



INTERIM REPORT Q4 2021

TECHNOLOGY • INNOVATION • SUSTAINABILITY

Contents

Financial results in brief	2	Group notes	16
CEO letter	3	Business risks, accounting principles and other information	21
Financial summary – Group	5	Financial statements – Parent Company	23
Net sales and operating income by region	7	Income statement	23
End-markets	9	Balance sheet	24
Financial position	11	Changes in shareholders' equity	24
Financial statements – Group	13	Other information	25
Income statement	13	Alternative Performance Measures reconciliation	26
Statement of comprehensive income	13	Graph data summary	28
Balance sheet	14	Glossary	29
Changes in shareholders' equity	15	Definitions	30
Cash flow statement	15		

Unless otherwise stated, all amounts have been stated in SEK million. 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 rounds 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.





Fourth quarter

• Net sales

MSEK 695 (380) – reported sales were up +83% year-on-year. After adjusting for the impact of currency (–2%), Allied Enterprises (+5%) and EMP (+44%), sales on a like for like basis, in constant currency year-on-year were up +36%.

• Operating income

Operating income was MSEK 87 (104) generating an operating margin of 12.5% (27.4). After one-off items including costs relating to the acquisition of EMP (MSEK 18) and the closure of Chivilcoy (MSEK 22) Operating income before items affecting comparability was MSEK 127 (99) with a corresponding margin of 18.2% (26.0).

• Net income for the period

MSEK 90 (88); basic EPS of SEK 2.36 (2.32) and diluted EPS of SEK 2.35 (2.32).

• Cash flow from operating activities

Cash flow from operating activities was MSEK 43 (118).

• Acquisition

As previously announced, the transformational acquisition of EMP was completed on 30 October 2021 and therefore forms part of our consolidated Q4 result, including two months of trading.

Full year

• Net sales

MSEK 2,115 (1,502) – reported sales were up +41% year-on-year. After adjusting for the impact of currency (–8%), Allied Enterprises (+6%) and EMP(+12%), sales in constant currency were up +31%.

• Operating income

Operating income was MSEK 403 (276), generating an operating margin of 19.1% (18.4), operating margin before items affecting comparability was 20.9% (19.4).

• Net income for the period

MSEK 338 (205); basic EPS of SEK 8.91 (5.43) and diluted EPS of 8.88 (5.42).

• Cash flow from operating activities

Strong cash management given the circumstances has resulted in cash flow from operating activities of MSEK 260 (337).

• Group's net debt

MSEK 1,192 (86); gearing ratio of 82% (8).

• Dividend

Based on the Group's earnings and strong financial position, the Board of Directors intend to propose a dividend of SEK 3.75 (3.50) per share for the financial year 2021 and to renew the current mandate for share buybacks.

Key figures – Group¹⁾

MSEK	Oct–Dec			Jan–Dec		
	2021	2020	Change	2021	2020	Change
Net sales	695	380	83%	2,115	1,502	41%
Operating income before items affecting comparability	127	99	28%	443	291	52%
Operating income	87	104	–16%	403	276	46%
Earnings before tax	91	103	–12%	390	256	52%
Net income for the period	90	88	2%	338	205	65%
Cash flow from operating activities	43	118	–64%	260	337	–23%
Net debt ²⁾	1,192	86	1,286%	1,192	86	1,286%
Operating margin before items affecting comparability, %	18.2	26.0	–7.8	20.9	19.4	1.5
Operating margin, %	12.5	27.4	–14.9	19.1	18.4	0.7
Basic EPS before items affecting comparability, SEK	3.28	2.23	1.05	9.82	5.73	4.09
Basic EPS, SEK	2.36	2.32	0.04	8.91	5.43	3.48
Diluted EPS, SEK	2.35	2.32	0.03	8.88	5.42	3.46
Return on equity, %	26.2	17.5	8.7	26.2	17.5	8.7
Gearing ratio, %	82	8	74	82	8	74

1) For additional information see pages 26–27 and 30. 2) For additional information see page 27.

Review of the fourth quarter

President and CEO, David Woolley, comments on the Q4 2021 Interim Report.

» Following the acquisition of EMP, Concentric is set to accelerate growth within the sectors of electric vehicles and renewable energy. This will be the next step in creating further shareholder value. «

Market and sales development

Published market indices suggest production rates, blended to the Group's end-markets and regions were down -15% year-on-year in the fourth quarter, with both the indices for Americas and Europe and RoW reporting negative growth this quarter. The global pandemic affected all end-market applications and geographical regions throughout 2020 making year-on-year comparisons, and particularly by quarter difficult. However, the full year published market indices suggest production rates, blended for the Group's end-markets and regions increased by +20% during 2021.

Group sales in constant currency and excluding Allied Enterprises and EMP were up +33% year-on-year for the fourth quarter and +31% for the full year. Reported sales, for the fourth quarter and the full year were up year-on-year +82% and +41% respectively.

Our reported sales, excluding EMP, this quarter were consistent with previous market guidance that sales for the fourth quarter would be broadly similar to sales in the third quarter. Demand from our end market applications and all geographic regions remains strong, however, the general industry supply chain has continued to struggle to meet this new level of demand, albeit with some improvements, resulting in an increase in our sales order backlog. We expect disruption in the supply chain to continue for at least the first half of 2022.

Concentric Business Excellence – managing operating margins and cash

The recovery from the pandemic continues to apply pressure to our supply chain, both inflationary pressures on many of the components the group purchases and the availability of some critical components. Our commercial teams, working through the Concentric Business Excellence program, ensured we were able to pass on these cost increases to our customers, albeit with a quarters delay. This ensured the operating margin for Concentric excluding EMP before items affecting comparability was maintained at strong levels for both the quarter, 23.9% (26.0) and the full year, 22.7% (19.4%).



In addition to the existing Concentric business, the fourth quarter result also contains:

- two months of trading for EMP;
- the impact from the inventory fair value adjustment which fully unwound in the fourth quarter (MSEK 6); and
- two months amortisation of the intangibles acquired and depreciation of the fair value uplift (MSEK 9).

This results in an operating margin before items affecting comparability for the fourth quarter of 18.2% (26.0) and the full year of 20.9% (19.4) respectively. The annual amortisation of the intangible assets and the depreciation charge of the fair value uplift of tangible fixed assets is estimated to be MSEK 56.

We have recently announced two significant events, the closure of our facility in Chivilcoy, Argentina and the transformational acquisition of EMP. The costs associated with both of these activities were MSEK 22 and MSEK 18 and classified as items affecting comparability. Therefore, the reported operating margin for the fourth quarter and the full year was 12.5% (27.4) and 19.1% (18.4).

Cash flow from operating activities for the period was MSEK 43 (118). With all of the uncertainty in the global supply chain Concentric increased the stock of critical components to ensure we continue to meet the needs of our customers, which increased our investment in working capital by MSEK 64.

Cash and cash equivalents decreased to MSEK 440 (505) following the quarters trading performance and the acquisition of EMP. This level of cash and cash equivalents is more than sufficient to meet our short and medium term operational needs.

EMP – the transformational acquisition

This quarter is the first trading quarter which includes our recently announced acquisition of EMP. Our teams are excited by the potential of combining our businesses and are now busy integrating EMP into Concentric. Following the acquisition of EMP, Concentric is set to accelerate growth within the sectors of electric vehicles and renewable energy. This will be the next step in creating further shareholder value.

David Woolley’s final CEO letter in role, journey to creating shareholder value

In June 2011, Concentric AB listed on the Stockholm exchange with an initial share price of SEK 36 and over the last 43 reporting quarters Concentric has created shareholder value, increasing the share price from its initial offering to the current value, SEK 281 (30 Dec 2021) whilst paying dividends of SEK 32 per share over the same period. Achieved through a combination of new customers, new products, product mix management, implementing lean manufacturing principles through the Concentric Business Excellence program and business acquisitions. None of course would have been possible without the tremendous support of our employees, past and present.

