

Interim report and Year-End report

1 January – 31 December 2021

Fourth quarter 2021

- Order intake increased by 23% to SEK 6,293 million (5,104). For comparable units, it was an increase of 15%.
- Net sales increased by 14% to SEK 5,726 million (5,028). For comparable units, it was an increase of 6%.
- EBITA increased by 17% to SEK 836 million (712), corresponding to an EBITA margin of 14.6% (14.2%).
- Profit for the quarter rose 16% to SEK 524 million (453), and earnings per share were SEK 1.44 (1.24).
- Cash flow from operating activities amounted to SEK 901 million (792).

1 January – 31 December 2021

- Order intake increased by 20% to SEK 23,474 million (19,595). For comparable units, it was an increase of 15%.
- Net sales increased by 13% to SEK 21,715 million (19,217). For comparable units, it was an increase of 8%.
- EBITA increased by 22% to SEK 3,202 million (2,615), corresponding to an EBITA margin of 14.7% (13.6%).
- Profit for the year increased by 26% to SEK 2,097 million (1,669) and earnings per share amounted to SEK 5.76 (4.60).
- Cash flow from operating activities amounted to SEK 2,853 million (2,780).
- The Board of Directors proposes a dividend of SEK 2.30 (1.80) per share, corresponding to 40% (39%) of earnings per share.



Financial Development

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Order intake	6,293	5,104	23%	23,474	19,595	20%
Net sales	5,726	5,028	14%	21,715	19,217	13%
Operating profit	735	624	18%	2,825	2,266	25%
EBITA	836	712	17%	3,202	2,615	22%
EBITA margin, %	14.6	14.2		14.7	13.6	
Profit before taxes	713	591	21%	2,725	2,140	27%
Net profit	524	453	16%	2,097	1,669	26%
Earnings per share before dilution, SEK	1.44	1.24	16%	5.76	4.60	25%
Return on capital employed, %	22	19		22	19	
Cash flow from operating activities	901	792	14%	2,853	2,780	3%
Net debt/equity ratio, %	53	56		53	56	

Q4

CEO's message

After a strong fourth quarter, Indutrade can once again summarise the year as yet another success. Thanks to the impressive efforts of our companies and employees, sales for the full year increased to SEK 21.7 billion and the EBITA margin strengthened to a record-high 14.7%.

Fourth quarter

Demand during the fourth quarter remained strong. Order intake rose by 23%, of which 15% was organic and amounted to SEK 6.3 billion. For all of the major customer segments and most of the Group's companies there was positive development. Organic order growth was good for all business areas, with the strongest performance in the Measurement & Sensor Technology and Flow Technology business areas. Order intake was 10% higher than sales.

Sales increased by 14% and amounted to SEK 5.7 billion.

Organically, it was an increase of 6%, with growth in seven of the eight business areas. The DACH and Fluids & Mechanical Solutions business areas reported the strongest performance, with improvements in most of the companies. Sales for the Flow Technology business area remained at a high level. Organically however, sales were unchanged due to the strong comparison figures of the corresponding period last year.

Profitability remained good during the fourth quarter and EBITA increased by 17% to SEK 836 million. The EBITA margin improved to 14.6% (14.2%), which is record-high for a fourth quarter. The improvement was primarily driven by good organic growth, a robust increase in gross margin and good profitability in newly acquired companies. The margins increased in six of the eight business areas, with the strongest growth in the DACH and Fluids & Mechanical Solutions business areas.

Many companies were affected by disruptions in supply chains, such as long delivery times, component shortage and price increases, all of which somewhat dampened sales performance. However, thanks to our structure, with many small and medium-sized entrepreneurial-led companies in a decentralised environment, it was possible to make quick decisions that dampened the overall impact quite substantially.

Cash flow improved during the quarter and amounted to SEK 901 (792) million, which is the highest level ever. The improvement is primarily attributable to a higher operating profit. Operating working capital was slightly higher than the corresponding period last year, but working capital efficiency continued to improve. The Group's financial position remains strong.

Acquisitions

During the fourth quarter, seven acquisitions were completed. The Danish company, Alflow, offers a wide range of flow components to the pharmaceutical, food and industrial markets. In the Czech Republic, SILROC was acquired. It is a manufacturing company that designs and manufactures customised parts and components from liquid silicone rubber for many different customer segments, ranging from medical technology and pharmaceutical production to industrial markets.



Italprotec, our first acquisition in Italy, offers industrial products for handling critical fluids within the pharma, chemical, food and other industries. The Finnish company Dewaco develops and manufactures equipment and solutions for sludge thickening, sludge removal, and dewatering to wastewater treatment applications. In the Netherlands, Klay Instruments was acquired. It develops and manufactures customised instruments for measuring primarily pressure and level, but also flow and temperature. Svenssons i Tenhult is a Swedish technical trading company that offers lock systems, door automation and fittings to OEM customers on the Swedish market. In the UK, NW Metal Sections was acquired, a leading manufacturer of steel reinforcing sections for the uPVC window and door market in the UK.

For the full year 2021, a total of 17 companies were acquired, with combined annual sales of SEK 1.6 billion. All of the acquired companies hold leading positions in their respective niches and they have good long-term growth potential. Our acquisition strategy has developed over time, is solid and historically successful. Despite rising spread of infection and tighter restrictions in many countries, we are able to keep up a good pace in our acquisition processes and we assess our future acquisition opportunities as good.

Outlook

The strong demand continued during the fourth quarter and order backlog continued to grow. The order backlog is at an historically high level, which is a good basis for a positive development in the year ahead. Our assessment is that favourable market conditions will persist during the next quarter but disruptions in supply chains will be having a negative impact on deliveries and invoicing still for some time to come.

Indutrade's business model and strategy remain strong after yet another successful year. We are well-positioned for continued sustainable profitable growth and I look forward with confidence to the year ahead!

Bo Annvik, President and CEO

Group performance

Order intake

The market situation during the fourth quarter remained favourable and demand improved somewhat compared to the same period last year. All of the major customer segments delivered a positive performance, such as medical technology and pharmaceuticals, engineering, infrastructure and the process industry. The demand for valves for power generation remained good and it was essentially in line with the same period last year.

Order intake was 10% higher than invoicing and amounted to SEK 6,293 million (5,104), which is an increase of 23% compared to the same period last year. For comparable units, order intake increased by 15%, acquired growth amounted to 8% and currency movements had a marginal effect.

Order intake for comparable units increased for all of the business areas. The strongest growth was in the Measurement & Sensor Technology and Flow Technology business areas. The positive trend was widespread, with most of the companies in both of these business areas reporting improved order intake during the quarter.

Order intake increased to SEK 23,474 million (19,595) for the full year, which is an increase of 20%. Comparable units increased by 15%, acquisitions contributed 7%, divestments had a marginal impact and currency movements had an effect of -2%.

Net sales

During the quarter, net sales increased by 14% compared to last year and amounted to SEK 5,726 (5,028) million. Comparable units had an effect of 6%, acquisitions contributed 7% and currency movements had an effect of 1%.

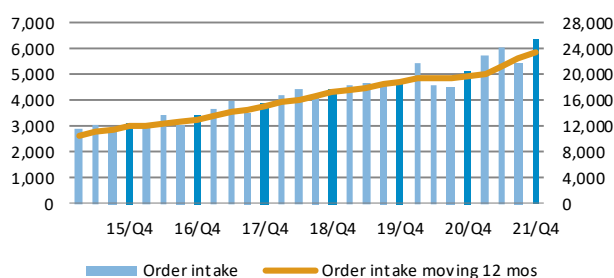
For comparable units, net sales increased for seven of the eight business areas compared to the same period last year. The strongest performance was in the DACH and Fluids & Mechanical Solutions business areas, where most companies and customer segments developed positively. Net sales for comparable units were unchanged for the Flow Technology business area, primarily due to a strong quarter last year.

For many companies, disturbances in the supply chains persisted during the fourth quarter, with long delivery times and both product and component shortage as a consequence. The situation impacted the delivery possibilities for some companies, which, overall, resulted in somewhat lower sales and a higher order backlog during the quarter.

Net sales for the full year increased by 13% to SEK 21,715 million (19,217). Comparable units increased by 8%, acquisitions contributed 7%, divestments had a marginal impact and currency movements had an effect of -2%.

