



# Q2

INTERIM REPORT Q2 2022

## Second quarter

### ● Net sales

MSEK 1,021 (473) – reported sales were up +116% year-on-year. After adjusting for the impact of currency +13% and EMP +78%, sales in constant currency year-on-year were up +25%.

### ● Operating income

MSEK 164 (107), generating an operating margin of 16.1% (22.7).

### ● Net income for the period

MSEK 134 (85); basic EPS of SEK 3.53 (2.25).

### ● Cash flow from operating activities

MSEK 76 (76); cash generation has been affected by increases in working capital to support increased sales.

## First six months

### ● Net sales

MSEK 1,955 (905) – reported sales were up +116% year-on-year. After adjusting for the impact of currency +12% and EMP +76%, sales in constant currency were up +28%.

### ● Operating income

Operating income was MSEK 330 (202), generating an operating margin of 16.9% (22.3).

### ● Net income for the period

MSEK 264 (157); basic EPS of SEK 6.96 (4.15).

### ● Cash flow from operating activities

MSEK 166 (148); cash generation has been affected by increases in working capital to support increased sales.

### ● Group's net debt

MSEK 1,081 (-22); gearing ratio of 56% (-2). Pension liabilities continue to reduce as discount rates increase, resulting in a net remeasurement gain of MSEK 86 in the second quarter and a total gain of MSEK 191 (85) year to date.

### Key figures – Group <sup>1)</sup>

MSEK	Apr–Jun			Jan–Jun		
	2022	2021	Change	2022	2021	Change
Net sales	1,021	473	116%	1,955	905	116%
Operating income before items affecting comparability	164	107	53%	330	202	63%
Operating income	164	107	53%	330	202	63%
Earnings before tax	153	102	50%	308	189	63%
Net income for the period	134	85	58%	264	157	68%
Cash flow from operating activities	76	76	-	166	148	12%
Net debt <sup>2)</sup>	1,081	-22	-5,014%	1,081	-22	-5,014%
Operating margin before items affecting comparability, %	16.1	22.7	-6.6	16.9	22.3	-5.4
Operating margin, %	16.1	22.7	-6.6	16.9	22.3	-5.4
Basic EPS before items affecting comparability, SEK	3.53	2.25	1.28	6.96	4.15	2.81
Basic EPS, SEK	3.53	2.25	1.28	6.96	4.15	2.81
Diluted EPS, SEK	3.53	2.25	1.28	6.95	4.14	2.81
Return on equity, %	28.8	23.7	5.1	28.8	23.7	5.1
Gearing ratio, %	56	-2	58	56	-2	58

1) For additional information see pages 22–23 and 27.

2) For additional information see page 27.

# Review of the second quarter

Concentric reports record sales in the second quarter fuelled by EMP acquisition and strong organic growth, countering a mixed market with inflationary pressure and supply chain disturbances.

## Sales Performance

Reported sales were up 116% to MSEK 1,021, another record quarter for Concentric. Engineered Machine Products (EMP) sales accounted for 78% of the year-on-year sales growth, and a weak Swedish Krona means foreign exchange rates have increased reported sales by a further 13%. Sales in constant currency and excluding EMP were up 25% year-on-year for the second quarter, with the increase equally split between volume and selling price increases.

Macroeconomic factors continued to affect our supply chain both in terms of material availability and cost, influenced by the ongoing war in Ukraine and general inflationary pressures in most geographical regions. The material supply situation has improved but sales remain constrained either by material or labour, particularly in North America where the labour market is extremely tight.

A key strategic objective of our growth plan is to increase sales of electric products, both in absolute terms and as a percentage of group sales. Sales of electric products this quarter were MSEK 166 which equates to 16% of group sales, and we will continue to invest in e-Products to support our customers as they develop new low emissions vehicles & machines.

## Market Development

The published market indices suggest our blended market, based on volume, was flat year-on-year. North America remains strong, Europe appears to be weakening and the emerging markets are mixed. The one constant across all geographies is the agricultural market is down, particularly in Europe and India. China's truck market slowed further, impacted by the resurgence of Covid-19 and the shutdown of districts in the Shanghai region. The market indices can tend to lead or lag actual sales performance of tier one suppliers depending on the period in the economic cycle. We believe that to be the case this quarter, as our reported year-on-year sales growth surpassed the reported indices, and we do not suggest that our sales growth has been achieved by increasing our market share.

## Operating margin and cash

We have experienced significant headwinds in this quarter affecting our operating margin stemming both from the disruption within our supply chain and increasing inflationary cost pressure across all purchases, whether material or services. We expect inflationary pressures and supply chain disturbances will continue for the remainder of 2022 and we will work proactively through our well-established business excellence program to

maintain our strong margin. Despite these ongoing challenges we report an operating margin for the quarter of 16.1% (22.7).

We saw a significant improvement in cash conversion when compared to the previous two quarters, with the ratio increasing to 80%. Cash and cash equivalents at the end of the quarter were MSEK 345 (498) following the payment of the annual dividend in April 2022. This level of cash and cash equivalents is more than sufficient to meet our short- and medium-term operational needs.

## Outlook

The outlook for the third quarter is that the orders received, and expected to be fulfilled during the third quarter, were broadly similar to the reported sales for the second quarter of 2022. We now expect the majority of the sales order backlog, predominantly relating to our North American businesses, will be supplied to our customers over the remainder of 2022 and the first half of 2023.

Inflationary pressures are predicted to continue for the foreseeable future requiring regular discussions with our customers to ensure supplier cost increases over time are passed along the value chain.

Our whole organisation is doing an impressive job managing the current supply chain challenges, however, with the resurgence of Covid-19 in China and their government's approach to lock down regions affected by the virus, we expect further disruption within the supply chain during the latter half of 2022.

We are now operating in an inflationary environment and the regional central banks are taking steps to control inflation by increasing interest rates. These macroeconomic factors could have an impact on the demand for our products across geographic regions and end-market applications, however it remains too early to predict medium term market demand.

**Martin Kunz**  
President and  
CEO



# Concentric Group, second quarter figures

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

Amounts in MSEK	Apr–Jun			Jan–Jun		
	2022	2021	Change	2022	2021	Change
Net sales	1,021	473	116%	1,955	905	116%
Operating income before items affecting comparability	164	107	53%	330	202	63%
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Earnings before tax	153	102	50%	308	189	63%
Net income for the period	134	85	58%	264	157	68%
Operating margin before items affecting comparability, %	16.1	22.7	-6.6	16.9	22.3	-5.4
Operating margin, %	16.1	22.7	-6.6	16.9	22.3	-5.4
ROCE, %	23.8	32.9	-9.1	23.8	32.9	-9.1
Return on equity, %	28.8	23.7	5.1	28.8	23.7	5.1
Basic EPS before items affecting comparability, SEK	3.53	2.25	1.28	6.96	4.15	2.81
Basic EPS, SEK	3.53	2.25	1.28	6.96	4.15	2.81
Diluted EPS, SEK	3.53	2.25	1.28	6.95	4.14	2.81

1) For additional information see pages 22–23 and 27.

### Sales

Reported net sales for the second quarter were up year-on-year by +116%. Due to the weak Swedish Krona, particularly against the dollar, foreign exchange movements have increased reported sales +13% and the EMP acquisition has had a further +78% impact. Sales in constant currency therefore were up +25% year-on-year, of which +13% relates to increased volumes and +12% is due to selling price increases. Group order intake remains strong, as seen in the book-to-bill ratio of 108%.

Sales of electric products were MSEK 166 in the second quarter, representing 16% of total sales.

### Operating income

Strong operating income in the second quarter of MSEK 164 (107) resulted in an Operating margin of 16.1% (22.7). This lower margin reflects a number of factors including:

- Lower total income from our joint venture, Alfdex, of MSEK 14 (26) due to the impact Covid-19 is having on the Chinese market and a general slow down in the Chinese economy; and
- Further inflationary pricing pressures from suppliers which has a lag before we can pass up the value chain.