The future is bright, as our markets electrify, new technologies will be created to meet regional emission legislation offering new and exciting opportunities for Concentric. Following the acquisition of EMP, Concentric is positioned to exploit the commercial opportunities offered from the electrification of our markets, creating further shareholder value. We welcome Martin Kunz who joins the Company as CEO at this exciting juncture and wish him well to continue the success of Concentric.

Outlook

Market indices suggest that production volumes blended to Concentric’s end markets and regions will conservatively increase by +6% during 2022, as demand from our customers for both our engine and hydraulic products continues to increase.

Concentric and EMP have made great progress to date integrating the businesses and the functional teams will continue this valuable work throughout 2022. The Q1-2022 interim report will contain three months of trading for EMP rather than just two in the Q4-2021 interim report.

The availability of critical raw materials will continue to influence our sales during the first quarter and into 2022 as our industry supply chain stabilises to meet the new market demand. The ongoing shortage of raw materials and components continues to have an inflationary effect, both from the metal indices and general supplier economic price increases. We have been successful passing these cost increases onto our customers, albeit with a quarters delay, and we will continue to pass on costs increases to our customers during the first quarter of 2022 to maintain our strong trading margins. As the supply constraints ease during the first half of 2022 so will the working capital investment, particularly our investment in inventory.

The orders received, and expected to be fulfilled during the first quarter of 2022 were broadly similar to the reported sales for the fourth quarter of 2021, when adjusted for one additional month’s trading for EMP. We also expect the majority of the sales order backlog, predominantly relating to our North American businesses, will be supplied to our customers during the first half of 2022.

Concentric remains well positioned both financially and operationally, to fully leverage our market opportunities.



Fourth quarter figures

Key figures¹⁾

MSEK	Oct-Dec			Jan-Dec		
	2021	2020	Change	2021	2020	Change
Net sales	695	380	83%	2,115	1,502	41%
Operating income before items affecting comparability	127	99	28%	443	291	52%
Operating income	87	104	-16%	403	276	46%
Earnings before tax	91	103	-12%	390	256	52%
Net income for the period	90	88	2%	338	205	65%
Operating margin before items affecting comparability, %	18.2	26.0	-7.8	20.9	19.4	1.5
Operating margin, %	12.5	27.4	-14.9	19.1	18.4	0.7
ROCE, %	27.4	25.2	2.2	27.4	25.2	2.2
Return on equity, %	26.2	17.5	8.7	26.2	17.5	8.7
Basic EPS before items affecting comparability, SEK	3.28	2.23	1.05	9.82	5.73	4.09
Basic EPS, SEK	2.36	2.32	0.04	8.91	5.43	3.48
Diluted EPS, SEK	2.35	2.32	0.03	8.88	5.42	3.46

1) For additional information see pages 26–27 and 30.

Sales

Reported net sales for the fourth quarter were up year-on-year by +83%. After adjusting for the impact of currency (-2%), the impact of the EMP acquisition (+44%) and the Allied Enterprises acquisition (+5%), sales in constant currency were up +36%.

The year-on-year recovery continues to be both broad and strong with all our Europe & Rest of World end markets experiencing year-on-year growth and Trucks, Agricultural machinery and Construction equipment all showing growth in the Americas.

Operating income

Operating income in the fourth quarter was MSEK 87 (104) and was impacted by transaction costs relating to the EMP acquisition of MSEK 18 and costs relating to the closure of our facility in Chivilcoy, Argentina, MSEK 22.

The Operating income before items affecting comparability for the fourth quarter was MSEK 127 (99) and corresponding margin was 18.2% (26.0). Included within this margin is the amortisation on the intangible assets acquired and depreciation on the fair value uplift of tangible fixed assets as part of the acquisition. This amounted to MSEK 9 along with the impact from the inventory fair value adjustment of MSEK 6 which fully unwound during the fourth quarter.

Total income in the quarter from our joint venture (JV) Alfdex was MSEK 32 (21) with the strong trading volumes from the medium- and heavy-duty truck sector in North America, Europe and China.

Net financial items

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

Taxes

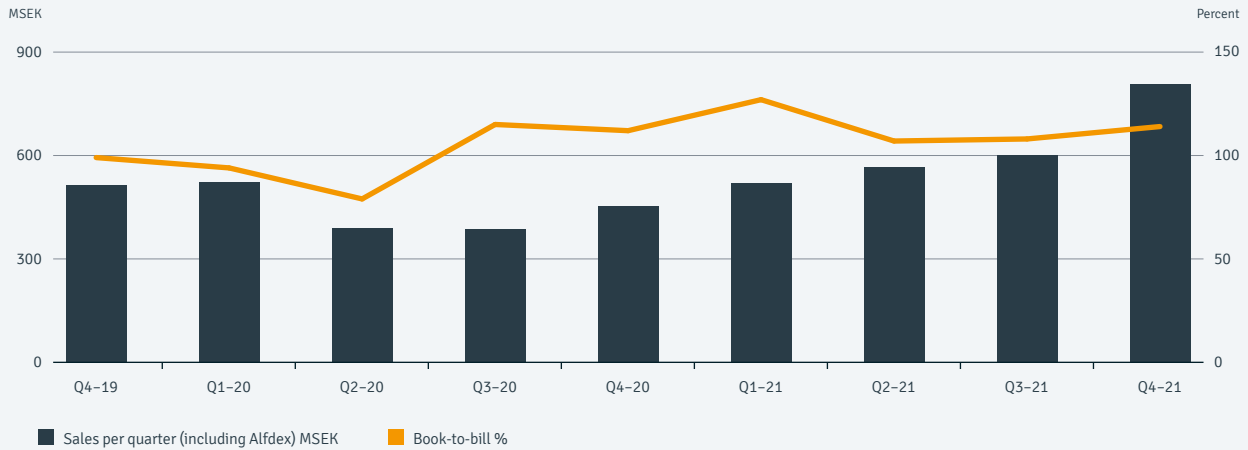
The reported effective tax rate for the fourth quarter and the full year was 2% (15) and 14% (20) respectively. The low tax rate in the fourth quarter was primarily due to the coming change in UK corporate tax rate in 2023, which increased the deferred tax asset by MSEK 12.

Earnings per share

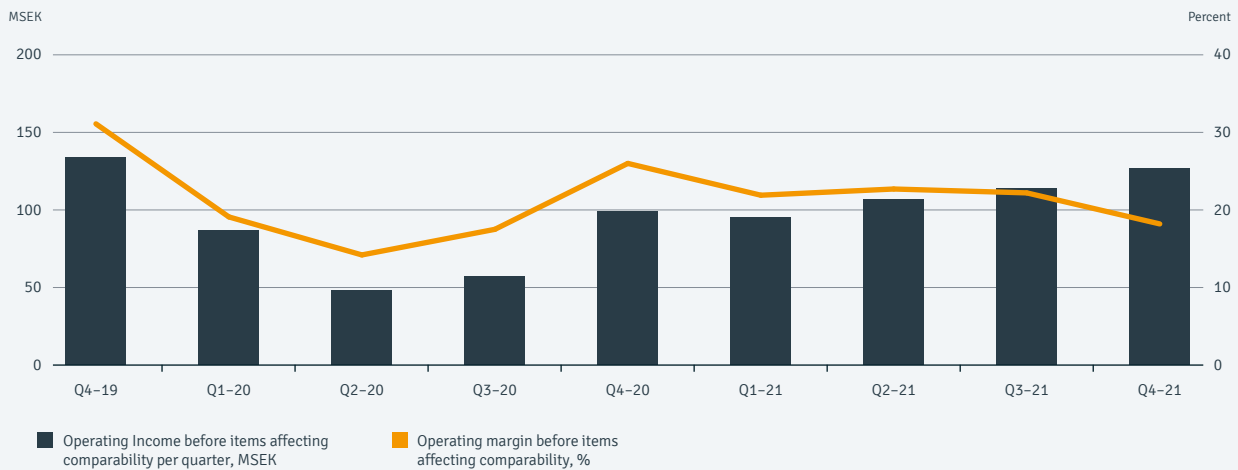
The basic earnings per share for the fourth quarter was SEK 2.36 (2.32), up SEK 0.04 per share. Basic earnings per share for the full year was SEK 8.91 (5.43), up SEK 3.48 per share.

