

Interim report third quarter

1 January – 30 September 2022



Third quarter 2022

- Order intake increased by 20% to SEK 6,535 million (5,428). For comparable units, it was an increase of 8%.
- Net sales increased by 27% to SEK 6,707 million (5,290). For comparable units, it was an increase of 14%.
- EBITA increased by 28% to SEK 1,035 million (810), corresponding to an EBITA margin of 15.4% (15.3%).
- Profit for the quarter rose 26% to SEK 691 million (550), and earnings per share amounted to SEK 1.90 (1.51).
- Cash flow from operating activities amounted to SEK 624 million (671).

1 January – 30 September 2022

- Order intake increased by 20% to SEK 20,649 million (17,181). For comparable units, it was an increase of 9%.
- Net sales increased by 24% to SEK 19,788 million (15,989). For comparable units, it was an increase of 12%.
- EBITA increased by 28% to SEK 3,017 million (2,366), corresponding to an EBITA margin of 15.2% (14.8%).
- Profit for the period rose 27% to SEK 2,004 million (1,573), and earnings per share amounted to SEK 5.50 (4.32).
- Cash flow from operating activities amounted to SEK 1,522 million (1,952).



Financial Development

SEK million	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Order intake	6,535	5,428	20%	20,649	17,181	20%	26,942	23,474
Net sales	6,707	5,290	27%	19,788	15,989	24%	25,514	21,715
Operating profit	912	716	27%	2,669	2,090	28%	3,404	2,825
EBITA	1,035	810	28%	3,017	2,366	28%	3,853	3,202
EBITA margin, %	15.4	15.3		15.2	14.8		15.1	14.7
Profit before taxes	870	696	25%	2,555	2,012	27%	3,268	2,725
Net profit	691	550	26%	2,004	1,573	27%	2,528	2,097
Earnings per share before dilution, SEK	1.90	1.51	26%	5.50	4.32	27%	6.94	5.76
Return on capital employed, %	23	22		23	22		23	22
Cash flow from operating activities	624	671	-7%	1,522	1,952	-22%	2,423	2,853
Net debt/equity ratio, %	61	51		61	51		61	53

Q3

CEO's message

Continued high demand, higher sales growth and record earnings.



Third quarter

The market situation for the third quarter remained strong and order intake increased by 20%, of which 8% was organic, compared to the corresponding period previous year. In total, order intake amounted to SEK 6.5 billion. The majority of our companies reported a positive trend in order intake and seven of the eight business areas grew organically. As in the previous quarter, we saw a variation in demand between various companies, segments and countries. The largest variation that we saw was for companies with customers in infrastructure and construction, along with medical technology and pharmaceuticals, which is partly attributable to strong comparison figures previous year. Overall however, there was a healthy demand in all major customer segments throughout the entire quarter, with the strongest development in the process industry.

Sales growth strengthened during the third quarter and the total growth compared to the corresponding period last year increased by 27%, of which 14% organically. In total, net sales amounted to SEK 6.7 billion. Disruptions in the supply chains continued during the quarter, although some companies experienced a slight improvement in the situation. In all business areas, net sales grew organically with the strongest growth in Flow Technology and Industrial Components.

EBITA increased by 28% from SEK 810 million to SEK 1,035 million, corresponding to a margin of 15.4% – the highest ever! The margin improvement was primarily driven by positive effects from acquisitions and the robust organic growth in net sales. Nonrecurring items are included in the earnings and they pertain to, among other things, revaluation of contingent earn-out payments and had an overall positive effect of SEK 16 (17) million. Excluding nonrecurring items, the EBITA margin amounted to 15.2% (15.0%). The Finland and DACH business areas reported the highest margin ever for a single quarter. The strongest improvement during the quarter was in the Benelux business area. The margin for the UK business area remained below the level of the other business areas, primarily due to a dampened growth trend in net sales combined with higher activity levels and overhead costs.