### Net financial items

Net financial income and expense for the second quarter was MSEK -11 (-5), this comprised of pension financial expense of MSEK -5 (-5), interest expenses for right of use assets MSEK -1 (-1), interest on the loan of -9 (nil) and net other financial income MSEK 4 (1).

### Taxes

The reported effective tax rate for the second quarter was 12% (16). This lower tax rate is due to a release of UK tax provisions.

### Earnings per share

The basic earnings per share for the second quarter was SEK 3.53 (2.25), up SEK 1.28 per share. The diluted earnings per share for the second quarter was SEK 3.53 (2.25), up SEK 1.28.

### Cash flow from operating activities

The reported cash inflow from operating activities for the second quarter amounted to MSEK 76 (76), which represents SEK 1.99 (2.01) per share. This has resulted in an Operating cash conversion ratio of 80% (90) which is a significant improvement on the previous two quarters.

### Working capital

Total working capital as at 30 June 2022 was MSEK 477 (21), which represented 15.1% (1.3) of annual sales, a large portion of the year-on-year increase coming from EMP's higher working capital requirement. Inventory has increased to MSEK 488 at the end of the second quarter, an increase of MSEK 65 from the previous quarter, albeit MSEK 40 of this was due to FX, primarily the strengthening US dollar.

### Net debt and gearing

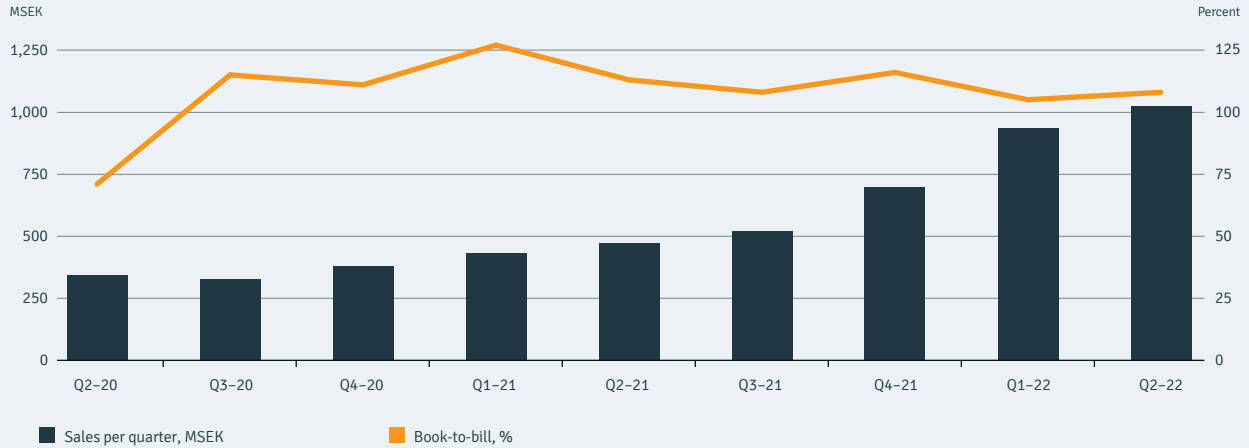
Following a review of the actuarial assumptions used to value the Group's defined benefit pension plans, a net remeasurement gain was taken in the second quarter of MSEK 86, taking the year to date gain to MSEK 191. This has largely arisen due to increases in discount rates as inflation and interest rates rise.

Overall, the Group's net debt at the end of Q2 was MSEK 1,081 (-22), comprising interest bearing liabilities MSEK 1,213 (nil), liabilities for right of use assets MSEK 123 (126) and net pension liabilities of MSEK 90 (350), net of cash amounting to MSEK 345 (498). Shareholders' equity amounted to MSEK 1,942 (1,238), resulting in a gearing ratio of 56% (-2) at the end of the second quarter.

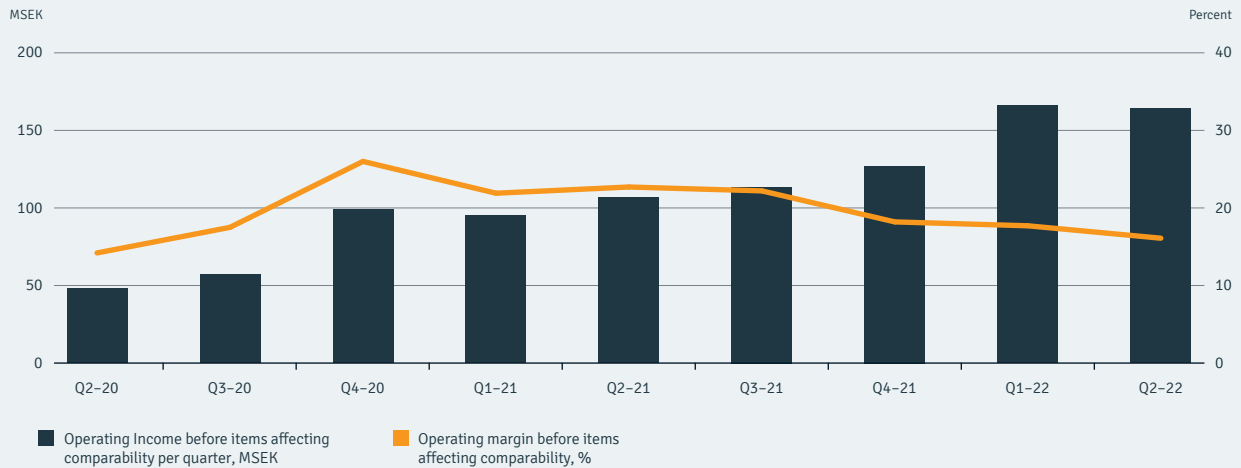
In the quarter, a dividend for the financial year 2021 of SEK 3.75 per share, totalling MSEK 142 was paid.

## Graphs – Concentric Group

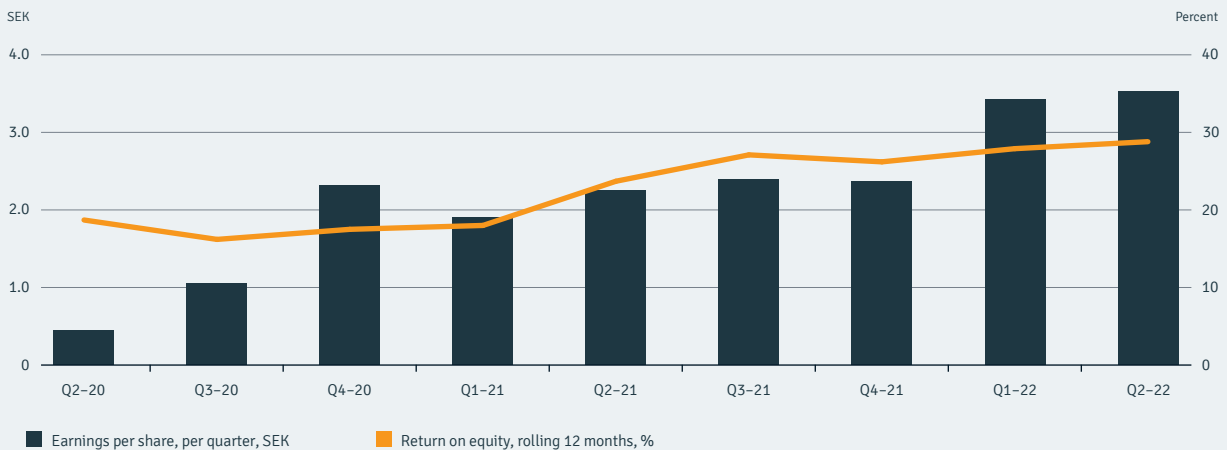
### Sales and book-to-bill



### Underlying operating income and margin



### Earnings per share and return on equity



# Engines

## Financial Performance

Amounts in MSEK	Apr-Jun			Jan-Jun		
	2022	2021	Change	2022	2021	Change
External net sales	676	226	198%	1,284	431	198%
Operating income before items affecting comparability	99	69	43%	207	132	57%
Operating income	99	69	43%	207	132	57%
Operating margin before items affecting comparability, %	14.6	30.5	-15.9	16.1	30.7	-14.6
Operating margin, %	14.6	30.5	-15.9	16.1	30.7	-14.6
ROCE, %	18.6	26.2	-7.6	18.6	26.2	-7.6

### Sales and market development

Reported sales for the second quarter were up year-on-year by 198%. The acquisition of EMP has increased reported sales by 163% and FX movements have increased sales a further 11%. Underlying sales growth in constant currency is 24% year-on-year, of which, 17% relates to increased volume and 7% due to pricing increases.