Graphs – Concentric Group

Sales and book-to-bill



Underlying operating income and margins



Earnings per share and return on equity



Net sales and operating income by region

Americas

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2021	2020	Change	2021	2020	Change
External net sales	401	153	162%	999	651	53%
Operating income before items affecting comparability	37	36	3%	126	95	33%
Operating income	3	35	-91%	92	93	-1%
Operating margin before items affecting comparability, %	9.3	23.4	-14.1	12.6	14.6	-2.0
Operating margin, %	0.9	22.6	-21.7	9.2	14.2	-5.0
ROCE, %	13.4	28.4	-15.0	13.4	28.4	-15.0

Reported sales for the fourth quarter were up year-on-year by 162%. After adjusting for the impact of currency (-8%) and the acquisition of EMP (+110%) and Allied Enterprises (+12%), underlying sales in constant currency were up 48%.

In the fourth quarter, demand in the North American market increased substantially with sales to the medium- and heavy-duty truck and agricultural machinery sectors experiencing the strongest growth. Strong order intake in the Americas resulted in a book-to-bill in the fourth quarter of 127% (102) indicating a growing order book.

Operating margin in the fourth quarter was 0.9% (22.6). After adjusting for the impact of the closure of our facility in Chivilcoy, Argentina (MSEK 22) and the transaction costs relating to the EMP acquisition (MSEK 12) Operating margin before items affecting comparability was 9.3% (23.4). Included within this margin is MSEK 9 of amortisation of intangible assets and depreciation on the fair value uplift of tangible assets, and the impact from the inventory fair value adjustment of MSEK 6 which fully unwound during the fourth quarter. Operating margin before items affecting comparability for the Americas excluding EMP was 18%.

Europe & RoW

Amounts in MSEK	Oct-Dec			Jan-Dec		
	2021	2020	Change	2021	2020	Change
External net sales (including Alfdex)	406	301	35%	1,496	1,108	35%
Operating income before items affecting comparability	100	64	56%	342	204	68%
Operating income	100	70	43%	342	191	79%
Operating margin before items affecting comparability, %	24.6	21.2	3.4	22.8	18.4	4.4
Operating margin, %	24.6	23.3	1.3	22.8	17.2	5.6
ROCE, %	45.7	25.4	20.3	45.7	25.4	20.3

Reported sales for the fourth quarter were up year-on-year by 35%. After adjusting for the impact of currency (-1%) sales in constant currency were up 34%.

Demand in our European markets has been strong across all end market sectors with sales to each end market sector growing year-on-year, including our crucial European truck market which grew by 32%. The book-to-bill ratio remains above 100% for the second successive quarter.

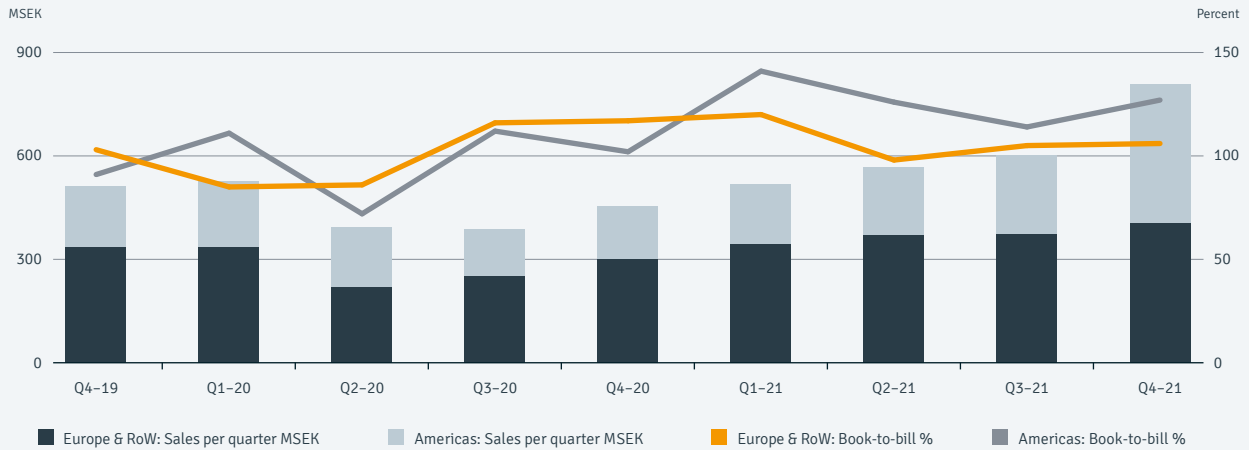
The Indian market is also showing strong growth as sales have increased significantly year-on-year. The medium- and heavy-duty truck and industrial application markets have been particularly strong.

The operating margin in the fourth quarter was 24.6% (23.3) resulting from the growth in sales whilst maintaining cost control under the Concentric Business Excellence program.

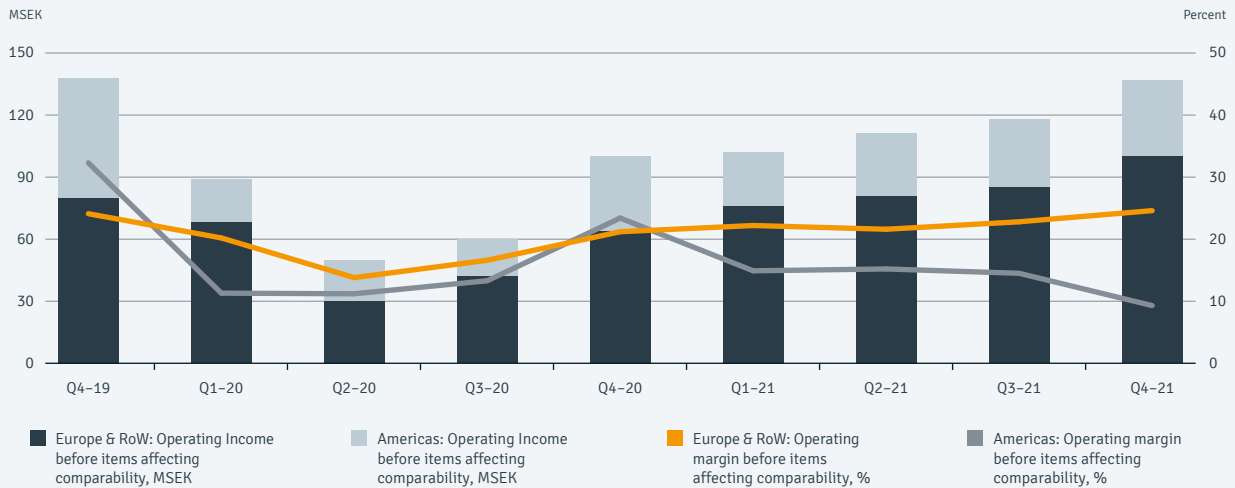


Graphs by region

Sales and book-to-bill



Underlying operating income and margins



Market development

Our European markets continue to recover whilst the recovery in our North American markets paused in the fourth quarter.

Americas end-markets

NORTH AMERICA

- North American sales in the fourth quarter were up year-on-year by 36% excluding the impact of Allied Enterprises and EMP, however, there was a slight decline compared with sales in the third quarter.
- Sales increased year-on-year across all our end-markets with sales to the Truck and Construction Equipment markets performing particularly strongly.