Delivery disturbances caused a further build-up in inventories for many companies during the third quarter, which weakened the cash flow and working capital efficiency. Net debt increased during the quarter, but the net debt/equity ratio remained relatively low. The Group is maintaining its strong financial position.

Acquisitions

Thus far in 2022, we have had a good acquisition pace, welcoming 13 new companies to the Group, with total annual sales of approximately SEK 1,430 million. Five companies were acquired during the third quarter. In July, we welcomed the German company, Beck Sensortechnik, which develops, manufactures, and sells pressure switches and pressure transmitters, along with the Swedish company Primed, which offers professional physiotherapy equipment. Further, three companies in the Netherlands were acquired during the quarter: OCI, a specialist in customised assemblies for energy and water applications, Tebra – one of the largest producers of industrial knives in the Netherlands and CaTec, a specialist in climate measurement technology, offering a broad range of measuring instruments and sensors to customers based in the Benelux region. After the end of the quarter, we signed an agreement to acquire the Danish company BPI, a slightly larger acquisition for us. BPI is a leading manufacturer of customer specific engineered foam solutions. All companies are stable, profitable and leading in their respective niches, which strengthens our position in attractive market segments.

During the quarter, we continued strengthening our acquisition capacity and resources. The market situation and inflow of interesting companies remain strong.

Outlook

Despite increased uncertainty and some indications of lower activity in some customer segments, the demand situation in general remains good. Many of our companies are also well positioned towards segments with structural growth, with strong underlying market forces, and we have a large order backlog that gives us confidence regarding sales and earnings growth in the near term.

Indutrade continues demonstrating its strength through balanced diversification and decentralised decision-making, which offers our companies flexibility and the ability to effectively handle changed circumstances. By continuously adding new, well-managed, successful companies, we are able to advance our position further, lower the overall economic risks and simultaneously improve the conditions for organic growth. In doing so, we have a stable platform with good prerequisites for continued long-term sustainable and profitable growth.

Bo Annvik, President and CEO

Group performance

Order intake

The business situation during the third quarter remained strong and order intake was higher than it was in the corresponding quarter previous year. A continued positive trend was noted for all major customer segments, but with variation between companies and countries. The process industry still showed the strongest performance. The variation was most evident in the medical technology and pharmaceutical segments as well as infrastructure and construction, among other things driven by strong comparative figures from the corresponding period previous year.

Order intake was 3% lower than invoicing and amounted to SEK 6,535 million (5,428), an increase of 20% compared to the corresponding period previous year. For comparable units, order intake increased by 8%, acquisitions contributed with 8% and currency movements had a positive impact of 4%.

Order intake increased organically in seven of the eight business areas, with the strongest growth in the DACH and Finland business areas. The positive trend was broad in both business areas and most companies improved their order intake during the quarter. The weakest performance was in the UK business area, primarily due to the development of a number of companies in the infrastructure and construction and marine customer segments.

Order intake during the period January – September amounted to SEK 20,649 million (17,181), an increase of 20%. Comparable units increased by 9%, acquisitions contributed with 7% and currency movements had a positive impact of 4%.

Net sales

Net sales grew strongly during the third quarter and increased by 27% compared to the corresponding period previous year, amounting to SEK 6,707 million (5,290). Comparable units increased by 14%, acquisitions contributed with 8% and currency movements had a positive impact of 5%.

Net sales increased organically in all business areas compared to the corresponding period previous year. The strongest performance was in the Flow Technology and Industrial Components business areas, where most companies and customer segments developed positively.

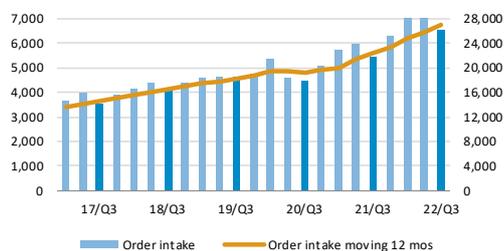
Disruptions in the supply chains persisted in all material respects during the quarter, although some companies noted certain improvements. The Measurement & Sensor Technology business area was affected the most by the disruptions, primarily associated with electronics components.