Sales to all Engines end markets have grown by double digit percentages year-on-year in constant currency. Sales growth has been particularly strong in Agricultural equipment and Industrial application sectors which have both been driven by strong demand in the US. Sales to the truck market grew 12% year-on-year in constant currency, with greater sales growth in North America than Europe. Sales in North America however, are constrained by a tight labour market and the ongoing supply chain disruption.

Market indices suggest production rates, blended to the Engines end-markets and regions, decreased year-on-year in the second quarter by -2%. As noted above, sales volumes increased 17% year-on-year. We note that, as usual, there is some timing difference between the market indices and our sales figures, and also extra services sold to customers, such as air freight particularly in North America, explaining the difference between the indices and our sales. We do not believe we have significantly increased our market share in the second quarter. For the full year, market indices suggest production rates will be up 1% indicating a flat but sustained peak in the market.

Order intake remains strong with a book-to-bill ratio of 109% (109) indicating orders received continues to be higher than sales.

### Operating income and margin

Operating income in the second quarter was MSEK 99 (69) resulting in an Operating margin of 14.6% (30.5). 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 year-on-year margin decrease is largely a result of the mix change following the acquisition of EMP.

Total income from our JV, Alfdex, was MSEK 14 (26) in the second quarter, a reduction of MSEK 10 from the first quarter, largely due to the slow down in China, particularly the truck market, as a result of the Covid-19 lockdowns and a weak Chinese economy.

Operating margin is under pressure from price increases from suppliers due to increases in metal prices, freight costs and general economic inflationary pressures. Whilst we endeavour to pass on these costs up the value chain, framework agreements with our larger customers means this is done periodically, with a number of increases taking effect from Q3.

These two factors combined have caused the quarter-on-quarter reduction from 17.9% in Q1 to 14.6% in Q2.

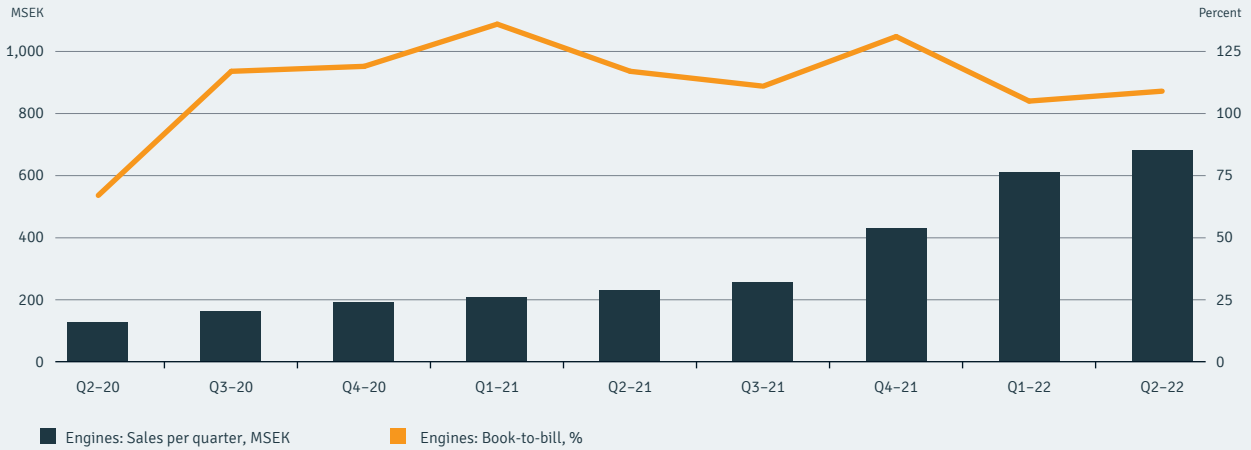
### Working capital

Working capital has increased in the Engines division to MSEK 364 (48). A large part of the year-on-year increase is due to the EMP acquisition as EMP have a higher working capital requirement than the legacy Concentric businesses.

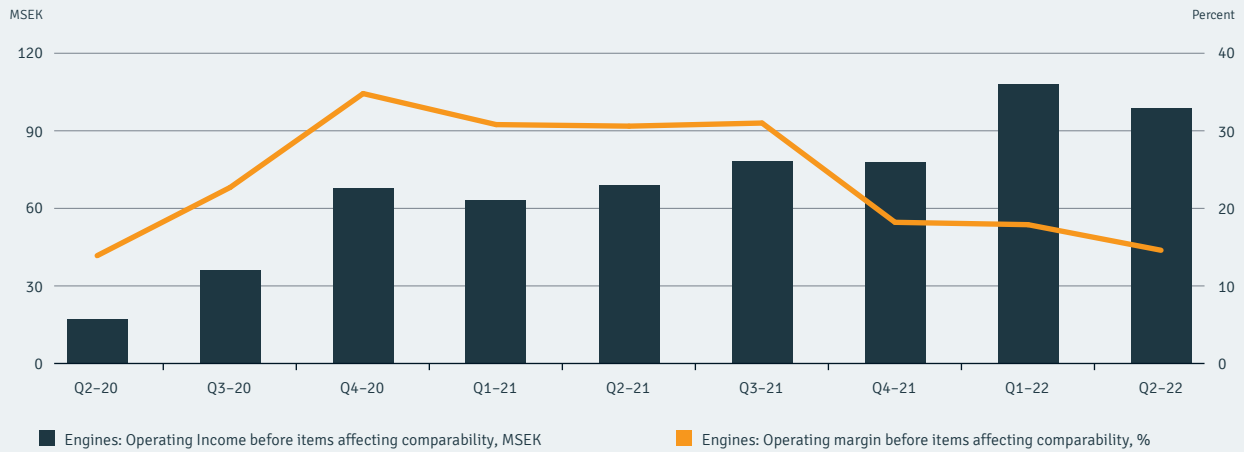
Quarter-on-quarter working capital has increased MSEK 58, MSEK 42 of this increase is due to further increases in inventory driven by the supply chain issues the market is experiencing, MSEK 26 of the inventory movement is due to FX.