SOUTH AMERICA

- Sales in the fourth quarter to our South American end markets increased year-on-year.

TOTAL AMERICAS REGION

- Overall growth in North America drove the year-on-year sales increase of 48%, excluding the impact of Allied Enterprises and EMP.

All sales figures above are quoted in constant currency.

Europe & RoW end-markets

EUROPE

- Sales in Europe increased year-on-year by 35% in the fourth quarter.
- Sales to the crucial European medium- and heavy-duty truck market grew year-on-year by 32% as it continues to experience a strong recovery.
- The Industrial application, Construction equipment and Agricultural machinery markets all performed well showing substantial growth year-on-year.

REST OF THE WORLD

- Sales in India have grown year-on-year by 43%, they were heavily impacted by the pandemic in Q4 last year. The Truck and Industrial applications sectors performed particularly well.
- Sales in China are broadly flat year-on-year.
- Overall, the Rest of the World still only accounts for less than 10% of the Group's total revenues.

TOTAL EUROPE & REST OF THE WORLD REGION

- The overall Europe and RoW growth was 34% driven by the strong performance in Europe.

Consolidated sales development

	Q4-21 vs Q4-20			FY-21 vs FY-20			FY-22 vs FY-21		
	Americas	Europe & RoW	Group	Americas	Europe & RoW	Group	Americas	Europe & RoW	Group
Market – weighted average ¹⁾	-3%	-21%	-15%	26%	17%	20%	8%	6%	6%
Actual – constant currency ²⁾	48%	34%	36%	30%	37%	32%			





1) Based on latest market indices blended to Concentric's mix of end-markets and locations.

2) Based on actual sales in constant currency, including Alfdex and excluding Allied Enterprises and EMP.

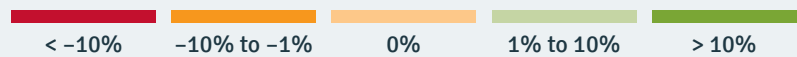
Overall, market indices suggest production rates, blended to the Group's end-markets and regions, shows the market declined -15% in the fourth quarter. Actual sales in constant currency for the fourth quarter were up 36% year-on-year in constant currency, excluding the impact of Allied and EMP. As noted in previous quarters, there is greater volatility than we would normally expect and market indices tend to have timing differences compared with the Group's order intake.

For the full year, market indices suggest production rates, blended to the Group's end-markets and regions were up 20% year-on-year compared to the Group's actual sales growth in constant currency of 32%.

The published outlook for 2022 shows the Group's end markets and regions are expected to grow 6% during 2022.

	Q4-21 vs Q4-20					FY-21 vs FY-20					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
 Agriculture Diesel engines	-27%	-21%	-30%	-28%	-33%	16%	24%	9%	13%	7%	7%	3%	5%	1%	6%
 Construction Diesel engines	-30%	-16%	-30%	-8%	-31%	11%	32%	9%	44%	10%	7%	10%	5%	7%	-2%
Hydraulic equipment	15%	n/a	11%	n/a	n/a	15%	n/a	18%	n/a	n/a	6%	n/a	4%	n/a	n/a
 Trucks Light vehicles	-25%	n/a	n/a	n/a	n/a	20%	n/a	n/a	n/a	n/a	10%	n/a	n/a	n/a	n/a
Medium and Heavy vehicles	-26%	1%	-24%	4%	-50%	18%	60%	18%	63%	-20%	18%	8%	7%	2%	-5%
 Industrial Other off-highway	-32%	-19%	-31%	-37%	-29%	8%	29%	7%	-2%	14%	8%	-6%	3%	0%	8%
Hydraulic lift trucks	29%	n/a	4%	n/a	n/a	47%	n/a	23%	n/a	n/a	8%	n/a	3%	n/a	n/a

The market indices summarised in the table above reflect the Q4 2021 update of production volumes received from Power Systems Research, Off-Highway Research and the International Truck Association of lift trucks.



Current resources

Cash flow from operating activities

The reported cash inflow from operating activities for the fourth quarter amounted to MSEK 43 (121), a cash conversion ratio of 51% (129), which represents SEK 2.97 (3.09) per share. This takes the cash inflow from operating activities for the full year to MSEK 260 (337), which represents SEK 6.89 (8.90) per share.

Working capital

Total working capital at 31 December 2021 was MSEK 278 (4), which represented 13.1% (-0.3) of annual sales. Working capital increased MSEK 282 compared to 31 December 2020. EMP comprises MSEK 191 of the total working capital, excluding EMP total working capital would have been MSEK 87, representing 4.5% of annual sales.

Net investments in fixed assets

The Group's net investments in tangible fixed assets amounted to MSEK 8 (4) for the fourth quarter and MSEK 21 (10) for the full year.

Net debt and gearing

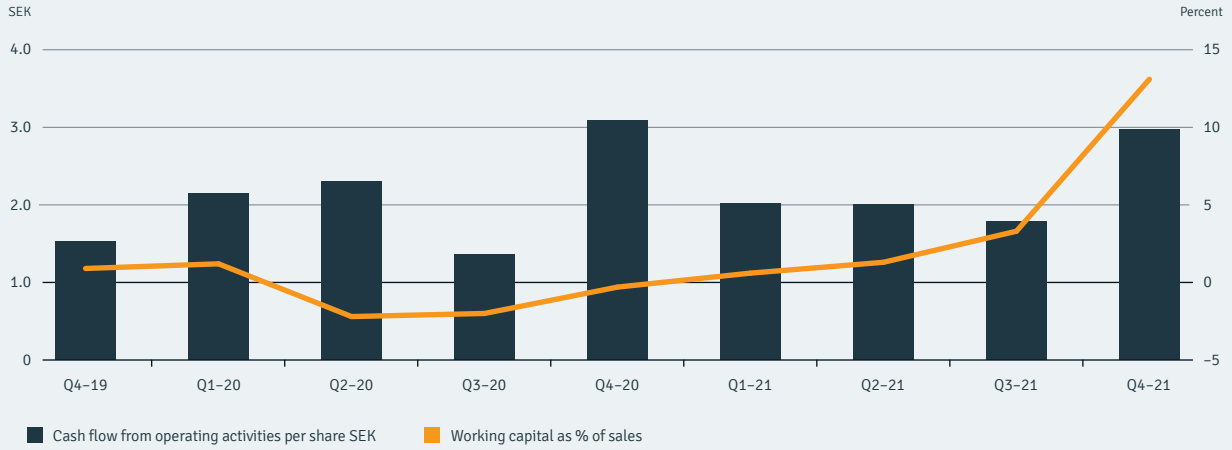
To fund the acquisition of EMP, Concentric borrowed MUS\$ 125, corresponding to MSEK 1,072. At year end, this amounted to MSEK 1,146 at closing FX rates. Within this debt is a term loan of MSEK 904, 50% of this will be repaid quarterly in equal installments over 4 years starting in Q1 2022.

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 22 taking the YTD gain to MSEK 81.