All business with companies in Russia and Belarus is still suspended because of the invasion of Ukraine. The overall direct and indirect exposure to these countries is however very limited and the Group does not have any subsidiaries or employees in Russia, Ukraine or Belarus. During 2021, net sales to these countries accounted for less than 1% of Indutrade's total sales. The effect on net sales during the third quarter has been assessed as immaterial for the Group.

During the period January – September, net sales increased by 24% to SEK 19,788 million (15,989). Comparable units increased by 12%, acquisitions contributed with 8% and currency movements had a positive impact of 4%.

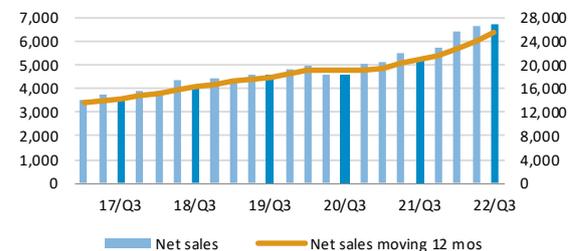
Order intake

SEK million



Net Sales

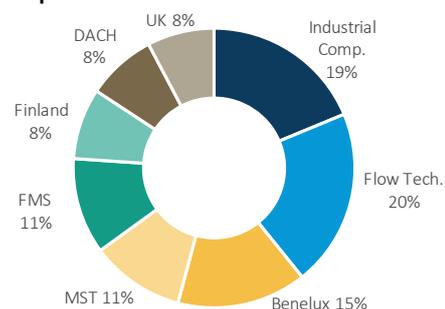
SEK million



Sales growth



Net Sales per Business Area



Q3

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,035 million (810) for the third quarter, an improvement of 28%. Comparable units increased by 14%, acquisitions contributed 9% and currency movements had a positive impact of 5%. The EBITA margin increased and amounted to 15.4% (15.3%), the highest ever.

Nonrecurring items impacted EBITA positively during the quarter by SEK 16 (17) million. Excluding nonrecurring items, the EBITA margin amounted to 15.2% (15.0%). Nonrecurring items consisted of revaluation of contingent earn-out payments, which impacted EBITA positively by SEK 27 million, along with impairment of goodwill and acquisition costs, which amounted to SEK -11 million.

The margin improvement was primarily attributable to good profitability in newly acquired companies, along with strong organic sales growth. The performance was dampened, however, by a somewhat weaker gross margin, along with higher activity levels and overhead costs.

Supplier prices continued to rise during the quarter and many companies have thus raised their prices to customers even higher. Gross margin remained at a good level during the quarter, but it declined slightly compared to the corresponding period last year and amounted to 34.2% (35.1%). The decrease was primarily due to gradually increasing costs for raw materials and components, purchased in the past year. For the period January – September, gross margin was 34.6% (34.7%).

The strongest growth in the EBITA margin came from the Benelux business area. Earnings improvement from a number of companies with customers in medical technology and pharmaceuticals made a strong contribution, but the trend was positive for the majority of the companies. The weakest margin trend was reported by the Fluids & Mechanical Solutions business area, primarily due to suspended business dealings with Russia and Belarus.

Net financial items during the third quarter amounted to SEK -42 million (-20). The higher financial costs were due to increased borrowing and higher interest rates. Tax on profit for the quarter amounted to SEK -179 million (-146), corresponding to a tax charge of 21% (21%). Profit for the quarter increased by 26% to SEK 691 million (550). Earnings per share before dilution increased by 26% and amounted to SEK 1.90 (1.51).