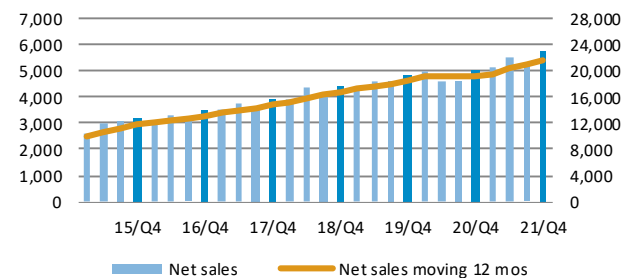
Order intake

SEK million

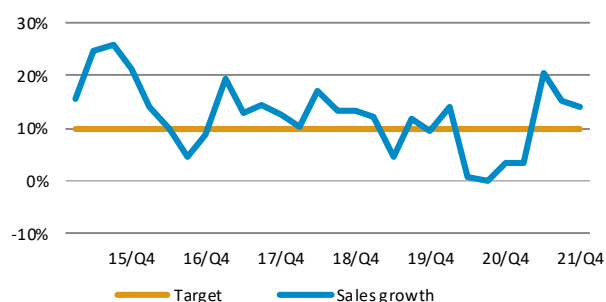


Net Sales

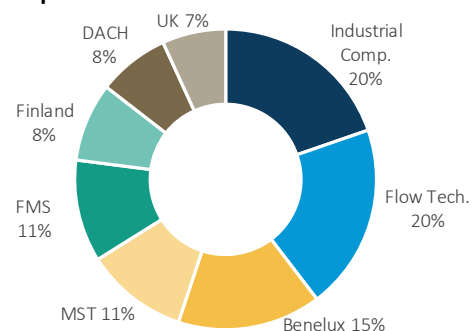
SEK million



Sales growth



Net Sales per Business Area



Q4

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 836 million (712) for the fourth quarter, which is an improvement of 17%. Comparable units increased by 8%, acquisitions contributed 9% and currency movements had a marginal impact. The EBITA margin increased and amounted to 14.6% (14.2%).

The margin improvement primarily came from strong organic growth in net sales and gross margins in several companies, along with good profitability in newly acquired companies.

Non-recurring items had an impact on EBITA during the quarter of SEK -21 million. Personnel related government support was marginal during the quarter, compared to 0.3% of net sales the corresponding period last year.

The gross margin improved during the fourth quarter and amounted to SEK 35.9% (34.7%). The improvement was driven by successful pricing efforts, improved capacity utilization and a more favourable product mix. For the full year, gross margin was 35.0% (34.0%).

The DACH and Fluids & Mechanical Solutions business areas reported the highest improvement in EBITA margin. The strong performance was, in both business areas, primarily attributable to higher organic net sales and improved production volumes. The Industrial Components and UK business areas reported a lower EBITA margin than last year. For Industrial Components, it was primarily attributable to strong comparison figures in the corresponding period last year, when a couple of the companies had delivered large orders that were associated with the COVID-19 pandemic. The lower margin in the UK business area was primarily attributable non-recurring items, such as costs associated with acquisitions.

Net financial items during the fourth quarter amounted to SEK -22 million (-33). Tax on profit for the quarter was SEK -189 million (-138), corresponding to a tax charge of 27% (23%). The higher tax expense was due to revaluation of deferred tax liabilities attributable to the upcoming increase to the corporate income tax rate in the UK. Profit for the quarter rose 16% to SEK 524 million (453). Earnings per share before dilution increased by 16% and amounted to SEK 1.44 (1.24).

For the full year, operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 3,202 million (2,615), an increase of 22%. Comparable units increased by 15%, acquisitions contributed 9% and currency movements had an effect of -2%. The EBITA margin increased and amounted to 14.7% (13.6%).

For the full year 2021, personnel related government support was marginal, compared to 0.5% of net sales in 2020.

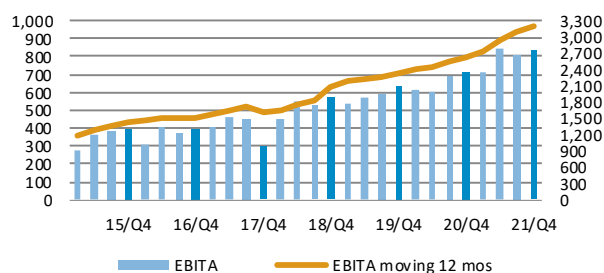
Net financial items for the full year amounted to SEK -100 million (-126). Tax on profit for the year was SEK -628 million (-471), corresponding to a tax charge of 23% (22%). Profit for the period increased by 26% and amounted to SEK 2,097 million (1,669). Earnings per share before dilution increased by 25% and amounted to SEK 5.76 (4.60).

Return

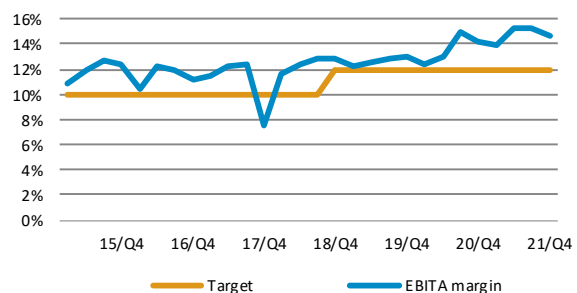
The momentum from both improved profitability and working capital efficiency increased the return on capital employed compared to the prior year and amounted to 22% (19%). Return on equity amounted to 23% (21%).

EBITA

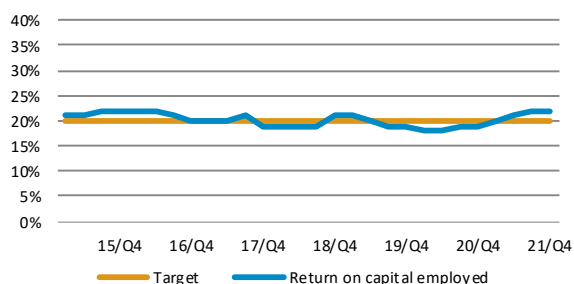
SEK million



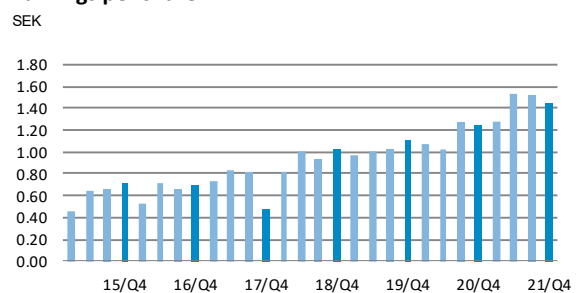
EBITA margin



Return



Earnings per share



Business Areas

Benelux

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the energy, construction & infrastructure, and healthcare segments. Product areas include valves, hydraulic and industrial equipment, and measurement technology. The business area has strong market positions in the Benelux area (Belgium, the Netherlands and Luxembourg).

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	843	714	18%	3,331	2,773	20%
EBITA	127	103	23%	464	360	29%
EBITA margin, %	15.1	14.4		13.9	13.0	

Net sales increased by 18% during the fourth quarter to SEK 843 million (714). Comparable units had an effect of 4%, acquisitions contributed 16% and currency movements had an effect of -2%.

Overall, demand during the fourth quarter was higher than the corresponding period last year, with improvements in most of the segments. Order intake was 17% higher than invoicing.

EBITA for the quarter increased by 23% to SEK 127 million (103), corresponding to an EBITA margin of 15.1% (14.4%). Comparable units had an effect of 12%, acquisitions contributed 14% and currency movements had an effect of -3%.

The higher EBITA margin is primarily attributable to higher net sales for comparable units.

DACH

This business area includes companies that offer custom manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the construction & infrastructure, engineering, healthcare and chemical industries. Product areas include construction material, hydraulic and industrial equipment and valves. Each of the individual companies has a strong market position in the DACH area (Germany, Austria and Switzerland), and most companies are market leaders in their fields.

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	457	362	26%	1,661	1,529	9%
EBITA	69	39	77%	236	169	40%
EBITA margin, %	15.1	10.8		14.2	11.1	

Net sales increased during the quarter by 26% to SEK 457 million (362). Comparable units had an effect of 20%, acquisitions contributed 6% and currency movements had a marginal effect.

Overall, demand during the quarter was higher than the corresponding period last year, with a positive development in most of the companies. Order intake was 7% higher than invoicing.