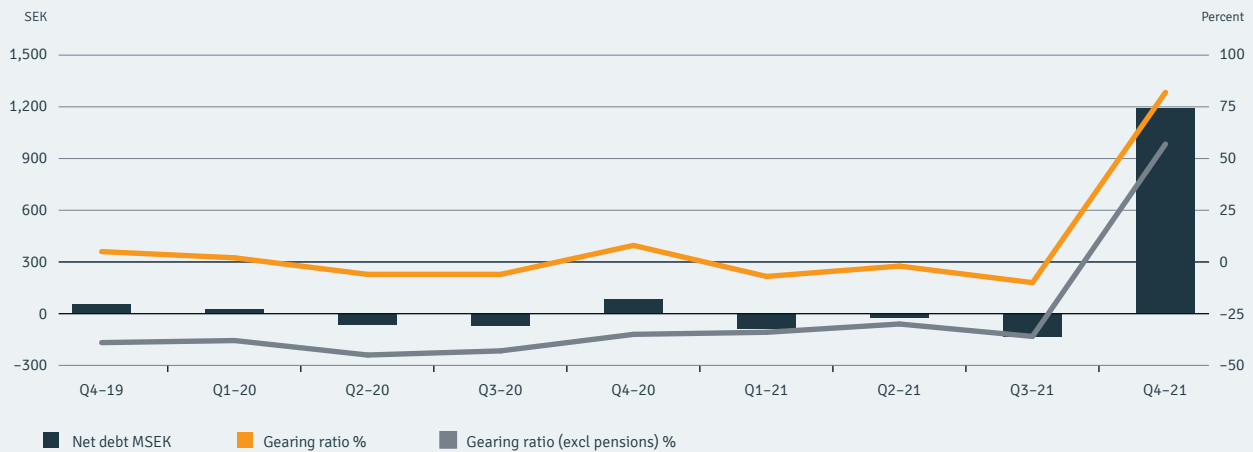
Overall, the Group's net debt at 31 December 2021 was MSEK 1,192 (86), comprising interest bearing liabilities MSEK 1,146 (nil), liabilities for right of use assets MSEK 125 (129) and net pension liabilities of MSEK 361 (462), net of cash amounting to MSEK 440 (505). Shareholders' equity amounted to MSEK 1,462 (1,067), resulting in a gearing ratio of 82% (-8) at the end of the fourth quarter.



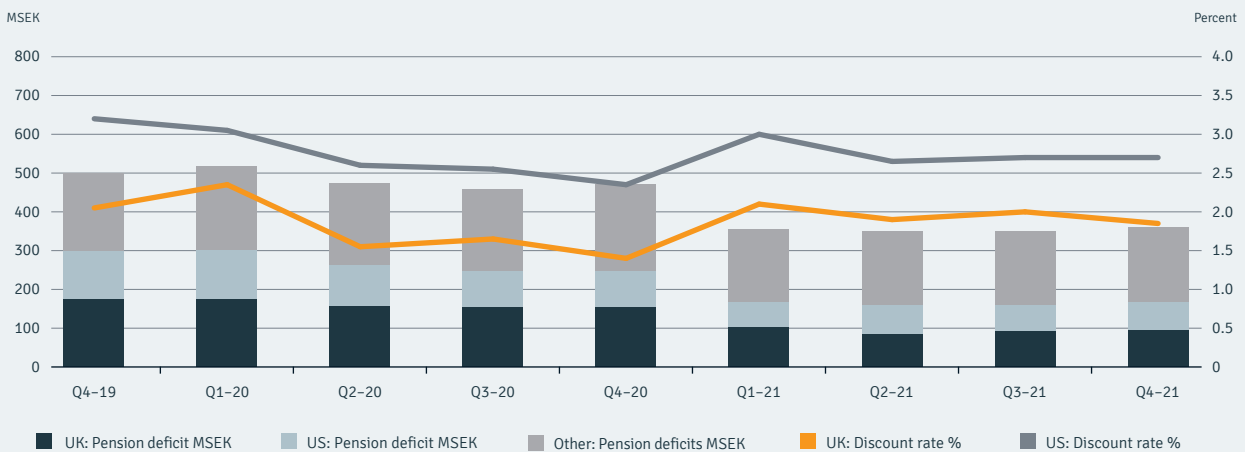
Cash flow from operating activities and working capital



Net debt and gearing



Net pension liabilities



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.

Consolidated income statement

	Oct–Dec		Jan–Dec	
	2021	2020	2021	2020
Net sales	695	380	2,115	1,502
Cost of goods sold	-513	-252	-1,495	-1,039
Gross income	182	128	620	463
Selling expenses	-17	-8	-60	-46
Administrative expenses	-48	-35	-159	-136
Product development expenses	-14	-1	-37	-28
Share of net income in joint venture	30	1	81	21
Other operating income and expenses	-46	19	-42	2
Operating income	87	104	403	276
Financial income and expenses	4	-1	-13	-20
Earnings before tax	91	103	390	256
Taxes	-1	-15	-52	-51
Net income for the period	90	88	338	205
Parent Company shareholders	90	88	338	205
Non-controlling interest	–	–	–	–
Basic earnings per share, before items affecting comparability, SEK	3.28	2.23	9.82	5.73
Basic earnings per share, SEK	2.36	2.32	8.91	5.43
Diluted earnings per share, SEK	2.35	2.32	8.88	5.42
Basic average number of shares (000)	37,930	37,870	37,902	37,815
Diluted average number of shares (000)	38,106	37,946	38,020	37,849

Consolidated statement of comprehensive income

	Oct–Dec		Jan–Dec	
	2021	2020	2021	2020
Net income for the period	90	88	338	205
Other comprehensive income				
<i>Items that will not be reclassified to the income statement</i>				
Net remeasurement gains and losses	-22	-42	81	-42
Tax on net remeasurement gains and losses	-1	10	-24	10
<i>Items that may be reclassified subsequently to the income statement</i>				
Exchange rate differences related to liabilities to foreign operations	-15	55	-53	75
Tax arising from exchange rate differences related to liabilities to foreign operations	3	-12	11	-16
Cash-flow hedging	–	–	3	-1
Tax arising from cash-flow hedging	–	–	-1	–
Share of OCI related to joint venture	4	-3	9	-4
Foreign currency translation differences	48	-121	153	-187
Total other comprehensive income	17	-113	179	-165
Total comprehensive income	107	-25	517	40

Consolidated balance sheet

	31 Dec 2021	31 Dec 2020
Goodwill	1,303	649
Other intangible fixed assets	447	110
Right of use fixed assets	112	120
Tangible fixed assets	430	88
Share of net assets in joint venture	116	72
Deferred tax assets	98	107
Long-term receivables, joint venture	–	25
Other long-term receivables	4	4
Total fixed assets	2,510	1,175
Inventories	382	120
Current receivables	451	247
Cash and cash equivalents	440	505
Total current assets	1,273	872
Total assets	3,783	2,047
Total Shareholders' equity	1,462	1,067
Pensions and similar obligations	361	462
Deferred tax liabilities	131	15
Long-term liabilities for right of use fixed assets	105	111
Other long-term interest-bearing liabilities	791	–
Other long-term liabilities	5	5
Total long-term liabilities	1,393	593
Short-term liabilities for right of use fixed assets	20	18
Other short-term interest-bearing liabilities	355	–
Other current liabilities	553	369
Total current liabilities	928	387
Total equity and liabilities	3,783	2,047

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 the fair

value of derivative instruments that were assets was MSEK 3 (0), 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 2021	31 Dec 2020
Opening balance	1,067	1,136
Net income for the period	338	205
Other comprehensive income	179	-165
Total comprehensive income	517	40
Dividend	-133	-123
Own share buy-backs	–	–
Sale of own shares to satisfy LTI – options exercised	8	11
Long-term incentive plan	3	3
Closing balance	1,462	1,067