EBITA during the period January – September amounted to SEK 3,017 million (2,366), an increase of 28%. Comparable units increased by 14%, acquisitions contributed 9% and currency movements had a positive impact of 5%. The EBITA margin increased and amounted to 15.2% (14.8%).

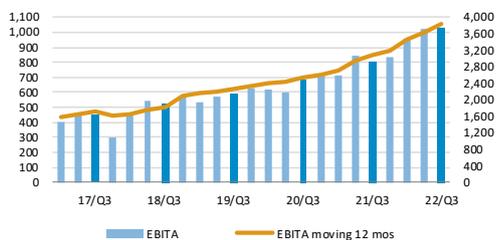
Net financial items for the period January – September amounted to SEK -114 million (-78). Tax on profit for the year amounted to SEK -551 million (-439), corresponding to a tax charge of 22% (22%). Profit for the period increased by 27% and amounted to SEK 2,004 million (1,573). Earnings per share before dilution increased by 27% and amounted to SEK 5.50 (4.32).

Return

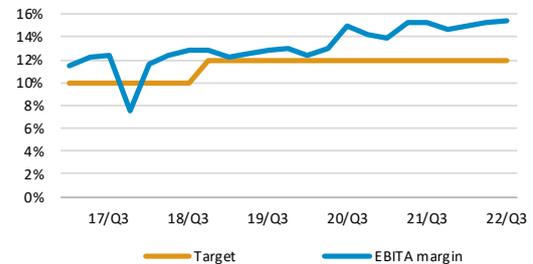
Return on capital employed increased compared to previous year and amounted to 23% (22%), primarily driven by the improved earnings level. Return on equity amounted to 24% (23%).

EBITA

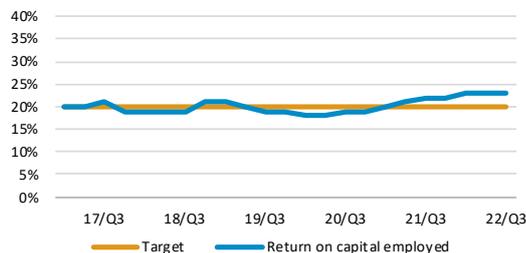
SEK million



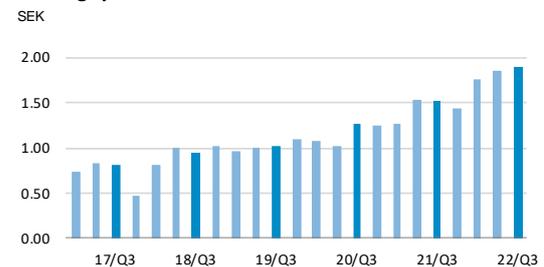
EBITA margin



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	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	1,012	823	23%	2,931	2,488	18%	3,774	3,331
EBITA	139	100	39%	432	337	28%	559	464
EBITA margin, %	13.7	12.2		14.7	13.5		14.8	13.9

Net sales increased by 23% during the third quarter to SEK 1,012 million (823). Comparable units increased by 13%, acquisitions contributed with 5% and currency movements had a positive impact of 5%.

Overall, demand during the quarter was higher than in the corresponding period previous year, with order growth in the majority of companies. Performance was strong particularly for companies with customers in the medical technology and pharmaceuticals, as well as valves for power generation. Order intake was on a par with invoicing.

EBITA increased during the third quarter by 39% to SEK 139 million (100), corresponding to an EBITA margin of 13.7% (12.2%). Comparable units increased by 25%, acquisitions contributed with 10% and currency movements had a positive impact of 4%.

The improved EBITA margin was primarily driven by good organic sales growth.

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	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	552	424	30%	1,577	1,204	31%	2,034	1,661
EBITA	88	63	40%	236	167	41%	305	236
EBITA margin, %	15.9	14.9		15.0	13.9		15.0	14.2

Net sales increased by 30% during the third quarter to SEK 552 million (424). Comparable units increased by 10%, acquisitions contributed with 8% and currency movements had a positive impact of 12%.