## Graphs – Engines

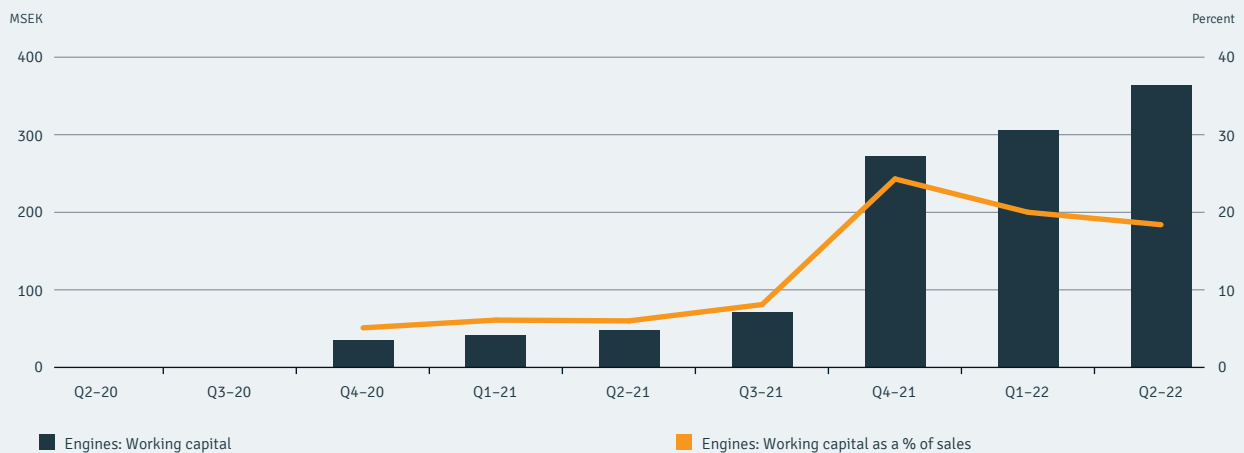
### Sales and book-to-bill



### Underlying operating income and margin



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



# Hydraulics

## Financial Performance

Amounts in MSEK	Apr-Jun			Jan-Jun		
	2022	2021	Change	2022	2021	Change
External net sales	345	247	40%	671	474	42%
Operating income before items affecting comparability	65	38	71%	123	70	76%
Operating income	65	38	71%	123	70	76%
Operating margin before items affecting comparability, %	18.8	15.6	3.2	18.3	14.7	3.6
Operating margin, %	18.8	15.6	3.2	18.3	14.7	3.6
ROCE, %	98.1	144.8	-46.7	98.1	144.8	-46.7

### Sales and market development

Reported sales for the second quarter were up year-on-year by 40%. FX movements have increased sales by 15% and underlying sales have increased 25%. The underlying sales growth is driven by two factors, volume growth of 9% and price increases of 16%. Inflationary pricing pressures from suppliers have been passed up the value chain in a more timely manner in the Hydraulics division due to the greater number of smaller customers and not being restricted by long term framework agreements.

Sales to all Hydraulic end markets have grown by double digit percentages year-on-year in constant currency. Sales to the North American Construction equipment and the European Industrial Application sectors both fared particularly well. The North American market generally, like the Engines business, is constrained by a tight labour market and ongoing supply chain disruption.

Market indices suggest production rates, blended to the Hydraulics end-markets and regions, increased 3% year-on-year in the second quarter. As noted above, sales volumes grew 9%. We note that, as usual, there is some timing difference between the market indices and our sales figures. We do not believe we have significantly increased our market share in the second quarter. For the full year, market indices suggest production rates will be up 7% with strongest growth being seen in the North American market.

Order intake remains strong with a book-to-bill ratio of 107% (117) indicating orders received continues to be higher than sales. Hydraulics also continues to have an increased order backlog, which we aim to reduce over the next three quarters, supporting sales.



### Operating income and margin

The Operating income in the second quarter was MSEK 65 (38) and an Operating margin of 18.8% (15.6). The year-on-year margin improvement has largely come from increased sales, leveraging the fixed cost base. Compared to Q1, margin has increased 1.1% as we have successfully passed inflationary cost pressures up the value chain. Operating margin continues to be under pressure from metal pricing, freight costs and general economic increases.

### Working capital

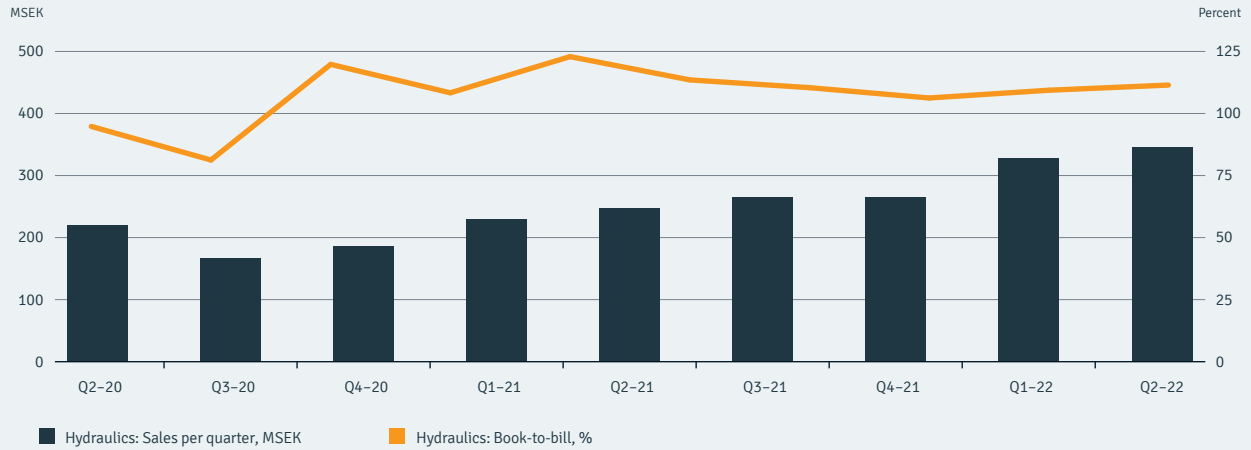
Working capital has increased in the Hydraulics division to MSEK 144 (52), MSEK 84 of the year-on-year increase has come from increases in inventory due to the ongoing supply chain disruption.

The quarter-on-quarter increase in working capital was MSEK 51, MSEK 22 relating to increases in inventory of which MSEK 14 is due to FX. We continue to focus on controlling working capital and reducing it wherever possible, whilst minimising disruption to our customers to ensure we maintain our levels of service.