EBITA for the quarter increased by 77% to SEK 69 million (39), and the EBITA margin amounted to 15.1% (10.8%). For comparable units, EBITA increased by 70%, acquisitions contributed with 8% and currency movements had an effect of -1%.

The improved EBITA margin was primarily attributable to increased organic net sales, higher production volume and positive revaluation effects associated with pensions.

Q4

Finland

The Finland business area includes companies that offer sales of components as well as customisation, combinations and installations of products from various suppliers. Customers are in the construction & infrastructure, engineering, water/wastewater, energy and chemical industries. Products range from hydraulics and industrial equipment to measurement technology, valves, service, filters and process technology. The business area has a strong market position in Finland.

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	525	417	26%	1,826	1,679	9%
EBITA	81	61	33%	283	247	15%
EBITA margin, %	15.4	14.6		15.5	14.7	

Net sales increased during the quarter by 26% to SEK 525 million (417). Comparable units had an effect of 15%, acquisitions contributed 12% and currency movements had an effect of -1%.

Overall, demand during the quarter was higher than the corresponding period last year, with positive development in the majority of the business area's companies. Order intake was 3% higher than invoicing.

EBITA for the quarter increased by 33% to SEK 81 million (61), and the EBITA margin amounted to 15.4% (14.6%). Comparable units had an effect of 19%, acquisitions contributed 15% and currency movements had an effect of -1%.

The improved EBITA margin was primarily driven by the increased net sales for comparable units along with good performance from newly acquired companies.

Flow Technology

Companies in this business area offer components and systems for controlling, measuring, monitoring and regulating flows. The business area includes companies that specialise in various areas of industrial flow technology. Customers are in the process industry, food and pharmaceutical industries, water/wastewater, energy and marine industries. Product areas include valves, pipes and pipe systems, measurement technology, pumps, hydraulics and industrial equipment. The business area has a strong market position especially in Sweden, but also in the Northern Europe.

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	1,109	1,054	5%	4,301	4,071	6%
EBITA	168	154	9%	668	607	10%
EBITA margin, %	15.1	14.6		15.5	14.9	

Net sales increased during the quarter by 5% to SEK 1,109 million (1,054). Comparable units changed marginally, acquisitions contributed with 4% and currency movements had an effect of 1%.

Demand during the quarter was higher than the corresponding period last year, with improvements in most of the segments and companies. The demand from customers in the medical technology and pharmaceuticals industry, as well as the process industry was particularly strong. Order intake was 15% higher than invoicing.

EBITA for the quarter increased by 9% to SEK 168 million (154), corresponding to an EBITA margin of 15.1% (14.6%). Comparable units increased by 2%, acquisitions contributed 5% and currency movements had an effect of 2%.

The improved EBITA margin is primarily explained by an improved gross margin for comparable units.

Fluids & Mechanical Solutions

Companies in this business area offer technological components (both hydraulic and mechanic), as well as solutions that have a high technological content to the industry in, primarily Scandinavia and Europe, but also USA and Asia. The companies have a considerable amount of own manufacturing and proprietary products, as well as technical trading companies. Important product areas include filters, hydraulics, auto repair, tools & transmission, industrial springs, water & wastewater and lighting. The business area has a strong market position in the Nordic region.

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	643	507	27%	2,367	1,979	20%
EBITA	108	66	64%	382	268	43%
EBITA margin, %	16.8	13.0		16.1	13.5	

Net sales increased during the quarter by 27% to SEK 643 million (507). Comparable units increased by 16%, acquisitions contributed 11% and currency movements had a marginal impact.

Demand during the quarter was higher than the corresponding period last year for all segments in the business area, with the strongest performance within the industrial segment. Order intake was 4% higher than invoicing.

EBITA for the quarter increased by 64% to SEK 108 million (66), and the EBITA margin increased to 16.8% (13.0%). Comparable units increased by 47%, acquisitions contributed 17% and currency movements had a marginal impact.

The improved EBITA margin was primarily attributable to the positive organic growth in net sales and gross margin, although newly acquired companies also contributed.

Industrial Components

Companies in this business area are mainly technical trading companies and offer a wide range of technically advanced components and systems for industrial production and maintenance, as well as medical technology equipment. The products consist mainly of consumables. Its customers exist in the following segments: engineering, healthcare, construction and infrastructure. The product areas include hydraulics and industrial equipment, chemical technology and fasteners. The business area has a strong market position in the Nordic countries.

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	1,192	1,130	5%	4,473	3,803	18%
EBITA	184	193	-5%	733	569	29%
EBITA margin, %	15.4	17.1		16.4	15.0	

Net sales increased during the quarter by 5% to SEK 1,192 million (1,130). Comparable units increased by 2%, acquisitions contributed 2% and currency movements had an effect of 1%.

Demand during the quarter was stronger than in the corresponding period last year. All segments reported a positive development except for medical technology, where orders related to the COVID-19 pandemic made a major contribution during the corresponding period last year. Order intake was 6% higher than invoicing.

EBITA for the quarter decreased by 5% to SEK 184 million (193), and the EBITA margin amounted to 15.4% (17.1%). EBITA for comparable units had an effect of -9%, acquisitions contributed 3% and currency movements had an effect of 1%.

The lower EBITA margin was primarily attributable to lower net sales for a couple of companies in the medical technology segment that had made major deliveries associated with the COVID-19 pandemic during the corresponding period last year.

Q4

Measurement & Sensor Technology

Companies in this business area sell measurement instruments, measurement systems, sensors, control and regulating technology, and monitoring equipment for various industries. All of the business area's companies have proprietary products based on advanced technological solutions and own development, design and manufacturing. Its customers exist in a variety of areas, such as various types of manufacturing industries like electronics, vehicles and energy. Companies in this business area work globally and have the entire world as the market for their products, with established production and sales companies on six continents.

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	622	545	14%	2,372	2,120	12%
EBITA	112	89	26%	428	334	28%
EBITA margin, %	18.0	16.3		18.0	15.8	

Net sales increased by 14% during the quarter to SEK 622 million (545). Comparable units had an effect of 7%, acquisitions contributed 7% and currency movements had a marginal effect.

Demand during the quarter was higher than during the corresponding period last year, with increases in the majority of the business area's segments and companies. Order intake during the quarter was 16% higher than invoicing.

EBITA for the quarter increased by 26% and amounted to SEK 112 million (89). The EBITA margin amounted to 18.0% (16.3%). Comparable units had an effect on EBITA of 7%, acquisitions contributed 19% and currency movements had a marginal effect.

The improvement in EBITA margin was primarily attributable to the strong performance from newly acquired companies.

UK

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. They have a considerable amount of own manufacturing and proprietary products. Customer segments include construction and infrastructure, engineering and commercial vehicles. Examples of product areas are springs, piston rings, press work, valve channels, pipes and pipe systems. The individual companies all have strong market positions in the UK, and most are market leaders in their respective niches

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec	Change
Net sales	360	314	15%	1,467	1,322	11%
EBITA	32	31	3%	158	159	-1%
EBITA margin, %	8.9	9.9		10.8	12.0	

Net sales increased during the quarter by 15% to SEK 360 million (314). Comparable units had an effect of 3%, acquisitions contributed 6% and currency movements had an effect of 6%.

Overall, demand during the quarter was higher than the corresponding period last year, although there was some variation between the companies in the business area. Order intake was 7% higher than invoicing during the quarter.

EBITA for the quarter increased by 3% to SEK 32 million (31), and the EBITA margin amounted to 8.9% (9.9%). Comparable units had an effect of -1%, acquisitions contributed marginally and currency movements had an effect of 4%.

The EBITA margin improved for many companies, but non-recurring costs in a couple of companies, along with costs associated with acquisitions that were made during the quarter, counteracted this.

Other financial information

Financial position

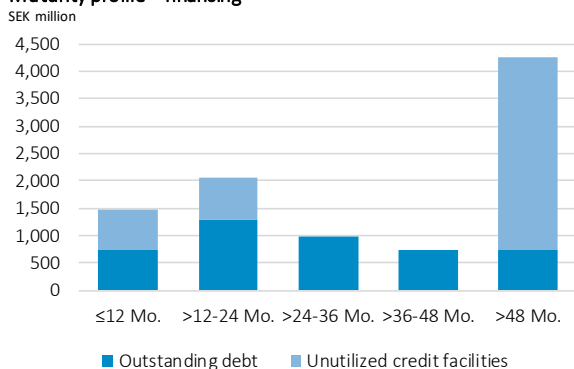
Shareholders' equity amounted to SEK 10,303 million (8,634) and the equity ratio was 47% (48%). Cash and cash equivalents amounted to SEK 1,460 million (758). In addition to this, the Group had unutilised credit commitments of SEK 4,981 million (4,895). Interest-bearing net debt amounted to SEK 5,489 million (4,878) at the end of the quarter. The increase compared to last year is primarily attributable to a higher rate of acquisition. The net debt/equity ratio was 53% (56%) at the end of the period.