Consolidated cash flow statement, in summary

	Oct–Dec		Jan–Dec	
	2021	2020	2021	2020
Earnings before tax	91	103	390	256
Reversal of depreciation and amortisation of fixed assets	35	21	98	86
Reversal of net income from joint venture	-30	-1	-81	-21
Reversal of other non-cash items	34	-11	44	26
Taxes paid	-16	-13	-54	-48
Cash flow from operating activities before changes in working capital	114	99	397	299
Change in working capital	-71	19	-137	38
Cash flow from operating activities	43	118	260	337
Investments in subsidiaries	-1,206	-95	-1,206	-95
Closure of subsidiary	-22	–	-22	–
Net investments in property, plant and equipment	-8	-4	-21	-10
New loans paid to joint venture	–	–	–	-40
Loans repayment from joint venture	12	–	25	15
Other repayment of long-term receivables	–	–	–	3
Net cash flow from long term receivables	12	–	25	-22
Cash flow from investing activities	-1,224	-99	-1,224	-127
Dividend	–	-123	-133	-123
Dividend received from joint venture	–	–	46	–
Selling of own shares to satisfy LTI – options exercised	–	–	8	11
New loans	1,073	–	1,073	10
Repayment of loans	-34	-15	-52	-31
Pension payments and other cash flows from financing activities	-27	-8	-65	-58
Cash flow from financing activities	1,012	-146	877	-191
Cash flow for the period	-169	-127	-87	19
Cash and bank assets, opening balance	608	659	505	531
Exchange-rate difference in cash and bank assets	1	-27	22	-45
Cash and bank assets, closing balance	440	505	440	505

Group notes

Data per share

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Basic earnings per share before items affecting comparability, SEK	3.28	2.23	9.82	5.73
Basic earnings per share, SEK	2.36	2.32	8.91	5.43
Diluted earnings per share, SEK	2.35	2.32	8.88	5.42
Equity per share, SEK	38.54	28.18	38.54	28.18
Cash-flow from current operations per share, SEK	2.97	3.09	6.89	8.90
Basic weighted average no. of shares (000's)	37,930	37,870	37,902	37,815
Diluted weighted average no. of shares (000's)	38,106	37,946	38,020	37,849
Number of shares at period-end (000's)	37,930	37,870	37,930	37,870

Key figures¹⁾

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Sales growth, %	83	-12	41	-25
Sales growth, constant currency, % ²⁾	85	-3	49	-23
EBITDA margin before items affecting comparability, %	23.3	31.4	25.6	25.1
EBITDA margin, %	17.6	32.7	23.7	24.1
Operating margin before items affecting comparability, %	18.2	26.0	20.9	19.4
Operating margin, %	12.5	27.4	19.1	18.4
Capital employed, MSEK	2,749	1,081	2,749	1,081
ROCE before items affecting comparability, %	30.1	26.5	30.1	26.5
ROCE, %	27.4	25.2	27.4	25.2
ROE, %	26.2	17.5	26.2	17.5
Working capital, MSEK	278	-4	278	-4
Working capital as a % of annual sales	13.1	-0.3	13.1	-0.3
Net debt, MSEK ³⁾	1,192	86	1,192	86
Gearing ratio, %	82	8	82	8
Net investments in PPE	8	4	21	10
R&D, %	1.9	0.1	1.7	1.8
Number of employees, average	987	653	817	641

1) For additional information see pages 26–27 and 30.

2) Sales growth excludes the impact of any acquisitions or divestments. For additional information see page 30.

3) For additional information see page 27.

Consolidated income statement in summary – by type of cost

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	695	380	2,115	1,502
Direct material costs	-350	-176	-1,037	-708
Personnel costs	-164	-75	-470	-343
Depreciation and amortisation of fixed assets	-35	-20	-98	-85
Share of net income in joint venture	30	1	81	21
Other operating income and expenses	-89	-6	-188	-111
Operating income	87	104	403	276
Financial income and expense	4	-1	-13	-20
Earnings before tax	91	103	390	256
Taxes	-1	-15	-52	-51
Net income for the period	90	88	338	205

Other operating income and expenses (refers to Income Statement on page 13)

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Tooling income	5	–	10	2
Royalty income from joint venture	2	20	24	45
Amortisation of acquisition related surplus values	-14	-9	-42	-38
UK pension benefit equalisation	–	-3	–	-3
Impairment in subsidiary	-22	–	-22	–
Acquisition costs	-18	–	-18	–
Restructuring cost	–	9	–	-11
Other	1	2	6	7
Other operating income and expenses	-46	19	-42	2

Segment reporting

The Americas segment comprises the Group's operations in the USA and South America. As our operations in India and China remain relatively small in comparison to our Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with our management structure, comprising the Group's operations in Europe (including the proportional consolidation of Alfdex), India and China. 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.

Proportional consolidation of the joint venture company Alfdex is used in Europe & RoW in the segment reporting, but adjusted to equity accounting in the statements according to IFRS 11.

Fourth quarter

	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Total net sales	406	156	430	316	-141	-92	695	380
External net sales	401	153	406	301	-112	-74	695	380
Operating income before items affecting comparability	37	36	100	64	-10	-1	127	99
Operating income	3	35	100	70	-16	-1	87	104
Operating margin before items affecting comparability, %	9.3	23.4	24.6	21.2	n/a	n/a	18.2	26.0
Operating margin, %	0.9	22.6	24.6	23.3	n/a	n/a	12.5	27.4
Financial income and expense	—	—	—	—	4	-1	4	-1
Earnings before tax	3	35	100	70	-12	-2	91	103
Assets	2,238	529	1,346	1,189	199	329	3,783	2,047
Liabilities	460	221	758	750	1,103	9	2,321	980
Capital employed	1,930	354	779	695	40	32	2,749	1,081
ROCE before items affecting comparability, %	18.3	29.0	45.7	27.0	n/a	n/a	30.1	26.5
ROCE, %	13.4	28.4	45.7	25.4	n/a	n/a	27.4	25.2
Net investments in PPE	5	3	6	2	-3	-1	8	4
Depreciation and amortisation of fixed assets	21	5	17	16	-3	-1	35	20
Number of employees, average	488	217	597	521	-98	-85	987	653

Full year

	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Total net sales	1,015	662	1,563	1,158	-463	-318	2,115	1,502
External net sales	999	651	1,496	1,108	-380	-257	2,115	1,502
Operating income before items affecting comparability	126	95	342	204	-25	-8	443	291
Operating income	92	93	342	191	-31	-8	403	276
Operating margin before items affecting comparability, %	12.6	14.6	22.8	18.4	n/a	n/a	20.9	19.4
Operating margin, %	9.2	14.2	22.8	17.2	n/a	n/a	19.1	18.4
Financial income and expense	—	—	—	—	-13	-20	-13	-20
Earnings before tax	92	93	342	191	-44	-28	390	256
Assets	2,238	529	1,346	1,189	199	329	3,783	2,047
Liabilities	460	221	758	750	1,103	9	2,321	980
Capital employed	1,930	354	779	695	40	32	2,749	1,081
ROCE before items affecting comparability, %	18.3	29.0	45.7	27.0	n/a	n/a	30.1	26.5
ROCE, %	13.4	28.4	45.7	25.4	n/a	n/a	27.4	25.2
Net investments in PPE	6	4	26	21	-11	-15	21	10
Depreciation and amortisation of fixed assets	39	25	67	67	-8	-7	98	85
Number of employees, average	333	232	581	485	-97	-76	817	641

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 54 (60) for the Group, with an average of 48 (60)

working days for the Americas region and 60 (60) working days for the Europe & RoW region.

The weighted average number of working days for the full year was 240 (233) for the Group, with an average of 231 (237) working days for the Americas region and 249 (231) working days for the Europe & RoW region.