Overall, demand during the quarter was higher than in the corresponding period previous year, with order growth in the majority of the business area's companies. The trend was largely attributable to good demand from the Swiss pharmaceutical, process and chemical industries. Order intake was 1% lower than invoicing.

EBITA increased during the third quarter by 40% to SEK 88 million (63), corresponding to an EBITA margin of 15.9% (14.9%). Comparable units increased by 17%, acquisitions contributed with 10% and currency movements had a positive impact of 13%.

The improved EBITA margin was primarily attributable to an improved gross margin in several companies.

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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	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	565	462	22%	1,615	1,301	24%	2,140	1,826
EBITA	105	81	30%	274	202	36%	355	283
EBITA margin, %	18.6	17.5		17.0	15.5		16.6	15.5

Net sales increased by 22% during the third quarter to SEK 565 million (462). Comparable units increased by 10%, acquisitions contributed with 7% and currency movements had a positive impact of 5%.

Demand during the quarter was higher than in the corresponding period previous year, with a positive order trend for all of the business area's companies. However, order intake was 7% lower than invoicing.

EBITA increased during the third quarter by 30% to SEK 105 million (81), corresponding to an EBITA margin of 18.6% (17.5%). Comparable units increased by 19%, acquisitions contributed with 6% and currency movements had a positive impact of 5%.

The improved EBITA margin was primarily driven by strong growth in gross margin and net sales for many 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	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	1,387	1,045	33%	4,037	3,192	26%	5,146	4,301
EBITA	224	175	28%	660	500	32%	828	668
EBITA margin, %	16.1	16.7		16.3	15.7		16.1	15.5

Net sales increased by 33% during the third quarter to SEK 1,387 million (1,045). Comparable units increased by 23%, acquisitions contributed with 6% and currency movements had a positive impact of 4%. Divestments had a marginal impact.

Overall, demand during the quarter was slightly higher than in the corresponding period previous year, with positive order growth in the majority of the business area's companies. A good demand was noted from customers in, among others, the process industry, while the trend was weaker for medical technology and pharmaceuticals segment, primarily attributable to very strong comparison figures previous year. Order intake was 9% lower than invoicing.

EBITA increased during the third quarter by 28% to SEK 224 million (175), corresponding to an EBITA margin of 16.1% (16.7%). Comparable units increased by 18%, acquisitions contributed with 7% and currency movements had a positive impact of 3%. Divestments had a marginal impact.

The lower EBITA margin is primarily explained by a weaker 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	2022	2021	Change	2022	2021	Change	2021/22	2021
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Moving 12 mos	Jan-Dec
Net sales	714	596	20%	2,189	1,724	27%	2,832	2,367
EBITA	108	105	3%	337	274	23%	445	382
EBITA margin, %	15.1	17.6		15.4	15.9		15.7	16.1

Net sales increased by 20% during the third quarter to SEK 714 million (596). Comparable units increased by 13%, acquisitions contributed with 5% and currency movements had a positive impact of 2%.

The demand varied between the business area's companies during the quarter, but was, on the whole, higher than in the corresponding period previous year. The strongest demand came from customers in the medical technology and pharmaceuticals segment, while there was a weaker trend for infrastructure and construction. The automotive aftermarket segment remained impacted by the suspension of business with customers in Russia and Belarus. Overall, order intake was 6% lower than invoicing.

EBITA increased during the third quarter by 3% to SEK 108 million (105), corresponding to an EBITA margin of 15.1% (17.6%). Comparable units decreased by 3%, acquisitions contributed with 4% and currency movements had a positive impact of 2%.

The lower EBITA margin is primarily explained by lower earnings in the automotive aftermarket segment.