Indutrade's financing is primarily managed by the Parent Company and it consists of loans from financial institutions, corporate bonds and commercial paper programmes.

During the first quarter of 2021, Indutrade AB obtained the long-term credit rating of BBB- with stable outlook from S&P Global Ratings. During the second quarter, an unsecured bond loan of SEK 750 million was issued with a tenor of 5.5 years and during the fourth quarter yet another one of SEK 750 million with a tenor of 4 years. Also, during the year, existing long-term credit commitments of SEK 3,500 million were extended by an additional year.

At the end of the year, the Parent Company's short-term borrowing amounted to SEK 754 million and long-term unutilised credit facilities amounted to SEK 4,250 million.

Maturity profile - financing ¹⁾



¹⁾ Pertains to the Parent Company, which is responsible for most of the Group's financing. Excluding leasing according to IFRS 16.

Cash flow, capital expenditures and depreciation

Cash flow from operating activities increased during the fourth quarter and amounted to SEK 901 (792) million, which is the highest level ever for a single quarter. The improvement was primarily attributable to the higher operating profit during the quarter. Operating capital decreased seasonally somewhat compared to the end of the third quarter, but was higher than it was at the beginning of the year. However, working capital efficiency continued to improve during the quarter.

Cash flow from operating activities amounted to SEK 2,853 million (2,780) for the full year. In cash flow from operating activities depreciation of leased assets in the amount of SEK 352 million (339) has been added back in accordance with IFRS 16. Lease amortisation is reported as cash flow from financing activities.

Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 2,496 million (2,381).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 357 million (399). Depreciation of property, plant and equipment totalled SEK 639 million (600). Investments in company acquisitions amounted to SEK 1,592 million (908). In addition, payments for previous years' acquisitions totalled SEK 75 million (116). Divestments amounted to SEK 7 million (46).

Employees

The number of employees was 8,185 at the end of the period, compared with 7,270 at the start of the year.

The organic growth in the number of employees was 257, which corresponds to approximately 3.5%.

During the COVID-19 pandemic, many companies have implemented various types of temporary lay-offs and short-term work. However, most of these programs were terminated at the beginning of 2021.

Q4

Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2021.

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	Pistesarjat Oy	Finland	100	25
January	Fire Proof B.V.	Benelux	70	10
February	Tecno Plast Industrietechnik GmbH	Benelux	230	80
February	Typhoon Group	Benelux	40	22
March	Efcon Water B.V.	Benelux	20	9
April	CKJ Steel A/S	Fluids & Mechanical Solutions	140	75
May	Lamisa Teknik AB	Industrial Components	23	10
June	Buhl & Bønsøe A/S	Industrial Components	40	17
July	Atlas Industrial Print AB	Fluids & Mechanical Solutions	50	34
August	Advanced Welding Group	UK	50	31
October	Alflow Scandinavia A/S	Fluids & Mechanical Solutions	140	32
October	SILROC CZ, a.s	DACH	35	70
October	Italprotec Industries S.r.l.	DACH	100	35
October	Dewaco Oy	Finland	130	23
November	Klay Instruments B.V.	Measurement & Sensor Technology	60	31
December	Svenssons i Tenhult AB	Fluids & Mechanical Solutions	100	18
December	North West Metal Sections Ltd	UK	245	90
Total			1,573	612

*) Estimated annual sales and number of employees at the time of acquisition.

Further information about completed company acquisitions can be found on page 22 of this interim report.

Events after the end of the reporting period

On 4 January, Autoroll UK Ltd was acquired. For more information, please see page 24.

Parent company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control, analysis and communication. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 9 million (8) for the full year. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year, the Parent Company acquired shares in six companies. The Parent Company has not made any major investments in intangible assets or in property, plant and equipment. The number of employees as of 31 December was 20 (19).

Risks and uncertainties

The Indutrade Group conducts business in some 30 countries, on six continents, via more than 200 companies. This diversification, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. Besides the risks and uncertainties described in the Indutrade Annual Report for 2020, Indutrade has assessed that no additional significant risks or uncertainties have arisen or dissipated. Risks associated with disruptions in the supply chains stem primarily from the risks that have already been described in the annual report and they are above all, pandemics. Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk.

The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed account of risks that affect the Group and Parent Company, please see the 2020 Annual Report.

Related party transactions

No transactions took place during the period between Indutrade and related parties that have significantly affected the Company's financial position or result of operations.

Accounting principles

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods have been used for the Group and Parent Company in this report as those in the most recent annual report. There are no new IFRSs or IFRIC pronouncements endorsed by the EU that are applicable for Indutrade or that had a significant impact on the Group's result of operations and position in 2021.

The AGM resolved in April 2021 to approve the Board's proposal of establishing a new long-term incentive programme (LTIP 2021), along with hedging measures associated with that. LTIP 2021 consists of performance shares and it is offered to members of the Group management team including the CEO, business area managers, the heads of subsidiaries and other key persons. In order to participate in the programme, participants must make an own investment in shares.

The performance shares are reported as personnel costs (excluding social security contributions) over the vesting period, in accordance with IFRS 2 Share-based Payment, and are reported directly in equity. The reported cost is continuously revised during the vesting period depending on how many performance shares are expected to be earned by the participants in the programme. It is based on an assessment of whether all performance targets will be met, i.e. the programme's profitability targets, that the participants remain in employment and that they retain the investment shares. The social security contributions for the programme are expensed on an ongoing basis during the vesting period.

To hedge the financial exposure, Indutrade has entered into a share swap agreement with a financial institution, through which it undertakes to deliver shares to the participants. The amount for the share acquisition according to the share swap agreement is reported as a financial liability, with a corresponding reduction in equity in accordance with IAS 32. For subsequent reporting, the liability is measured at amortised cost.

Q4

The Board's proposal for the AGM

The Annual General Meeting will be held in on 5 April 2022. The Board of Directors proposes a dividend of SEK 2.30 (1.80) per share, which corresponds to SEK 838 (655) million. The proposed dividend is in line with Indutrade's policy that the dividend shall, over time, amount to between 30% and 50% of net profit.

The proposed record date for the dividend is Thursday, 7 April 2022. Provided that the AGM resolves in accordance with the Board's proposal, payment of the dividend is expected to be made on Tuesday, 12 April 2022.

Nomination Committee

The Nomination Committee proposes re-election of Katarina Martinson as Chairwoman of the Board at the 2022 Annual General Meeting. The Committee also proposes the re-election of Board members Susanna Campbell, Bengt Kjell, Anders Jernhall, Ulf Lundahl, Krister Mellvé, Lars Pettersson and Bo Annvik. Provided that the Annual General Meeting resolves to amend the articles of association to allow for additional members, it is also proposed to elect Kerstin Lindell as new Board member.

Kerstin Lindell was born in 1967, is an Honorary Doctor at the Faculty of Engineering, LTH and holds a PhD. in Polymer Chemistry, Master in Chemical Engineering and Master in Business Administration. She is Chairwoman of the Board of Bona AB and Chamber of Commerce and Industry of Southern Sweden and is Board member of Nord-Lock, Inwido, Hexpol and PEAB.

The Nomination Committee's proposal entails that the number of Board members will increase to nine during the forthcoming term of office.

Financial Calendar

- 5 April 2022:
Annual General Meeting will be held in Stockholm
- 29 April 2022:
Interim report 1 January – 31 March 2022
- 19 July 2022
Interim report 1 January – 30 June 2022
- 28 October 2022:
Interim report 1 January – 30 September 2022

Stockholm, 2 February 2022
Indutrade AB (publ)

Bo Annvik
President and CEO

Note

The information in this report is such that Indutrade AB is obligated to make public in accordance with the EU Market Abuse Act. The information was submitted for publication by the agency of the following contact persons on 2 February 2022 at 7.30 CET.

Further information

For further information, please contact:
Bo Annvik, President and CEO, tel.: +46 8 703 03 00,
Patrik Johnson, CFO, tel.: +46 70 397 50 30.