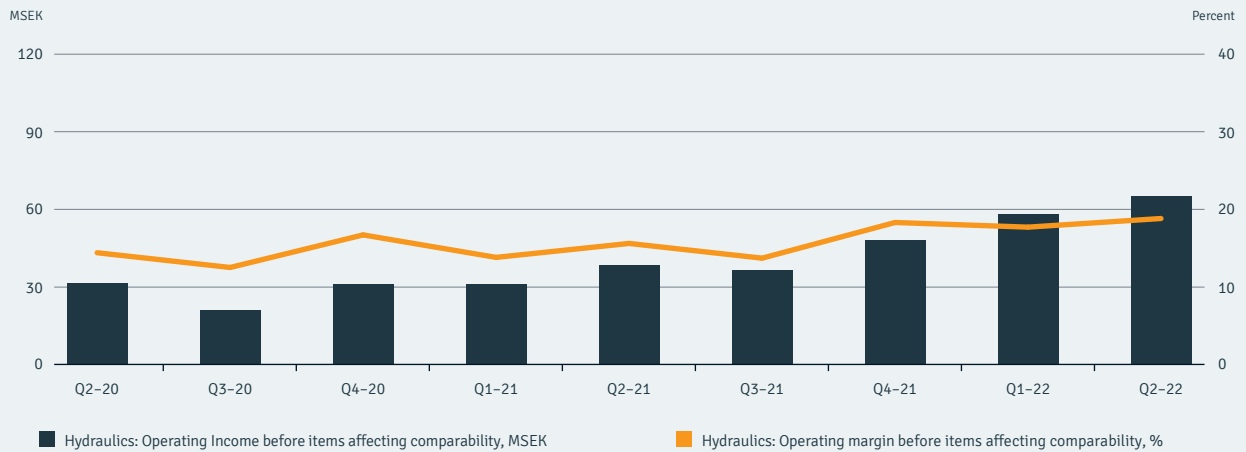


## Graphs – Hydraulics

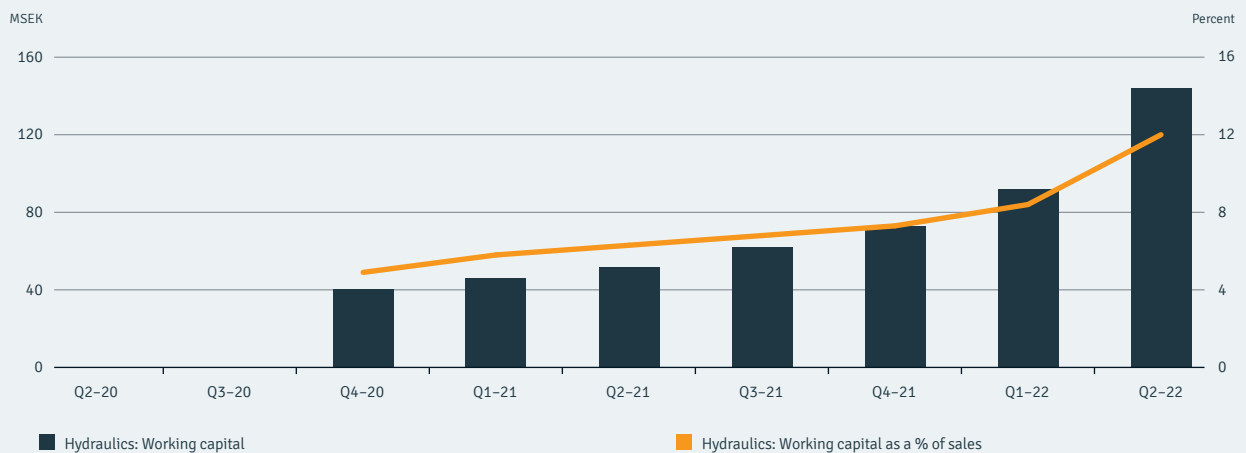
### Sales and book-to-bill



### 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

	Apr–Jun		Jan–Jun	
	2022	2021	2022	2021
Net sales	1,021	473	1,955	905
Cost of goods sold	-766	-326	-1,441	-622
<b>Gross income</b>	<b>255</b>	<b>147</b>	<b>514</b>	<b>283</b>
Selling expenses	-27	-16	-52	-28
Administrative expenses	-39	-36	-96	-74
Product development expenses	-22	-8	-42	-16
Share of net income in joint venture	9	19	26	36
Other operating income and expenses	-12	1	-20	1
<b>Operating income</b>	<b>164</b>	<b>107</b>	<b>330</b>	<b>202</b>
Financial income and expenses	-11	-5	-22	-13
<b>Earnings before tax</b>	<b>153</b>	<b>102</b>	<b>308</b>	<b>189</b>
Taxes	-19	-17	-44	-32
<b>Net income for the period</b>	<b>134</b>	<b>85</b>	<b>264</b>	<b>157</b>
Parent Company shareholders	134	85	264	157
Non-controlling interest	–	–	–	–
Basic earnings per share, before items affecting comparability, SEK	3.53	2.25	6.96	4.15
Basic earnings per share, SEK	3.53	2.25	6.96	4.15
Diluted earnings per share, SEK	3.53	2.25	6.95	4.14
Basic average number of shares (000)	37,953	37,879	37,942	37,874
Diluted average number of shares (000)	38,010	37,957	38,017	37,952

## Consolidated statement of comprehensive income

	Apr–Jun		Jan–Jun	
	2022	2021	2022	2021
Net income for the period	134	85	264	157
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to the income statement</i>				
Net remeasurement gains and losses	121	-6	264	109
Tax on net remeasurement gains and losses	-35	2	-73	-24
<i>Items that may be reclassified subsequently to the income statement</i>				
Exchange rate differences related to liabilities to foreign operations	-46	16	-54	-24
Tax arising from exchange rate differences related to liabilities to foreign operations	9	-4	11	5
Cash-flow hedging	8	-2	23	1
Tax arising from cash-flow hedging	-2	1	-5	–
Share of OCI related to joint venture	3	–	6	3
Foreign currency translation differences	175	-41	178	68
<b>Total other comprehensive income</b>	<b>233</b>	<b>-34</b>	<b>350</b>	<b>138</b>
<b>Total comprehensive income</b>	<b>367</b>	<b>51</b>	<b>614</b>	<b>295</b>

## Consolidated balance sheet

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Goodwill	1,427	680	1,303
Other intangible fixed assets	462	98	447
Right of use fixed assets	108	114	112
Tangible fixed assets	459	86	430
Share of net assets in joint venture	148	111	116
Deferred tax assets	55	93	98
Long-term receivables, joint venture	–	25	–
Other long-term receivables	27	3	4
<b>Total fixed assets</b>	<b>2,686</b>	<b>1,210</b>	<b>2,510</b>
Inventories	488	154	382
Current receivables	675	307	451
Current receivables, joint venture	3	–	–
Cash and cash equivalents	345	498	440
<b>Total current assets</b>	<b>1,511</b>	<b>959</b>	<b>1,273</b>
<b>Total assets</b>	<b>4,197</b>	<b>2,169</b>	<b>3,783</b>
<b>Total Shareholders' equity</b>	<b>1,942</b>	<b>1,238</b>	<b>1,462</b>
Pensions and similar obligations	90	350	361
Deferred tax liabilities	141	13	131
Long-term liabilities for right of use fixed assets	104	107	105
Other long-term interest-bearing liabilities	830	–	791
Other long-term liabilities	–	4	5
<b>Total long-term liabilities</b>	<b>1,165</b>	<b>474</b>	<b>1,393</b>
Short-term liabilities for right of use fixed assets	20	19	20
Other short-term interest-bearing liabilities	383	–	355
Other current liabilities	687	438	553
<b>Total current liabilities</b>	<b>1,090</b>	<b>457</b>	<b>928</b>
<b>Total equity and liabilities</b>	<b>4,197</b>	<b>2,169</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 30 June 2022 the

fair value of derivative instruments that were assets was MSEK 26 (2), 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

	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Opening balance</b>	<b>1,462</b>	<b>1,067</b>	<b>1,067</b>
Net income for the period	264	157	338
Other comprehensive income	350	138	179
<b>Total comprehensive income</b>	<b>614</b>	<b>295</b>	<b>517</b>
Dividend	-142	-133	-133
Sale of own shares to satisfy LTI – options exercised	7	8	8
Long-term incentive plan	1	1	3
<b>Closing balance</b>	<b>1,942</b>	<b>1,238</b>	<b>1,462</b>

## Consolidated cash flow statement, in summary

	Apr–Jun		Jan–Jun	
	2022	2021	2022	2021
<b>Earnings before tax</b>	<b>153</b>	<b>102</b>	<b>308</b>	<b>189</b>
Reversal of depreciation and amortisation of fixed assets	46	21	91	42
Reversal of net income from joint venture	-9	-19	-26	-36
Reversal of other non-cash items	4	3	7	4
Taxes paid	-54	-9	-72	-25
<b>Cash flow from operating activities before changes in working capital</b>	<b>140</b>	<b>98</b>	<b>308</b>	<b>174</b>
Change in working capital	-64	-22	-142	-26
<b>Cash flow from operating activities</b>	<b>76</b>	<b>76</b>	<b>166</b>	<b>148</b>
Investments in subsidiaries	–	–	-16	–
Net investments in property, plant and equipment	-10	-5	-28	-9
Other repayment of long-term receivables	–	-1	–	–
<b>Cash flow from investing activities</b>	<b>-10</b>	<b>-6</b>	<b>-44</b>	<b>-9</b>
Dividend	-142	-133	-142	-133
Selling of own shares to satisfy LTI – options exercised	7	8	7	8
Repayment of loans	-44	-7	-74	-12
Pension payments and other cash flows from financing activities	-10	-10	-31	-22
<b>Cash flow from financing activities</b>	<b>-189</b>	<b>-142</b>	<b>-240</b>	<b>-159</b>
<b>Cash flow for the period</b>	<b>-123</b>	<b>-72</b>	<b>-118</b>	<b>-20</b>
Cash and bank assets, opening balance	448	578	440	505
Exchange-rate difference in cash and bank assets	20	-8	23	13
<b>Cash and bank assets, closing balance</b>	<b>345</b>	<b>498</b>	<b>345</b>	<b>498</b>