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	2022	2021	Change	2022	2021	Change	2021/22	2021
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Moving 12 mos	Jan-Dec
Net sales	1,270	1,015	25%	3,882	3,281	18%	5,074	4,473
EBITA	204	167	22%	640	549	17%	824	733
EBITA margin, %	16.1	16.5		16.5	16.7		16.2	16.4

Net sales increased by 25% during the third quarter to SEK 1,270 million (1,015). Comparable units increased by 16%, acquisitions contributed with 6% and currency movements had a positive impact of 3%.

Demand during the quarter was stronger than in the corresponding period previous year, with order growth in most of the companies. Companies with customers in the medical technology and pharmaceuticals industry had the strongest development compared to the corresponding period previous year, while a more dampened trend prevailed in infrastructure and construction. Order intake was 1% lower than invoicing.

EBITA increased during the third quarter by 22% to SEK 204 million (167), corresponding to an EBITA margin of 16.1% (16.5%). Comparable units increased by 12%, acquisitions contributed with 7% and currency movements had a positive impact of 3%.

The weaker EBITA margin was primarily attributable to a somewhat lower gross margin for comparable units.

Q3

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	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	749	570	31%	2,128	1,750	22%	2,750	2,372
EBITA	134	104	29%	393	316	24%	505	428
EBITA margin, %	17.9	18.2		18.5	18.1		18.4	18.0

Net sales increased by 31% during the third quarter to SEK 749 million (570). Comparable units increased by 11%, acquisitions contributed with 13% and currency movements had a positive impact of 7%.

Demand during the quarter was higher than in the corresponding period previous year, with growth in the majority of companies. A strong trend was noted, among others, for companies with customers in the energy sector, communications and HVAC. For customers with exposure to the retail sector, demand was weaker compared to the corresponding period previous year. Order intake was 7% higher than invoicing during the quarter.

EBITA increased during the third quarter by 29% to SEK 134 million (104), corresponding to an EBITA margin of 17.9% (18.2%). Comparable units increased by 10%, acquisitions contributed with 11% and currency movements had a positive impact of 8%.

Many of the companies improved the gross margin somewhat during the quarter, but the trend was counteracted by higher activity levels and overhead costs.

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	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	490	377	30%	1,514	1,107	37%	1,874	1,467
EBITA	53	43	23%	180	126	43%	212	158
EBITA margin, %	10.8	11.4		11.9	11.4		11.3	10.8

Net sales increased by 30% during the third quarter and amounted to SEK 490 million (377). Comparable units increased by 2%, acquisitions contributed with 24% and currency movements had a positive impact of 4%.

Overall, demand during the quarter was lower than in the corresponding period previous year, but orders developed however positively for the majority of companies. Demand was good for companies with customers in, for example, the aviation industry and energy segment, but the trend for some companies with customers in infrastructure and construction, as well as the marine segment, counteracted this. Order intake was on a par with invoicing.

EBITA increased during the third quarter by 23% to SEK 53 million (43), corresponding to an EBITA margin of 10.8% (11.4%). Comparable units decreased by 8%, acquisitions contributed with 27% and currency movements had a positive impact of 4%.

The lower EBITA margin was primarily attributable to the low sales growth for comparable units, in combination with higher activity levels and overhead costs.