This report will be commented upon as follows:

A webcast of the report will be presented on 2 February at 9.30 CET via the following link:

<https://tv.streamfabriken.com/indutrade-q4-2021>

To participate in the conference call and to ask questions, please call:

SE: +46 8 566 427 06
UK: +44 3333 00 90 32
US: +1 6 467 224 956

Auditor's review report

Auditor's review report on interim financial information in summary (interim report), prepared in accordance with IAS 34 and Ch. 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) of Indutrade AB (publ.), corporate identity number 556017-9367, as per 31 December 2021, and the twelve-month period then ended. The board of directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope

than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do 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, in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, 2 February 2022
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in Charge

Q4

Indutrade consolidated income statement – condensed

SEK million	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net sales	5,726	5,028	21,715	19,217
Cost of goods sold	-3,673	-3,284	-14,106	-12,681
Gross profit	2,053	1,744	7,609	6,536
Development costs	-71	-57	-258	-227
Selling costs	-904	-790	-3,279	-3,009
Administrative expenses	-319	-273	-1,231	-1,123
Other operating income and expenses	-24	0	-16	89
Operating profit	735	624	2,825	2,266
Net financial items	-22	-33	-100	-126
Profit before taxes	713	591	2,725	2,140
Income Tax	-189	-138	-628	-471
Net profit for the period	524	453	2,097	1,669
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	523	452	2,095	1,669
Non-controlling interests	1	1	2	0
	524	453	2,097	1,669
EBITA	836	712	3,202	2,615
<i>Operating profit includes:</i>				
Amortisation of intangible assets ¹⁾	-113	-102	-419	-396
<i>of which attributable to acquisitions</i>	<i>-101</i>	<i>-88</i>	<i>-377</i>	<i>-349</i>
Depreciation of property, plant and equipment	-160	-155	-639	-600
Earnings per share before dilution, SEK	1.44	1.24	5.76	4.60
Earnings per share after dilution, SEK	1.44	1.24	5.75	4.59

¹⁾ Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net profit for the period	524	453	2,097	1,669
Other comprehensive income				
Items that can be reversed into income statement				
Fair value adjustment of hedge instruments	0	2	1	4
Tax attributable to fair value adjustments	0	-1	0	-1
Exchange rate differences	65	-187	203	-279
Items that cannot be reversed into income statement				
Actuarial gains/losses	54	-16	54	-16
Tax on actuarial gains/losses	-11	3	-11	3
Other comprehensive income for the period, net of tax	108	-199	247	-289
Total comprehensive income for the period	632	254	2,344	1,380
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	631	253	2,342	1,380
Non-controlling interests	1	1	2	0

Indutrade consolidated balance sheet – condensed

SEK million	2021 31-Dec	2020 31-Dec
Goodwill	5,439	4,306
Other intangible assets	3,331	2,693
Property, plant and equipment	3,385	3,106
Financial assets	204	228
Inventories	4,010	3,307
Trade receivables	3,458	2,925
Other receivables	713	639
Cash and cash equivalents	1,460	758
Total assets	22,000	17,962
Equity	10,303	8,634
Non-current interest-bearing liabilities and pension liabilities	5,536	4,450
Other non-current liabilities and provisions	976	770
Current interest-bearing liabilities	1,413	1,186
Trade payables	1,597	1,136
Other current liabilities	2,175	1,786
Total equity and liabilities	22,000	17,962

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2021 31-Dec	2020 31-Dec
Opening equity	8,624	7,157
Total comprehensive income for the period	2,342	1,380
New issues	48	87
Dividend ¹⁾	-655	-
Hedging of incentive programme	-80	-
Share-based payments	13	-
Closing equity	10,292	8,624
Equity, attributable to:		
Equity holders of the parent company	10,292	8,624
Non-controlling interests	11	10
	10,303	8,634

¹⁾ Dividend per share for 2020 (2019) was SEK 1,80 (-)

Q4

Indutrade consolidated cash flow statement – condensed

SEK million	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating profit	735	624	2,825	2,266
Non-cash items	305	263	1,080	927
Interests and other financial items, net	-11	-27	-72	-103
Paid tax	-180	-113	-638	-508
Change in working capital	52	45	-342	198
Cash flow from operating activities	901	792	2,853	2,780
Net capital expenditures in non-current assets	-129	-73	-357	-399
Company acquisitions and divestments	-948	-339	-1,660	-978
Change in other financial assets	-3	4	17	11
Cash flow from investing activities	-1,080	-408	-2,000	-1,366
Debt/repayment of debt, net	685	-507	407	-1,407
Dividend paid out	-	-	-655	-
New issues	8	82	48	87
Cash flow from financing activities	693	-425	-200	-1,320
Cash flow for the period	514	-41	653	94
Cash and cash equivalents at start of period	930	832	758	719
Exchange rate differences	16	-33	49	-55
Cash and cash equivalents at end of period	1,460	758	1,460	758

Key data

	2021 31-Dec	2020 31-Dec	2019 31-Dec	2018 31-Dec
Moving 12 mos				
Net sales, SEK million	21,715	19,217	18,411	16,848
Sales growth, %	13	4	9	13
EBITA, SEK million	3,202	2,615	2,330	2,087
EBITA margin, %	14.7	13.6	12.7	12.4
Capital employed at end of period, SEK million	15,792	13,512	13,300	10,127
Capital employed, average, SEK million	14,516	13,541	12,416	9,839
Return on capital employed, % ¹⁾	22	19	19	21
Equity, average, SEK million	9,297	7,899	6,715	5,715
Return on equity, % ¹⁾	23	21	22	24
Interest-bearing net debt at end of period, SEK million	5,489	4,878	6,130	3,909
Net debt/equity ratio, %	53	56	85	63
Net debt/EBITDA, times	1.4	1.5	2.1	1.7
Equity ratio, %	47	48	41	44
Average number of employees	7,715	7,349	7,167	6,710
Number of employees at end of period	8,185	7,270	7,357	6,778
<i>Attributable to equity holders of the parent company</i>				
<i>Key ratios per share</i>				
Earnings per share before dilution, SEK	5.76	4.60	4.09	3.77
Earnings per share after dilution, SEK	5.75	4.59	4.09	3.77
Equity per share, SEK	28.26	23.72	19.74	17.11
Cash flow from operating activities per share, SEK	7.84	7.66	5.30	3.75
Average number of shares before dilution, '000	363,921	362,721	362,565	362,496
Average number of shares after dilution, '000	364,180	363,320	362,754	362,529
Number of shares at the end of the period, '000	364,188	363,615	362,565	362,565

Lease liabilities and right-of-use assets according to IFRS 16 are included in the key data as of 2019. The comparative financial information has not been restated.

¹⁾ Calculated on average capital and equity.

Q4

Business area performance

	2021	2020	2021	2020
Net sales, SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Benelux	843	714	3,331	2,773
DACH	457	362	1,661	1,529
Finland	525	417	1,826	1,679
Flow Technology	1,109	1,054	4,301	4,071
Fluids & Mechanical Solutions	643	507	2,367	1,979
Industrial Components	1,192	1,130	4,473	3,803
Measurement & Sensor Technology	622	545	2,372	2,120
UK	360	314	1,467	1,322
Parent company and Group items	-25	-15	-83	-59
Total	5,726	5,028	21,715	19,217
EBITA, SEK million	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Benelux	127	103	464	360
DACH	69	39	236	169
Finland	81	61	283	247
Flow Technology	168	154	668	607
Fluids & Mechanical Solutions	108	66	382	268
Industrial Components	184	193	733	569
Measurement & Sensor Technology	112	89	428	334
UK	32	31	158	159
Parent company and Group items	-45	-24	-150	-98
Total	836	712	3,202	2,615
EBITA margin, %	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Benelux	15.1	14.4	13.9	13.0
DACH	15.1	10.8	14.2	11.1
Finland	15.4	14.6	15.5	14.7
Flow Technology	15.1	14.6	15.5	14.9
Fluids & Mechanical Solutions	16.8	13.0	16.1	13.5
Industrial Components	15.4	17.1	16.4	15.0
Measurement & Sensor Technology	18.0	16.3	18.0	15.8
UK	8.9	9.9	10.8	12.0
	14.6	14.2	14.7	13.6