Segment External Sales reporting by geographic location of customer

	Oct-Dec							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
USA	341	129	12	12	-9	-12	344	129
Rest of North America	13	3	3	2	-	1	16	6
South America	11	9	-	1	-	-1	11	9
Germany	3	5	112	87	-21	-20	94	72
UK	14	2	38	28	-1	-	51	30
Sweden	1	-	36	40	-14	-17	23	23
Rest of Europe	4	1	107	82	-12	-10	99	73
Asia	13	3	91	45	-56	-15	48	33
Other	1	1	7	4	1	-	9	5
Total Group	401	153	406	301	-112	-74	695	380

	Jan-Dec							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
USA	801	577	54	39	-46	-38	809	578
Rest of North America	45	20	12	8	-	-2	57	26
South America	34	27	2	2	1	-1	37	28
Germany	8	6	452	326	-88	-62	372	270
UK	40	4	128	103	-	-1	168	106
Sweden	4	-	145	134	-57	-51	92	83
Rest of Europe	9	5	402	297	-55	-35	356	267
Asia	54	10	271	190	-133	-69	192	131
Other	4	2	30	9	-2	2	32	13
Total Group	999	651	1,496	1,108	-380	-257	2,115	1,502

Total sales by product groups

	Oct-Dec							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Concentric branded Engine products	105	63	146	101	—	—	251	164
EMP branded Engine products	168	—	—	—	—	—	168	—
LICOS branded Engine products	—	—	58	51	—	—	58	51
Alfdex branded Engine products	—	—	112	74	-112	-74	—	—
Total Engine products	273	63	316	226	-112	-74	477	215
Total Hydraulics products	128	90	90	75	—	—	218	165
Total Group	401	153	406	301	-112	-74	695	380

	Jan-Dec							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Concentric branded Engine products	326	237	523	361	1	—	850	598
EMP branded Engine products	168	—	—	—	—	—	168	—
LICOS branded Engine products	—	—	226	169	—	—	226	169
Alfdex branded Engine products	—	—	381	257	-381	-257	—	—
Total Engine products	494	237	1,130	787	-380	-257	1,244	767
Total Hydraulics products	505	414	366	321	—	—	871	735
Total Group	999	651	1,496	1,108	-380	-257	2,115	1,502

Total sales by end-markets

	Oct-Dec							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Trucks	82	14	238	179	-107	-71	213	122
Construction	154	45	65	55	—	—	219	100
Industrial	91	72	71	39	—	1	162	112
Agriculture	74	22	32	28	-5	-4	101	46
Total Group	401	153	406	301	-112	-74	695	380

	Jan-Dec							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Trucks	139	51	844	645	-358	-242	625	454
Construction	357	202	251	202	—	—	608	404
Industrial	318	306	268	170	—	—	586	476
Agriculture	185	92	133	91	-22	-15	296	168
Total Group	999	651	1,496	1,108	-380	-257	2,115	1,502

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. No 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 7 January 2022 Concentric announced the closure of our facility in Chivilcoy, Argentina. The investment in this facility was written down to nil in the fourth quarter at a cost of MSEK 22.

On 24 January 2022 Concentric announced the appointment of Martin Kunz as the new President and CEO, succeeding David Woolley from 1 March 2022.

Business overview

Descriptions of Concentric's business and its objectives, the excellence programme, its products, the driving forces it faces, market position and the end-markets it serves are all presented in the 2020 Annual Report on pages 6–9 and pages 14–33.

Acquisitions

On 30 October 2021 the group acquired 100% of the issued share capital of Engineered Machined Products (EMP) Inc., a manufacturer of thermal management systems, mechanical and electric water and oil pumps. The acquisition is a transformational event as it significantly strengthens Concentric's capabilities in electrical products including electrical fans, oil and water e-Pumps and will increase the Group's revenues by more than 50% on an annual basis.

EMP is predominantly active in North America, enabling significant growth opportunities by expanding the Group's geographical reach through our global presence and sales force. As EMP also has relationships with a number of key customers in Concentric's markets, the combination of the two companies increases the combined value proposition to these customers and provides Concentric with access to new customers and platforms in our current markets.

Concentric's focus remains to develop world class technology with innovative solutions that meet the sustainability needs of our customers. As transport systems and support infrastructures move to a CO₂ neutral future, there are several competing technologies with fuel cells, battery and hybrid solutions. With EMP's product portfolio Concentric can offer its customers products that are universally applicable regardless of the preferred

technology. Concentric now have the capability not only to be a great e-Pump supplier, but also to supply the entire pumping and cooling systems for vehicles and machines, and become a full solution provider.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

MSEK	
Consideration paid in cash	1,276
Deferred consideration	14
Total consideration	1,290
Cash flow from the acquisition	
Consideration paid in cash	1,276
Acquisition related costs	18
Cash and cash equivalents of the acquired company	-88
Total cash flow from the acquisition	1,206

The assets and liabilities recognised as a result of the acquisition are as follows:

MSEK	Expected useful lives (years)	Book value	Adjustment	Fair Value
Intangible assets		1	-1	–
Customer relationships	10–15	–	239	239
Developed technology	7	–	65	65
Brand	15	–	45	45
Property, plant and equipment	3–18	213	120	333
Cash		88	–	88
Inventories		142	6	148
Trade and other receivables		142	–	142
Trade and other payables		-154	–	-154
Borrowings		-50	–	-50
Deferred tax		-12	-112	-124
Fair value of net assets acquired		370	362	732
Goodwill				558
Total net assets				1,290

Goodwill relates to the expected synergies across our the group as we expand to cross sell products worldwide, the skilled workforce and technical know-how of employees and the alignment and strategic fit to our existing customer base.



Acquired receivables

The fair value of acquired trade receivables is MSEK 138. The gross contract amount of trade receivables due is MSEK 142, with a loss allowance of MSEK 4 recognised on acquisition.

Revenue and profit contribution

The acquired business contributed revenues of MSEK 167 and net loss of MSEK 4 to the group for the period from 30 October 2021 to 31 December 2021.

If the acquisition period had occurred on 1 January 2021, revenue and net profit before items affecting comparability for the year ended 31 December 2021 would have been MSEK 1,011 and MSEK 51 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and subsidiary.

Acquisition-related costs of MSEK 18 that were not directly attributable to the purchase of the shares are included in operating income in the statement of profit or loss, but in investing activities in the statement of cash flows.

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 December 31, there is no significant impact on any balance sheet items.

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 2020 Annual Report and confirm that there have been no changes other than those comments made above in respect of market developments during 2021. Please refer to the Risk and Risk Management section on pages 65–68 of the 2020 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 2020 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 that 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 fourth quarter reflected mostly the royalty income received from the joint venture, Alfdex AB, a year-on-year reduction in the royalty rate and costs relating to the acquisition of EMP led to an operating loss of MSEK 2 (profit 30) in the year.

Net financial items and earnings before tax

During the year the company received a dividend of MSEK 46 from Alfdex AB. Exchange rate losses on foreign liabilities to subsidiaries was MSEK 53 (gain 75) in the year, and the remaining financial items netted to MSEK –6 (–11). Income from shares in subsidiaries amounted to MSEK –5 (690), related to dividends of MSEK 1,018 (690) and write-downs of shares of MSEK 1,023 (–). Accordingly, earnings before tax was a loss of MSEK 20 (profit 784) for the year.

Buy-back and holdings of own shares

The total number of holdings of own shares at 1 January 2021

was 123,255 (1,156,667) and shares transferred to an Employee Share Ownership Trust (“ESOT”) was 304,812 (300,700). Including these shares the Company’s holdings was 428,067 (1,457,367) and the total number of shares in issue was 38,297,600 (39,224,100).

The Company has not repurchased any shares during the year, but have sold 60,375 (102,800) of own shares, to exercise and satisfy LTI-programme. Last year 926,500 of the company’s own shares was retired.

No transfer to the ESOT in this year (last year 93,712), but a transfer of 53,085 (89,600) own shares to Concentric was made. The total number of holdings of own shares at 31 December 2021 was 115,965 (123,255). Consequently the company’s total holdings of own shares now 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 251,727 (304,812). Including these shares the company’s holdings was 367,692 (428,067) representing 1.0% (1.1) of the total number of shares.

