in comparison to the sales in the current quarter.

## **Capital employed**

Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities.

Capital employed measures the amount of capital used and serves as input for return on capital employed.

## **Drop-through/drop-out rate**

Year-on-year movement in operating income as a percentage of the year-on-year movement in net sales.

This measure shows operating leverage of the business, based on the marginal contribution from the year-on-year movement in net sales.

## **EBITDA**

Earnings before interest, taxes, depreciation and amortisation.

EBITDA is used to measure the cash flow generated from operating activities, eliminating the impact of financing and accounting decisions.

## **EBITDA margin**

EBITDA as a percentage of net sales.

EBITDA margin is used for measuring the cash flow from operating activities.

## **EBIT or Operating income**

Earnings before interest and tax.

This measure enables the profitability to be compared across locations where corporate taxes differ and irrespective the financing structure of the Company.

## **EBIT or Operating margin**

Operating income as a percentage of net sales.

Operating profit margin is used for measuring the operational profitability.

## **EPS**

Earnings per share, net income divided by the average number of shares.

The earnings per share measure the amount of net profit that is available for payment to its shareholders per share.

## **Equity per share**

Equity at the end of the period divided by number of shares at the end of the period.

Equity per share measures the net-asset value backing up each share of the Company's equity and determines if a Company is increasing shareholder value over time.

## **Gearing ratio**

Ratio of net debt to shareholders' equity.

The net gearing ratio measures the extent to which the Company is funded by debt. Because cash and overdraft facilities can be used to pay off debt at short notice, this is calculated based on net debt rather than gross debt.

## **Gross margin**

Net sales less cost of goods sold, as a percentage of net sales. Gross margin measures production profitability.

## **Net debt**

Total interest-bearing liabilities, including pension obligations and liabilities for leases, less liquid funds. Net debt is used as an indication of the ability to pay off all debts if these were to fall due simultaneously on the day of calculation, using only available cash and cash equivalents.

## **ROCE**

Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over rolling 12 months.

Return on capital employed is used to analyse profitability, based on the amount of capital used. The leverage of the Company is the reason that this metric is used next to return on equity, because it not only includes equity, but taken into account other liabilities as well.

## **ROE**

Return on equity; net income as a percentage of the average shareholders' equity over rolling 12 months.

Return on equity is used to measure profit generation, given the resources attributable to the Parent Company owners.

## **Sales growth, constant currency**

Growth rate based on sales restated at prior year foreign exchange rates.

This measurement excludes the impact of changes in exchange rates, enabling a comparison on net sales growth over time.

## **Structural growth**

Sales growth derived from new business contracts, i.e. not from changes in market demand or replacement business contracts.

Structural changes measure the contribution of changes in Group structure to net sales growth.

## **“Underlying” or “before items affecting comparability”**

Adjusted for restructuring costs, impairment, pension curtailment gains/losses and other specific items (including the taxation effects thereon, as appropriate).

Enabling a comparison of operational business.

## **Working capital**

Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities.

Working capital is used to measure the Company's ability, besides cash and cash equivalents, to meet current operational obligations.



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