Business area performance per quarter

Net sales, SEK million	2021				2020			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	843	823	864	801	714	688	695	676
DACH	457	424	409	371	362	360	394	413
Finland	525	462	453	386	417	394	432	436
Flow Technology	1,109	1,045	1,144	1,003	1,054	996	976	1,045
Fluids & Mechanical Solutions	643	596	603	525	507	479	481	512
Industrial Components	1,192	1,015	1,113	1,153	1,130	842	862	969
Measurement & Sensor Technology	622	570	610	570	545	523	495	557
UK	360	377	375	355	314	329	294	385
Parent company and Group items	-25	-22	-19	-17	-15	-12	-15	-17
Total	5,726	5,290	5,552	5,147	5,028	4,599	4,614	4,976

EBITA, SEK million	2021				2020			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	127	100	122	115	103	89	85	83
DACH	69	63	59	45	39	42	43	45
Finland	81	81	76	45	61	72	66	48
Flow Technology	168	175	185	140	154	162	151	140
Fluids & Mechanical Solutions	108	105	96	73	66	66	73	63
Industrial Components	184	167	196	186	193	122	130	124
Measurement & Sensor Technology	112	104	113	99	89	96	58	91
UK	32	43	45	38	31	41	37	50
Parent company and Group items	-45	-28	-49	-28	-24	-5	-41	-28
Total	836	810	843	713	712	685	602	616

EBITA margin, %	2021				2020			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	15.1	12.2	14.1	14.4	14.4	12.9	12.2	12.3
DACH	15.1	14.9	14.4	12.1	10.8	11.7	10.9	10.9
Finland	15.4	17.5	16.8	11.7	14.6	18.3	15.3	11.0
Flow Technology	15.1	16.7	16.2	14.0	14.6	16.3	15.5	13.4
Fluids & Mechanical Solutions	16.8	17.6	15.9	13.9	13.0	13.8	15.2	12.3
Industrial Components	15.4	16.5	17.6	16.1	17.1	14.5	15.1	12.8
Measurement & Sensor Technology	18.0	18.2	18.5	17.4	16.3	18.4	11.7	16.3
UK	8.9	11.4	12.0	10.7	9.9	12.5	12.6	13.0
Total	14.6	15.3	15.2	13.9	14.2	14.9	13.0	12.4

Q4

Disaggregation of revenue

Net sales per geographic market

2021										
Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Nordic countries	20	4	469	655	459	1,012	146	33	-10	2,788
Other Europe	682	432	29	342	149	158	211	283	-10	2,276
Americas	55	14	7	7	24	14	171	21	-3	310
Asia	58	4	16	71	9	7	80	16	-1	260
Other	28	3	4	34	2	1	14	7	-1	92
	843	457	525	1,109	643	1,192	622	360	-25	5,726

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Over time	13	78	0	0	26	9	30	0	0	156
Point in time	830	379	525	1,109	617	1,183	592	360	-25	5,570
	843	457	525	1,109	643	1,192	622	360	-25	5,726

2020										
Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Nordic countries	9	4	385	598	350	884	147	25	-7	2,395
Other Europe	542	341	22	368	125	226	189	247	-3	2,057
Americas	64	10	4	12	21	11	147	22	-3	288
Asia	87	7	4	28	7	3	45	15	-1	195
Other	12	0	2	48	4	6	17	5	-1	93
	714	362	417	1,054	507	1,130	545	314	-15	5,028

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Over time	0	70	0	0	0	8	83	0	0	161
Point in time	714	292	417	1,054	507	1,122	462	314	-15	4,867
	714	362	417	1,054	507	1,130	545	314	-15	5,028

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Disaggregation of revenue – continued

Net sales per geographic market

2021										
Jan-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	77	12	1,656	2,408	1,680	3,762	556	125	-36	10,240
Other Europe	2,765	1,568	121	1,539	561	644	754	1,178	-33	9,097
Americas	207	48	20	26	88	37	714	73	-9	1,204
Asia	227	28	24	259	31	22	292	70	-3	950
Other	55	5	5	69	7	8	56	21	-2	224
	3,331	1,661	1,826	4,301	2,367	4,473	2,372	1,467	-83	21,715

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	37	284	0	0	69	30	152	0	-1	571
Point in time	3,294	1,377	1,826	4,301	2,298	4,443	2,220	1,467	-82	21,144
	3,331	1,661	1,826	4,301	2,367	4,473	2,372	1,467	-83	21,715

2020										
Jan-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	69	12	1,550	2,357	1,401	3,229	528	96	-27	9,215
Other Europe	2,088	1,447	99	1,445	461	517	727	1,061	-22	7,823
Americas	299	38	18	33	83	38	611	82	-6	1,196
Asia	289	26	9	122	26	11	199	68	-2	748
Other	28	6	3	114	8	8	55	15	-2	235
	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	-59	19,217

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	0	296	0	0	0	28	213	0	-1	536
Point in time	2,773	1,233	1,679	4,071	1,979	3,775	1,907	1,322	-58	18,681
	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	-59	19,217

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Q4

Acquisitions

Acquisitions 2021

All of the shares were acquired in the following companies: Pistesarjat Oy (Finland), Fire Proof B. V. (Netherlands), Tecno Plast Industrietechnik GmbH (Germany), Typhoon Group (Netherlands), Efcon Water B. V. (Netherlands), CKJ Steel A/S (Denmark), Lamisa Teknik AB (Sweden), Buhl & Bønsøe A/S (Denmark), Atlas Industrial Print AB (Sweden), Advance Welding Group (UK), Alflow Scandinavia A/S (Denmark), SILROC CZ, a.s. (Czech Republic), Italprotec Industries S.r.l. (Italy), Dewaco Oy (Finland), Klay Instruments B.V. (Netherlands), Svenssons i Tenhult AB (Sweden), and North West Metal Sections Ltd (UK).

Benelux

On 29 January, Fire Proof B.V. (Netherlands) was acquired, with annual sales of SEK 70 million. The company is specialised in passive fire protection for buildings.

On 12 February, Tecno Plast Industrietechnik GmbH (Germany) was acquired, with annual sales of SEK 230 million. Tecno Plast offers single-use tubing sets, PTFE and silicone hoses.

On 15 February, Typhoon Group (Netherlands) was acquired, with annual sales of SEK 40 million. The company is a highly focused supplier in stirring and mixing systems.

On 4 March, Efcon Water B. V. (Netherlands) was acquired, with annual sales of SEK 20 million. Efcon Water is specialised in products and measurement instrumentation for wastewater sampling systems.

DACH

On 1 October, SILROC CZ, a.s. (Czech Republic) was acquired, with annual sales of SEK 35 million. The company designs and manufactures customised parts and components from liquid silicone rubber in injection moulding presses.

On 27 October, Italprotec Industries S.r.l. (Italy) was acquired, with annual sales of SEK 100 million. Italprotec is a manufacturer and technical trader of engineered industrial products for handling of critical fluids.

Finland

On 4 January, Pistesarjat Oy (Finland) was acquired, with annual sales of SEK 100 million. It is a technical trading company offering heating & frost protection cable systems, fire-resistant cables and data cable systems.

On 29 October, Dewaco Oy (Finland) was acquired, with annual sales of SEK 130 million. Dewaco develops and manufactures equipment and solutions for sludge thickening, sludge removal, and dewatering.

Flow Technology

On 1 October, Alflow Scandinavia A/S (Denmark) was acquired, with annual sales of SEK 140 million. Alflow offers a wide range of flow components to the pharmaceutical, food and industrial markets.

Fluids & Mechanical Solutions

On 29 April, CKJ Steel A/S (Denmark) was acquired, with annual sales of SEK 140 million. The company is a leading engineering and manufacturing company offering process equipment and technical advice to the Danish pharmaceutical and biotechnology industries.

On 1 July, Atlas Industrial Print AB (Sweden) was acquired, with annual sales of SEK 50 million. The company offers different types of product labelling to various Swedish industries such as medical technology, energy, electronics and the engineering industry.

On 3 December, Svenssons i Tenhult AB (Sweden) was acquired, with annual sales of SEK 100 million. Svenssons i Tenhult is a technical trading company that offers different types of locks and fittings to OEM customers on the Swedish market.

Industrial Components

On 7 May, Lamisa Teknik AB (Sweden) was acquired, with annual sales of SEK 23 million. The company offers various types of seals to Swedish industry.

On 9 June, Buhl & Bønsøe A/S (Denmark) was acquired, with annual sales of SEK 40 million. It is a specialised technical trading company offering measurement instruments and solutions for professional use.