## Group notes

### Data per share

	Apr–Jun		Jan–Jun	
	2022	2021	2022	2021
Basic earnings per share before items affecting comparability, SEK	3.53	2.25	6.96	4.15
Basic earnings per share, SEK	3.53	2.25	6.96	4.15
Diluted earnings per share, SEK	3.53	2.25	6.95	4.14
Equity per share, SEK	51.13	32.64	51.13	32.64
Cash-flow from current operations per share, SEK	1.99	2.01	4.34	3.92
Basic weighted average no. of shares (000's)	37,953	37,879	37,942	37,874
Diluted weighted average no. of shares (000's)	38,010	37,957	38,017	37,952
Number of shares at period-end (000's)	37,980	37,930	37,980	37,930

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

	Apr–Jun		Jan–Jun	
	2022	2021	2022	2021
Sales growth, %	116	38	116	13
Sales growth, constant currency, % <sup>2)</sup>	25	45	28	20
EBITDA margin before items affecting comparability, %	20.7	27.2	21.6	27.0
EBITDA margin, %	20.7	27.2	21.6	27.0
Operating margin before items affecting comparability, %	16.1	22.7	16.9	22.3
Operating margin, %	16.1	22.7	16.9	22.3
Capital employed, MSEK	3,171	1,169	3,171	1,169
ROCE before items affecting comparability, %	25.6	32.5	25.6	32.5
ROCE, %	23.8	32.9	23.8	32.9
ROE, %	28.8	23.7	28.8	23.7
Working capital, MSEK	477	21	477	21
Working capital as a % of annual sales	15.1	1.3	15.1	1.3
Net debt, MSEK <sup>3)</sup>	1,081	-22	1,081	-22
Gearing ratio, %	56	-2	56	-2
Net investments in PPE	10	5	28	9
R&D, %	2.2	1.6	2.2	1.7
Number of employees, average	1,199	754	1,190	729

1) For additional information see pages 22-23 and 27.

2) Sales growth excludes the impact of any acquisitions or divestments. For additional information see page 27.

3) For additional information see page 23.

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

	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Net sales	1,021	473	1,955	905
Direct material costs	-537	-227	-992	-429
Personnel costs	-208	-105	-411	-202
Depreciation and amortisation of fixed assets	-46	-21	-91	-42
Share of net income in joint venture	9	19	26	36
Other operating income and expenses	-75	-32	-157	-66
<b>Operating income</b>	<b>164</b>	<b>107</b>	<b>330</b>	<b>202</b>
Financial income and expense	-11	-5	-22	-13
<b>Earnings before tax</b>	<b>153</b>	<b>102</b>	<b>308</b>	<b>189</b>
Taxes	-19	-17	-44	-32
<b>Net income for the period</b>	<b>134</b>	<b>85</b>	<b>264</b>	<b>157</b>

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

	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Tooling income	2	2	4	3
Royalty income from joint venture	5	7	12	13
Amortisation of acquisition related surplus values	-18	-9	-36	-18
Other	-1	1	–	3
<b>Other operating income and expenses</b>	<b>-12</b>	<b>1</b>	<b>-20</b>	<b>1</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.

	Engines		Hydraulics		Elims/Adjs		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Second quarter</b>								
Total net sales	679	229	346	247	-4	-3	1,021	473
External net sales	676	226	345	247	—	—	1,021	473
Operating income	99	69	65	38	—	—	164	107
Operating margin, %	14.6	30.5	18.8	15.6	n/a	n/a	16.1	22.7
Financial income and expense	—	—	—	—	-11	-5	-11	-5
Earnings before tax	99	69	65	38	-11	-5	153	102
Assets	3,269	1,286	652	445	276	438	4,197	2,169
Liabilities	431	354	516	433	1,308	144	2,255	931
Capital employed	2,839	907	318	122	14	140	3,171	1,169
ROCE before items affecting comparability, %	18.6	27.1	98.1	154.1	n/a	n/a	25.6	32.5
ROCE, %	18.6	26.2	98.1	144.8	n/a	n/a	23.8	32.9
Net investments in PPE	6	6	1	—	3	-1	10	5
Depreciation and amortisation of fixed assets	41	16	5	4	—	1	46	21
Number of employees, average	826	421	373	333	—	—	1,199	754

	Engines		Hydraulics		Elims/Adjs		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>First six months</b>								
Total net sales	1,289	437	672	474	-6	-6	1,955	905
External net sales	1,284	431	671	474	—	—	1,955	905
Operating income	207	132	123	70	—	—	330	202
Operating margin, %	16.1	30.7	18.3	14.7	n/a	n/a	16.9	22.3
Financial income and expense	—	—	—	—	-22	-13	-22	-13
Earnings before tax	207	132	123	70	-22	-13	308	189
Assets	3,269	1,286	652	445	276	438	4,197	2,169
Liabilities	431	354	516	433	1,308	144	2,255	931
Capital employed	2,839	907	318	122	14	140	3,171	1,169
ROCE before items affecting comparability, %	18.6	27.1	98.1	154.1	n/a	n/a	25.6	32.5
ROCE, %	18.6	26.2	98.1	144.8	n/a	n/a	23.8	32.9
Net investments in PPE	23	8	2	1	3	—	28	9
Depreciation and amortisation of fixed assets	82	32	9	9	—	1	91	42
Number of employees, average	821	409	369	320	—	—	1,190	729

### 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 second quarter was 64 (63) for the Group, with an average of 66 (62) working days for the Engines segment and 62 (63) working days for the Hydraulics segment.

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

Second quarter	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
USA	422	48	164	111	586	159
Rest of North America	32	7	6	2	38	9
South America	—	7	1	1	1	8
Germany	47	55	47	41	94	96
UK	40	28	15	10	55	38
Sweden	12	8	20	17	32	25
Rest of Europe	82	54	47	29	129	83
Asia	32	14	41	34	73	48
Other	9	5	4	2	13	7
<b>Total Group</b>	<b>676</b>	<b>226</b>	<b>345</b>	<b>247</b>	<b>1,021</b>	<b>473</b>

First six months	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
USA	788	84	316	215	1,104	299
Rest of North America	58	12	10	3	68	15
South America	—	13	2	1	2	14
Germany	104	101	98	80	202	181
UK	83	53	31	19	114	72
Sweden	22	15	39	33	61	48
Rest of Europe	147	110	88	55	235	165
Asia	64	29	81	65	145	94
Other	18	14	6	3	24	17
<b>Total Group</b>	<b>1,284</b>	<b>431</b>	<b>671</b>	<b>474</b>	<b>1,955</b>	<b>905</b>



### Total sales by product groups

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>Second quarter</b>						
Concentric branded products	241	169	324	227	565	416
EMP branded products	372	–	–	–	372	–
LICOS branded products	63	57	–	–	63	57
Allied branded products	–	–	21	20	21	–
<b>Total Group</b>	<b>676</b>	<b>226</b>	<b>345</b>	<b>247</b>	<b>1,021</b>	<b>473</b>

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>First six months</b>						
Concentric branded products	470	319	626	433	1,096	752
EMP branded products	692	–	–	–	692	–
LICOS branded products	122	112	–	–	122	112
Allied branded products	–	–	45	41	45	41
<b>Total Group</b>	<b>1,284</b>	<b>431</b>	<b>671</b>	<b>474</b>	<b>1,955</b>	<b>905</b>

### Total sales by end-markets

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>Second quarter</b>						
Trucks	246	95	59	46	305	141
Construction	217	55	129	93	346	148
Industrial	65	38	113	74	178	112
Agriculture	148	38	44	34	192	72
<b>Total Group</b>	<b>676</b>	<b>226</b>	<b>345</b>	<b>247</b>	<b>1,021</b>	<b>473</b>

	Engines		Hydraulics		Group	
	2022	2021	2022	2021	2022	2021
<b>First six months</b>						
Trucks	449	183	111	90	560	273
Construction	425	105	254	177	679	282
Industrial	130	70	216	141	346	211
Agriculture	280	73	90	66	370	139
<b>Total Group</b>	<b>1,284</b>	<b>431</b>	<b>671</b>	<b>474</b>	<b>1,955</b>	<b>905</b>

## Business risks, accounting principles and other information

### 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 155 (nil) 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.