Parent Company’s income statement

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	3	22	28	49
Operating costs	-11	-6	-26	-19
Other operating expenses	-4	–	-4	–
Operating income	-12	16	-2	30
Income from shares in subsidiaries	-5	689	-5	690
Income from shares in joint venture	–	–	46	–
Net foreign exchange rate differences	-15	55	-53	75
Other financial income and expense	-5	-4	-6	-11
Earnings before tax	-37	756	-20	784
Taxes	4	-16	10	-22
Net income for the period¹⁾	-33	740	-10	762

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 2021	31 Dec 2020
Shares in subsidiaries	4,243	3,149
Shares in joint venture	10	10
Long-term loans receivable from subsidiaries	1,017	1
Long-term loans receivable from joint venture	–	25
Deferred tax assets	11	–
Total financial fixed assets	5,281	3,185
Other current receivables	10	3
Short-term receivables from subsidiaries	128	6
Short-term receivables from joint venture	–	2
Cash and cash equivalents	290	390
Total current assets	428	401
Total assets	5,709	3,586
Total shareholders' equity	2,342	2,477
Pensions and similar obligations	18	18
Long-term interest-bearing liabilities	791	–
Long-term loans payable to subsidiaries	1,987	1,041
Total long-term liabilities	2,796	1,059
Short-term loans payable to subsidiaries	221	43
Short-term interest-bearing liabilities	340	–
Other current liabilities	10	7
Total current liabilities	571	50
Total equity and liabilities	5,709	3,586

Parent Company's changes in shareholders' equity

	31 Dec 2021	31 Dec 2020
Opening balance	2,477	1,827
Net income for the period	–10	762
Dividend	–133	–123
Sale of own shares to satisfy LTI options exercised	8	11
Buy-back of own shares	–	–
Closing balance	2,342	2,477

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 16 February, 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

Annual Report January–December 2021	30 March, 2022
Annual General Meeting 2022	21 April, 2022
Interim Report January–March 2022	4 May, 2022
Interim Report January–June 2022	20 July, 2022
Interim Report January–September 2022	2 November, 2022

Further information:

David Woolley (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 16 February, 2022

David Woolley
President and CEO

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

Alternative Performance Measures reconciliation

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Underlying EBIT or operating income				
EBIT or operating income	87	104	403	276
Items affecting comparability:				
UK pension benefit, equalisation	–	3	–	3
Impairment in subsidiary	22	–	22	–
Acquisition cost	18	1	18	1
Restructuring costs	–	–9	–	11
Underlying operating income	127	99	443	291
Net sales	695	380	2,115	1,502
Operating margin (%)	12.5	27.4	19.1	18.4
Underlying operating margin (%)	18.2	26.0	20.9	19.4

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Underlying EBITDA or operating income before amortisation and depreciation				
EBIT or operating income	87	104	403	276
Operating amortisation/depreciation	20	11	56	47
Amortisation of purchase price allocation	15	9	42	38
EBITDA or operating income before amortisation and depreciation	122	124	501	361
UK pension benefit, equalisation	–	3	–	3
Impairment in subsidiary	22	–	22	–
Acquisition cost	18	1	18	1
Restructuring costs	–	–9	–	11
Underlying EBITDA or underlying operating income before amortisation and depreciation	162	119	541	376
Net sales	695	380	2,115	1,502
EBITDA margin (%)	17.6	32.7	23.7	24.1
Underlying EBITDA margin (%)	23.3	31.4	25.6	25.1

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net income before items affecting comparability				
Net income	90	88	338	205
Items affecting comparability after tax	35	–4	35	11
Net income before items affecting comparability	125	84	373	216
Basic average number of shares (000)	37,930	37,870	37,902	37,815
Basic earnings per share	2.36	2.32	8.91	5.43
Basic earnings per share before items affecting comparability	3.28	2.23	9.82	5.73

Net debt	31 Dec 2021	31 Dec 2020
Pensions and similar obligations	361	462
Liabilities for right of use fixed assets	125	129
Other long term interest bearing liabilities	791	—
Other short term interest bearing liabilities	355	—
Total interest bearing liabilities	1,632	591
Cash and cash equivalents	-440	-505
Total net debt	1,192	86
Net debt, excluding pension obligations	831	-376

Capital employed	31 Dec 2021	31 Dec 2020
Total assets	3,783	2,047
Interest bearing financial assets	-4	-29
Cash and cash equivalents	-440	-505
Tax assets	-103	-138
Non interest bearing assets (excl taxes)	3,236	1,375
Non interest bearing liabilities (incl taxes)	-688	-387
Tax liabilities	201	93
Non interest bearing liabilities (excl taxes)	-487	-294
Total capital employed	2,749	1,081

Working capital	31 Dec 2021	31 Dec 2020
Accounts receivable	393	182
Other current receivables	56	63
Inventory	382	120
Working capital assets	831	365
Accounts payable	-313	-154
Other current payables	-240	-215
Working capital liabilities	-553	-369
Total working capital	278	-4

Cash Conversion	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Cash flow from operating activities	43	118	260	337
Payments for financial transactions	-1	—	2	5
Tax payments	16	13	54	48
Net investments in property, plant and equipment	-8	-4	-21	-10
Adjustment for royalty from joint-venture (Alfdex)	-2	-20	-24	-45
Operating Cash	48	107	271	335
Operating income	87	104	403	276
Adjustment for EMP acquisition related costs and for closure costs of facility in Argentina	40	—	40	—
Adjustment for royalty from joint-venture (Alfdex)	-2	-20	-24	-45
Adjustments for share in profit in joint-venture (Alfdex)	-30	-1	-81	-21
Adjusted Operating income	95	83	338	210
Cash conversion (%)	50.5	128.9	80.2	159.5

Graph data summary

	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019
Americas									
Sales, MSEK	401	228	196	174	153	138	172	189	179
Book-to-bill, %	127	114	126	141	102	112	72	111	91
Operating income before items affecting comparability, MSEK	37	33	30	26	36	18	20	21	58
Operating margin before items affecting comparability, %	9.3	14.5	15.2	14.9	23.4	13.3	11.2	11.3	32.3
Europe & RoW									
Sales (including Alfdex), MSEK	406	374	371	345	301	251	220	336	334
Book-to-bill, %	106	105	98	120	117	116	86	85	103
Operating income before items affecting comparability, MSEK	100	85	81	76	64	42	30	68	80
Operating margin before items affecting comparability, %	24.6	22.8	21.6	22.1	21.2	16.6	13.8	20.2	24.1
Total									
Sales (including Alfdex), MSEK	807	602	567	519	454	389	392	525	513
EBIT before items affecting comparability, MSEK	137	121	111	102	100	60	50	89	138
Alfdex eliminations									
Sales, MSEK	-112	-87	-94	-87	-74	-64	-50	-69	-83
Operating income before items affecting comparability, MSEK	-10	-4	-4	-7	-1	-3	-2	-2	-4
Group									
Sales (excluding Alfdex), MSEK	695	515	473	432	380	325	342	456	430
Book-to-bill, %	114	108	107	127	112	115	79	94	99
Operating income before items affecting comparability, MSEK	127	114	107	95	99	57	48	87	134
Operating margin before items affecting comparability, %	18.2	22.2	22.7	21.9	26.0	17.5	14.2	19.1	31.1
Basic earnings per share, SEK	2.36	2.39	2.25	1.90	2.32	1.06	0.44	1.60	1.87
Return on equity, %	26.2	27.1	23.7	18.0	17.5	16.2	18.7	25.4	29.5
Cash flow from operating activities per share, SEK	2.97	1.79	2.01	1.91	3.09	1.36	2.30	2.15	1.53
Working capital as % of annualised sales	13.1	3.3	1.3	0.5	-0.3	-2.0	-2.2	1.2	0.9
Net debt, MSEK	1,192	-136	22	-90	86	-69	-67	27	54
Gearing ratio, %	82	-10	-2	-7	8	-6	-6	2	5
Gearing ratio (excl Pensions), %	57	-36	-30	-34	-35	-43	-45	-38	-39



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.



www.concentricab.com