Measurement & Sensor Technology

On 30 November, Klay Instruments B.V. (Netherlands) was acquired, with annual sales of SEK 60 million. Klay Instruments develops and manufactures measuring instruments for automation of industrial processes.

UK

On 3 August, Advance Welding Group (UK) was acquired, with annual sales of SEK 50 million. The company designs and manufactures electrofusion welding equipment for utility companies in the gas, fresh water, wastewater and telecom industries.

On 10 December, North West Metal Sections Ltd (UK) was acquired, with annual sales of SEK 245 million. North West Metal manufactures steel reinforcing sections for the uPVC (Unplasticized Polyvinyl Chloride) window and door market in the UK.

Acquired assets and liabilities in 2021

Preliminary purchase price allocations

SEK million

Purchase price, incl. contingent earn out payment totalling SEK 403 million	2,272
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Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill	-	1,022	1,022
Agencies, trademarks, customer relations, licences, etc.	9	900	909
Property, plant and equipment	131	-	131
Financial assets	2	-	2
Inventories	213	-	213
Other current assets ¹⁾	315	-	315
Cash and cash equivalents	222	-	222
Deferred tax liability	-15	-202	-217
Provisions including pension liabilities	-23	-	-23
Other operating liabilities	-302	-	-302
	552	1,720	2,272

¹⁾ Mainly trade receivables

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Agencies, customer relationships, licences, etc. will be amortised over a period of 5–20 years, while trademarks are assumed to have indefinite useful life. Trademarks are included at a value of SEK 29 million (17).

Indutrade typically uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payment is valued at the present value of the likely outcome, which for the acquisitions made during the year amounts to SEK 403 (324) million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 449 million (364). If the conditions are not met, the outcome can be in the range of SEK 0-449 million.

Transaction costs during the year totalled SEK 21 million (11) and are included in Other income and expenses in the income statement. Contingent earn-out payments were restated during the year in the amount of SEK 64 million (214). The effect is reported under Other income and expenses in the amount of SEK 62 million (208) and under Net financial items in the amount of SEK 2 million (6).

The acquisition calculations for Cheirón a.s., Kimo Instrument Sverige AB and X-RAY WorX GmbH, which were acquired during the fourth quarter of 2020, have now been finalised. No significant adjustments have been made to the calculations. For other acquisitions, the acquisition calculations are preliminary. Indutrade regards the calculations as preliminary during the time that uncertainty exists with respect to, for example, the outcome of guarantees in the acquisition agreements concerning inventories and trade receivables.

Cash flow impact

SEK million	
Purchase price, incl. contingent earn-out payments	2,272
Purchase price not paid out	-458
Cash and cash equivalents in acquired companies	-222
Payments pertaining to previous years' acquisitions	75
Total cash flow impact	1,667

Effects of acquisitions carried out in 2020 and 2021

SEK million Business area	Net sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Benelux	111	502	15	98
DACH	23	27	3	3
Finland	53	128	9	23
Flow Technology	45	210	7	40
Fluids & Mechanical Solutions	54	123	12	22
Industrial Components	22	152	6	26
Measurement & Sensor Technology	37	125	17	42
UK	18	26	0	1
Effect on Group	363	1,293	69	255
Acquisitions carried out in 2020	33	470	17	112
Acquisitions carried out in 2021	330	823	52	143
Effect on Group	363	1,293	69	255

If all acquired units had been consolidated as from 1 January 2021, net sales for the year would have amounted to SEK 22,586 million, and EBITA would have totalled SEK 3,366 million.

Divestments 2021

On 15 June, the partly-owned company, Bomac Elektronik AB, with annual sales of SEK 7 million, was divested. The capital gain amounted to SEK 0 million.

On 30 September, the wholly owned subsidiary, Flintec Brasil Ltda, was divested. The company was dormant. The capital gain amounted to SEK 0 million.

Acquisitions after the end of the reporting period

On 4 January, Autoroll UK Ltd was acquired, with annual sales of SEK 67 million. Autoroll is a manufacturer and supplier of steel industrial doors and aluminium roller garage doors.

Share data

At the end of the interim period the share capital amounted to SEK 728 million

Number of shares at the beginning of the year	363,615,000
Number of newly subscribed shares	573,000
Total number of shares outstanding after new issues	364,188,000

LTI 2017

In April 2017 the Annual General Meeting of Indutrade AB resolved to introduce a long-term incentive programme (LTI 2017) comprising a combined maximum of 704,000 warrants in two series for senior executives and other key persons in the Indutrade Group. Shares can be subscribed during specially stipulated subscription periods through Friday, 20 May 2022.

After the bonus issue in December 2020, each warrant entitles the holder to subscribe for three shares. The exercise price for series I has been recalculated to SEK 81.60 per share and for series II to SEK 92.30 per share.

LTIP 2021

At the AGM in April 2021, it was resolved to establish a new incentive programme, LTIP 2021. The programme covers approximately 235 employees and is directed at senior executives and other key persons. LTIP 2021 requires own investment and it consists of performance shares. The scope of the programme is, at most, 650,000 shares in Indutrade, which corresponds to approximately 0.18% of all shares and votes.

The part-owner shall receive performance shares provided that the employment is not terminated, the investment shares have been retained and the performance targets have been fulfilled. This is based on the accumulated average annual growth rate (CAGR) of earnings per share during the performance period.

During the year, SEK 13 million (excluding social security contributions) were expensed as a result of the program.

Outstanding incentive programmes

Outstanding programme	Number of investment shares	Corresponding maximum number of performance shares	Proportion of total shares	Vesting period
LTIP 2021	116,735	373,234	0.1%	Programme launch June 2021 – interim report publication first quarter 2024

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Initial exercise price, SEK	Adjusted exercise price, SEK	Number of exercised warrants	Corresponding number of shares	Expiration period
2017/2022, Series I	526,000	1,578,000	0.4%	15.0	244.9	81.6	484,000	1,452,000	27 April 2020 – 20 May 2022
2017/2022, Series II	60,000	180,000	0.0%	13.4	276.8	92.3	57,000	171,000	27 April 2020 – 20 May 2022

Dilutive effects

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Average number of shares before dilution, '000	364,141	363,098	363,921	362,721
Number of shares that incur a dilutive effect due to incentive programme, '000	123	597	259	599
Average number of shares after dilution, '000	364,264	363,695	364,180	363,320
Dilutive effect, %	0.03	0.16	0.07	0.17
Number of shares at end of the period, '000	364,188	363,615	364,188	363,615

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Financial assets and liabilities

31 Dec 2021 SEK million	Interest rate swaps and currency forward contracts in hedge accounting		Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2	Amortised cost					
Valuation classification	Level 2		Level 3	Level 3			
Other shares and participations	-	-	14	-	-	14	14
Trade receivables	-	3,458	-	-	-	3,458	3,458
Other receivables	3	26	-	-	-	29	29
Cash and cash equivalents	-	1,460	-	-	-	1,460	1,460
Total	3	4,944	14	-	-	4,961	4,961
Non-current interest-bearing liabilities	-	-	-	600	4,586	5,186	5,199
Current interest-bearing liabilities	-	-	-	261	1,152	1,413	1,413
Trade payables	-	-	-	-	1,597	1,597	1,597
Other liabilities	5	-	-	-	-	5	5
Total	5	-	-	861	7,335	8,201	8,214

31 Dec 2020 SEK million	Interest rate swaps and currency forward contracts in hedge accounting		Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2	Amortised cost					
Valuation classification	Level 2		Level 3	Level 3			
Other shares and participations	-	-	12	-	-	12	12
Trade receivables	-	2,925	-	-	-	2,925	2,925
Other receivables	7	49	-	-	-	56	56
Cash and cash equivalents	-	758	-	-	-	758	758
Total	7	3,732	12	-	-	3,751	3,751
Non-current interest-bearing liabilities	-	-	-	462	3,588	4,050	4,057
Current interest-bearing liabilities	-	-	-	87	1,099	1,186	1,186
Trade payables	-	-	-	-	1,136	1,136	1,136
Other liabilities	10	-	-	-	-	10	10
Total	10	-	-	549	5,823	6,382	6,389

Financial instruments are measured at fair value, based on the classification of the fair value hierarchy: other observable data for assets and liabilities than quoted prices [level 2], non-observable market data [level 3].