### Events after the balance sheet date

On 22 July 2022 Concentric entered into an agreement to sell Concentric Chivilcoy SA for MSEK 9. The net assets of Chivilcoy were fully provided for in Q4 2021, meaning the proceeds of sale will be recognised as profit in Q3, less any transaction costs.

### 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 COVID-19 pandemic has had a significant effect on the global economy and the demand for the Group's products and services. With the high uncertainty surrounding the situation and potential initiatives by authorities and customers, it is very difficult to predict the full financial impact that the situation may have on the Group for the coming quarters. As of June 30, there is no significant impact on any balance sheet items.

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 more of our end markets move into a high inflationary environment, this increases the risk around global economic demand and increases the likelihood of interest rate rises which could also have a knock on impact on demand as borrowing costs increase.

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.

### 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 has assessed the impact of making the adjustments required by IAS 29 and has concluded that the impact on the Group's financial statements is 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 first six months reflected mostly the royalty income received from the joint venture, Alfdex AB. The first six months has seen an Operating Loss of MSEK -1 (5).

## Net financial items and earnings before tax

Exchange rate losses on foreign liabilities to subsidiaries was MSEK -54 (-23) in the first six months, and the remaining financial items netted to MSEK -15 (-1), depending on increased interest cost on the new credit facilities signed in Q4 2021, in relation to the acquisition of EMP. Accordingly, earnings before tax was a gain (loss) of MSEK 85 (-19) for the first six months.

## 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). Includ-

ing 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 second 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 30 June 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 represent 0.8% (1.0) of the total number of shares.

## Dividend

On 21 April 2022, the AGM resolved on the proposed dividend for the financial year 2021 of SEK 3.75 per share, totaling MSEK 142.

## Parent Company's income statement

	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Net sales	6	8	14	15
Operating costs	-9	-5	-15	-10
Other operating expenses	-	-	-	-
<b>Operating income</b>	<b>-3</b>	<b>3</b>	<b>-1</b>	<b>5</b>
Income from shares in subsidiaries	155	-	155	-
Net foreign exchange rate differences	-46	17	-54	-23
Other financial income and expense	-8	-1	-15	-1
<b>Earnings before tax</b>	<b>98</b>	<b>19</b>	<b>85</b>	<b>-19</b>
Taxes	9	-4	11	4
<b>Net income for the period<sup>1)</sup></b>	<b>107</b>	<b>15</b>	<b>96</b>	<b>-15</b>

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

## Parent Company's balance sheet

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Shares in subsidiaries	4,243	3,149	4,243
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	1,086	1	1,017
Long-term loans receivable from joint venture	–	25	–
Deferred tax assets	22	4	11
<b>Total financial fixed assets</b>	<b>5,361</b>	<b>3,189</b>	<b>5,281</b>
Other current receivables	14	5	10
Short-term receivables from subsidiaries	146	14	128
Short-term receivables from joint venture	3	–	–
Cash and cash equivalents	214	362	290
<b>Total current assets</b>	<b>377</b>	<b>381</b>	<b>428</b>
<b>Total assets</b>	<b>5,738</b>	<b>3,570</b>	<b>5,709</b>
<b>Total shareholders' equity</b>	<b>2,303</b>	<b>2,337</b>	<b>2,342</b>
Pensions and similar obligations	18	18	18
Long-term interest-bearing liabilities	830	–	791
Long-term loans payable to subsidiaries	1,985	1,113	1,987
<b>Total long-term liabilities</b>	<b>2,833</b>	<b>1,131</b>	<b>2,796</b>
Short-term loans payable to subsidiaries	205	93	221
Short-term interest-bearing liabilities	383	–	340
Other current liabilities	14	9	10
<b>Total current liabilities</b>	<b>602</b>	<b>102</b>	<b>571</b>
<b>Total equity and liabilities</b>	<b>5,738</b>	<b>3,570</b>	<b>5,709</b>

## Parent Company's changes in shareholders' equity

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Opening balance	2,342	2,477	2,477
Net income for the period	96	–15	–10
Dividend	–142	–133	–133
Sale of own shares to satisfy LTI options exercised	7	8	8
<b>Closing balance</b>	<b>2,303</b>	<b>2,337</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 26 July, 2022.

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 contains information about the Company, the share and insider information as well as archives for reports and press releases.

## **Reporting calendar**

Interim Report January–September 2022	3 November, 2022
Interim Report January–December 2022	8 February, 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

Corporate Registration Number 556828-4995

Stockholm 26 July, 2022

**Anders Nielsen**  
Chairman of Board

**Claes Magnus Åkesson**  
Member of the Board

**Karin Gunnarsson**  
Member of the Board

**Joachim Rosenberg**  
Member of the Board

**Susanna Schneeberger**  
Member of the Board

**Martin Sköld**  
Member of the Board

**Petra Sundström**  
Member of the Board

**Martin Kunz**  
President and CEO

Our review report was submitted on 26 July, 2022  
KPMG AB

**Joakim Thilstedt**  
Authorised Public Accountant

# Review report

To the Board of Directors of Concentric AB (publ.)  
Corp. id. 556828-4995

## Introduction

We have reviewed the condensed interim financial information (interim report) of Concentric AB (publ), as of 30 June, 2022 and the six-month period then ended. The Board of Directors and the President and CEO 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 International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons Review report responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in

scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, 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.

Stockholm, 26 July, 2022

KPMG AB

## Joakim Thilstedt

Authorised Public Accountant

# Alternative Performance Measures reconciliation

	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
<b>Underlying EBIT or operating income</b>				
<b>EBIT or operating income</b>	<b>164</b>	<b>107</b>	<b>330</b>	<b>202</b>
<b>Underlying operating income</b>	<b>164</b>	<b>107</b>	<b>330</b>	<b>202</b>
Net sales	1,021	473	1,955	905
<b>Operating margin (%)</b>	<b>16.1</b>	<b>22.7</b>	<b>16.9</b>	<b>22.3</b>
<b>Underlying operating margin (%)</b>	<b>16.1</b>	<b>22.7</b>	<b>16.9</b>	<b>22.3</b>

	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
<b>Underlying EBITDA or operating income before amortisation and depreciation</b>				
<b>EBIT or operating income</b>	<b>164</b>	<b>107</b>	<b>330</b>	<b>202</b>
Operating amortisation/depreciation	28	12	55	24
Amortisation of purchase price allocation	18	9	36	18
<b>EBITDA or operating income before amortisation and depreciation</b>	<b>210</b>	<b>128</b>	<b>421</b>	<b>244</b>
<b>Underlying EBITDA or underlying operating income before amortisation and depreciation</b>	<b>210</b>	<b>128</b>	<b>421</b>	<b>244</b>
Net sales	1,021	473	1,955	905
<b>EBITDA margin (%)</b>	<b>20.7</b>	<b>27.2</b>	<b>21.6</b>	<b>27.0</b>
<b>Underlying EBITDA margin (%)</b>	<b>20.7</b>	<b>27.2</b>	<b>21.6</b>	<b>27.0</b>

	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
<b>Net income before items affecting comparability</b>				
<b>Net income</b>	<b>134</b>	<b>85</b>	<b>264</b>	<b>157</b>
<b>Net income before items affecting comparability</b>	<b>134</b>	<b>85</b>	<b>264</b>	<b>157</b>
Basic average number of shares (000)	37,953	37,879	37,942	37,874
<b>Basic earnings per share</b>	<b>3.53</b>	<b>2.25</b>	<b>6.96</b>	<b>4.15</b>
<b>Basic earnings per share before items affecting comparability</b>	<b>3.53</b>	<b>2.25</b>	<b>6.96</b>	<b>4.15</b>

CONCENTRIC INTERIM REPORT Q2 2022  
ALTERNATIVE PERFORMANCE MEASURES

Cash Conversion	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
<b>Cash flow from operating activities</b>	<b>76</b>	<b>76</b>	<b>166</b>	<b>148</b>
Payments for financial transactions	6	0	13	3
Tax payments	54	9	72	25
Net investments in property, plant and equipment	-10	-5	-28	-9
Adjustment for royalty from joint-venture (Alfdex)	-5	-7	-12	-13
<b>Operating Cash</b>	<b>122</b>	<b>73</b>	<b>212</b>	<b>153</b>
Operating income	164	107	330	202
Adjustment for royalty from joint-venture (Alfdex)	-5	-7	-12	-13
Adjustments for share in profit in joint-venture (Alfdex)	-9	-19	-26	-36
<b>Adjusted Operating income</b>	<b>150</b>	<b>81</b>	<b>293</b>	<b>153</b>
<b>Cash conversion (%)</b>	<b>79.8</b>	<b>89.7</b>	<b>71.9</b>	<b>100.0</b>

Net debt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Pensions and similar obligations	90	350	361
Liabilities for right of use fixed assets	123	126	125
Other long term interest bearing liabilities	830	—	791
Other short term interest bearing liabilities	383	—	355
<b>Total interest bearing liabilities</b>	<b>1,426</b>	<b>476</b>	<b>1,632</b>
Cash and cash equivalents	-345	-498	-440
<b>Total net debt</b>	<b>1,081</b>	<b>-22</b>	<b>1,192</b>
<b>Net debt, excluding pension obligations</b>	<b>991</b>	<b>-372</b>	<b>831</b>





Capital employed	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Total assets</b>	<b>4,197</b>	<b>2,169</b>	<b>3,783</b>
Interest bearing financial assets	-3	-28	-4
Cash and cash equivalents	-345	-498	-440
Tax assets	-83	-107	-103
<b>Non interest bearing assets (excl taxes)</b>	<b>3,766</b>	<b>1,536</b>	<b>3,236</b>
Non interest bearing liabilities (incl taxes)	-829	-455	-688
Tax liabilities	234	88	201
<b>Non interest bearing liabilities (excl taxes)</b>	<b>-595</b>	<b>-367</b>	<b>-487</b>
<b>Total capital employed</b>	<b>3,171</b>	<b>1,169</b>	<b>2,749</b>

Working capital	30 Jun 2022	30 Jun 2021	31 Dec 2021
Accounts receivable	580	243	393
Other current receivables	96	62	56
Inventory	488	154	382
<b>Working capital assets</b>	<b>1,164</b>	<b>459</b>	<b>831</b>
Accounts payable	-400	-225	-313
Other current payables	-287	-213	-240
<b>Working capital liabilities</b>	<b>-687</b>	<b>-438</b>	<b>-553</b>
<b>Total working capital</b>	<b>477</b>	<b>21</b>	<b>278</b>

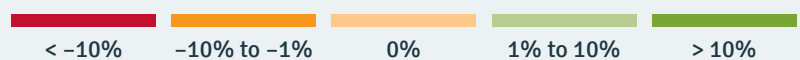


# Graph data summary

	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
<b>Engines</b>									
Sales, MSEK	676	608	431	252	226	205	195	159	124
Book-to-bill, %	109	105	102	106	109	118	104	115	78
Operating income before items affecting comparability, MSEK	99	108	78	78	69	63	68	36	17
Operating margin before items affecting comparability, %	14.6	17.9	18.2	31.0	30.5	30.8	34.8	22.7	13.9
Working capital as % of annualised sales	18.4	20	24.3	8.1	6	6.1	5.1	—	—
Working capital, MSEK	364	306	273	72	48	42	35	—	—
<b>Hydraulics</b>									
Sales, MSEK	345	326	264	263	247	227	185	165	219
Book-to-bill, %	107	105	131	111	117	136	119	117	67
Operating income before items affecting comparability, MSEK	65	58	48	36	38	31	31	21	31
Operating margin before items affecting comparability, %	18.8	17.7	18.3	13.7	15.6	13.8	16.7	12.5	14.4
Working capital as % of annualised sales	12.0	8.4	7.3	6.8	6.3	5.8	4.9	—	—
Working capital, MSEK	144	92	73	62	52	46	40	—	—
	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020
<b>Group</b>									
Sales, MSEK	1,021	934	695	515	473	432	380	325	342
Book-to-bill, %	108	105	114	108	107	127	112	115	79
Operating income before items affecting comparability, MSEK	164	166	127	114	107	95	99	57	48
Operating margin before items affecting comparability, %	16.1	17.7	18.2	22.2	22.7	21.9	26.0	17.5	14.2
Basic earnings per share, SEK	3.53	3.42	2.36	2.39	2.25	1.90	2.32	1.06	0.44
Return on equity, %	28.8	27.9	26.2	27.1	23.7	18.0	17.5	16.2	18.7
Cash flow from operating activities per share, SEK	1.99	2.37	2.97	1.79	2.01	1.91	3.09	1.36	2.30
Working capital as % of annualised sales	15.1	12.9	13.1	3.3	1.3	0.5	-0.3	-2.0	-2.2
Net debt, MSEK	1,081	1,016	1,192	-136	-22	-90	86	-69	-67
Gearing ratio, %	56	59	82	-10	-2	-7	8	-6	-6
Gearing ratio (excl Pensions), %	51	49	57	-36	-30	-34	-35	-43	-45

	Q2-22 vs Q2-21					H1-22 vs H1-21					FY-22 vs FY-21				
	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	-3%	-3%	-15%	-26%	-3%	10%	11%	-7%	-14%	10%	3%	3%	-11%	-20%
 <b>Construction</b> Diesel engines	5%	5%	-6%	8%	-15%	12%	10%	-2%	24%	-3%	9%	7%	-4%	15%	-9%
Hydraulic equipment	19%	n/a	7%	n/a	n/a	22%	n/a	8%	n/a	n/a	25%	n/a	9%	n/a	n/a
 <b>Trucks</b> Light vehicles	-9%	n/a	n/a	n/a	n/a	5%	n/a	n/a	n/a	n/a	-2%	n/a	n/a	n/a	n/a
Medium and Heavy vehicles	1%	1%	-3%	23%	-35%	9%	4%	4%	18%	-26%	5%	2%	1%	21%	-31%
 <b>Industrial</b> Other off-highway	5%	0%	-6%	-8%	-2%	15%	5%	1%	6%	12%	10%	2%	-2%	-1%	5%
Hydraulic lift trucks	-7%	n/a	6%	n/a	n/a	8%	n/a	0%	n/a	n/a	2%	n/a	4%	n/a	n/a

The market indices summarised in the table above reflect the Q2 2022 update of production volumes received from Power Systems Research, Off-Highway Research and the International Truck Association of lift trucks.



### Consolidated sales development

	Q2-22 vs. Q2-21			H1-22 vs H1-21			FY-22 vs. FY-21		
	Engines	Hydraulics	Group	Engines	Hydraulics	Group	Engines	Hydraulics	Group
Market – weighted average <sup>1)</sup>	-2%	3%	0%	5%	9%	7%	1%	7%	5%
Actual – constant currency <sup>2)</sup>	24%	25%	25%	26%	29%	28%			

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

**Americas**

Americas operating segment comprising the Group's operations in the USA and South America.

**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

**Europe & RoW**

Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China.

**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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