No transfers were made between levels 2 and 3 during the period. Contingent earn-out payments have been discounted to present value using an interest rate that is judged to be in line with the market rate at the time of acquisition. Adjustments are not made on a regular basis for changes in the market interest rate, since the effects of these are judged to be negligible.

Contingent earn-out payments SEK million	2021 31-Dec	2020 31-Dec
Opening book value	549	565
Acquisitions during the year	418	319
Consideration paid	-73	-104
Reclassified via income statement	-62	-213
Interest expenses	9	5
Exchange rate differences	20	-23
Closing book value	861	549

Parent company income statement – condensed

SEK million	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net sales	9	8	9	8
Gross profit	9	8	9	8
Administrative expenses	-37	-33	-132	-117
Operating profit	-28	-25	-123	-109
Financial income/expenses	21	13	74	21
Profit from participation in Group companies	0	6	1,288	894
Profit after financial items	-7	-6	1,239	806
Appropriations	761	403	761	403
Income Tax	-157	-86	-149	-71
Net profit for the period	597	311	1,851	1,138
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0

Parent company balance sheet – condensed

SEK million	2021 31-Dec	2020 31-Dec
Intangible assets	0	0
Property, plant and equipment	1	1
Financial assets	6,971	6,253
Current receivables	8,746	6,861
Cash and cash equivalents	489	0
Total assets	16,207	13,115
Equity	8,254	7,088
Untaxed reserves	755	675
Non-current interest-bearing liabilities and pension liabilities	3,925	2,913
Other non-current liabilities and provisions	0	0
Current interest-bearing liabilities	3,037	2,286
Current non-interest-bearing liabilities	236	153
Total equity and liabilities	16,207	13,115

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Definitions

Alternative Performance Measures

In this interim report Indutrade presents Alternative Performance Measures (APMs) that complement the key financial ratios defined in IFRS. The company believes that these APMs provide valuable information to stakeholders, as they contribute to assessment of the company's performance, trends, ability to repay debt and invest in new business opportunities, and they reflect the Group's acquisition-intensive business model.

Since not all companies calculate their financial key ratios in the same way, they are not always comparable. They should therefore not be regarded as a substitute for the key ratios defined in IFRS. Following are definitions of Indutrade's key ratios, of which most are APMs.

Earnings per share before dilution

Net profit for the period attributable to owners of the parent divided by the average number of shares outstanding. Definition according to IFRS.

Earnings per share after dilution

Net profit for the period attributable to owners of the parent divided by the average number of shares outstanding after dilution.

EBITA

Operating profit before amortisation of intangible non-current assets arising in connection with company acquisitions (Earnings Before Interest, Tax and Amortisation). EBITA is the principal measure of the Group's earnings.

EBITA-margin

EBITA divided by net sales.

EBITDA

Operating profit before depreciation and amortisation (Earnings Before Interest, Tax, Depreciation and Amortisation).

Equity per share

Shareholders' equity attributable to owners of the parent divided by the number of shares outstanding.

Equity ratio

Shareholders' equity divided by total assets.

Gross margin

Gross profit divided by net sales.

Interest-bearing net debt

Interest-bearing liabilities including pension liability and estimated earn-outs for acquisitions, less cash and cash equivalents.

Net capital expenditures

Purchases less sales of intangible non-current assets and of property, plant and equipment, excluding those included in acquisitions and divestments of subsidiaries and operations.

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Net debt/EBITDA

Interest-bearing net debt at the end of the period divided by EBITDA on a moving 12-month basis.

Capital employed

Shareholders' equity plus interest-bearing net debt.

Return on equity

Net profit for the period on a moving 12-month basis divided by average shareholders' equity per month.

Return on capital employed

EBITA calculated on a moving 12-month basis divided by average capital employed per month.

Indutrade in brief

Indutrade is an international technology and industrial business group that today consists of more than 200 companies in some 30 countries, mainly in Europe. In a decentralised way, we work to provide sustainable profitable growth by developing and acquiring successful companies managed by passionate entrepreneurs. Our companies develop, manufacture, and sell components, systems and services with significant technical content in selected niches. Our value-based culture, where people make the difference, has been the foundation of our success since the start in 1978.

Customers can be found in a wide range of industries, including infrastructure, medical technology/pharmaceuticals, engineering, energy, water/wastewater and food.

The Group is structured into eight business areas: Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK.

The Group's financial targets are that:

Sales growth

- Average sales growth shall amount to a minimum of 10% per year over a business cycle. Growth is to be achieved organically as well as through acquisitions.

EBITA margin

- The EBITA margin shall amount to a minimum of 12% per year over a business cycle.

Return on capital employed

- The return on capital employed shall be a minimum of 20% per year on average over a business cycle.

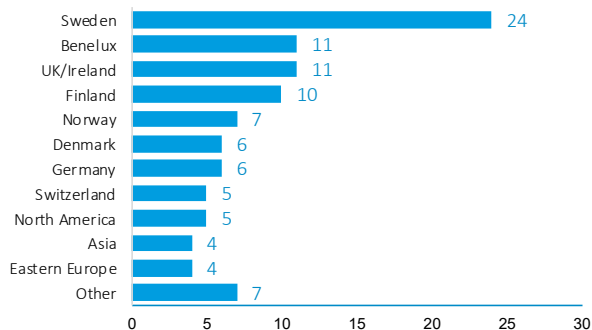
Net debt/equity ratio

- The net debt/equity ratio should normally not exceed 100%.

Dividend payout ratio

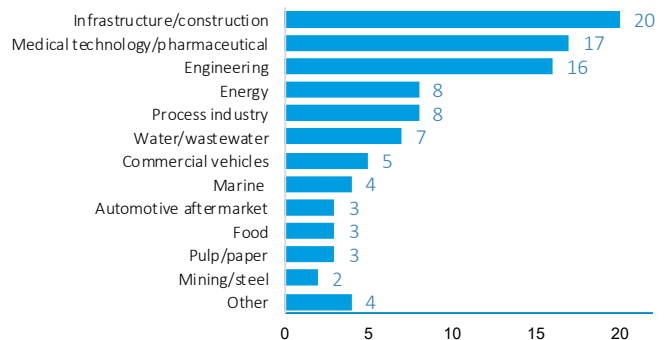
- The dividend payout ratio shall range from 30% to 50% of net profit.

Net sales per market, % ¹⁾



¹⁾Financial year 2021

Net sales per customer segment, % ¹⁾



This is an unofficial translation of the original Swedish text. In the event of any discrepancy between the English translation and the Swedish original, the Swedish version shall govern.

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Indutrade's first acquisition in Italy – Italprotec

In October, Indutrade acquired Italprotec Industries S.r.l., based in the Milan area of Italy, with annual sales of EUR 10 million. Italprotec is a manufacturer and technical trader of engineered industrial products for handling of critical fluids. The offering includes hoses, connectors, single-use assemblies, valves, fittings, and heat exchangers. Its customers are mainly in the pharma, biopharma, chemical, and food industries. "Italprotec is a successful company in its niche and the acquisition strengthens Indutrade's cluster of MedTech and Pharma companies", says Bo Annvik, President and CEO of Indutrade. "It is also a milestone, since it is Indutrade's first acquisition in Italy."



Welcome Klay Instruments - Dutch manufacturer of measuring instruments

In November, Indutrade acquired the Dutch company, Klay Instruments B.V., with annual sales of EUR 6 million. Klay Instruments develops and manufactures customised instruments for measuring primarily pressure and level, but also flow and temperature. Its customers are found within industries such as food, pharmaceuticals, water/wastewater and pulp and paper. With distributors in more than 50 countries, Klay Instruments supplies solutions and products to customers worldwide, having the Netherlands and Europe as the main markets. The company is located in Dwingeloo, the Netherlands, and has 31 employees.



Acquisition of Dewaco – Finnish manufacturer of wastewater treatment equipment

In October, Indutrade acquired the Finnish company, Dewaco Oy, with annual sales of EUR 13 million. Dewaco develops and manufactures equipment and solutions for sludge thickening, sludge removal, and dewatering to wastewater treatment applications. Since 1986, Dewaco has successfully been manufacturing chain scraper systems and belt filter presses. Chain scraper systems are used in scum and sludge removal in for example industrial and municipal wastewater applications. Belt filter presses are used in dewatering applications to dewater organic and inorganic material from the water, for example, in processes like TreetoTextile where new sustainable materials are produced. The company is located in Laitila Finland, and has 23 employees.