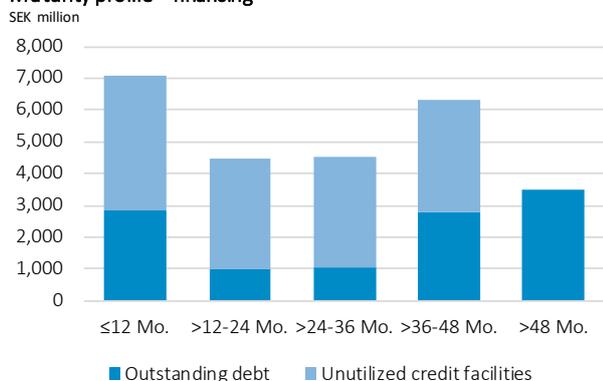
Other financial information

Financial position

Shareholders' equity amounted to SEK 11,883 million (9,660) and the equity ratio to 45% (48%). Cash and cash equivalents amounted to SEK 1,024 million (930). In addition to that, there were unutilised credit commitments of SEK 4,985 million (4,927). Interest-bearing net debt amounted to SEK 7,267 million (4,958) at the end of the quarter. The increase compared to last year is primarily attributable to a somewhat lower operating cash flow in combination with a continued high rate of acquisition. However, the net debt/equity ratio remained relatively low from a historical perspective and amounted to 61% (51%). Net debt in relation to EBITDA was 1.6x (1.3x).

At the end of the quarter, the Parent Company's short-term borrowing amounted to SEK 1,419 million and long-term unutilised credit facilities amounted to SEK 3,500 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.

Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2022

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	Autoroll UK Ltd	UK	67	31
February	NTi Audio AG	Measurement & Sensor Technology	90	43
April	Stabalux GmbH	Fluids & Mechanical Solutions	40	16
April	PMH International AB	Industrial Components	140	26
May	acti-Chem A/S	Flow Technology	50	15
May	Pro Diagnostics Scandinavia AB	Industrial Components	50	11
June	Oscar Medtec AB	Industrial Components	70	29
July	Primed Fysio och Rehab AB	Industrial Components	30	5
July	Beck Sensortechnik GmbH	Measurement & Sensor Technology	130	80
July	OCI B.V.	Benelux	110	20
August	Tebra Messen Industrie B.V.	Benelux	52	29
September	CaTec B.V.	Benelux	100	14
Total			929	319

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

Further information about completed company acquisitions can be found on page 21 of this interim report.

Cash flow, capital expenditures and depreciation

Cash flow from operating activities decreased during the quarter compared to the corresponding period previous year and amounted to SEK 624 million (671). The deterioration is attributable to a higher amount of capital tied up in inventory for many companies, driven by disruptions in the supply chains. Because of the challenges in supply chains, working capital efficiency (measured as working capital in relation to sales moving 12 months for comparable units) declined slightly compared to the corresponding period previous year.

The cash flow from operating activities during the period January – September amounted to SEK 1,522 million (1,952). Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) amounted to SEK 1,185 million (1,724).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 337 million (228). Depreciation of property, plant and equipment totalled SEK 537 million (479). Investments in company acquisitions amounted to SEK 1,109 million (666). In addition, payments pertaining to previous years' acquisitions totalled SEK 211 million (48). Divestments amounted to SEK 0 million (3).

In cash flow from operating activities, depreciation of leased assets in the amount of SEK 298 million (265) has been added back during the period January – September in accordance with IFRS 16. Lease amortisation is reported as cash flow from financing activities.

Employees

The number of employees was 8,605 at the end of the period, compared with 8,185 at the start of the year.

Q3

Events after the end of the reporting period

On 27 October, Indutrade entered into an agreement to acquire Bramming Plast-Industri A/S. For more information, please see page 22.

Parent company

The main functions of Indutrade AB are to take responsibility for business development, talent development, sustainability, acquisitions, financing, business control, analysis and communication. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 0 million (0) for the period January – September. The Parent Company's financial fixed assets consist mainly of shares in subsidiaries. During the period January – September, the Parent Company acquired shares in eight 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 30 September was 20 (20).

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 2021, Indutrade has assessed that no additional significant risks or uncertainties have arisen or dissipated.

As a consequence of Russia's invasion of Ukraine, Indutrade has stopped all business activities with companies in Russia and Belarus. The direct exposure to these countries is very limited and the Group does not have any subsidiaries or employees in Russia, Ukraine or Belarus. During 2021, net sales to these countries accounted for less than 1% of Indutrade's total sales. Also, the indirect exposure is assessed as limited.

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 2021 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 have a significant impact on the Group's result of operations and position in 2022.

Nomination Committee

Indutrade's Annual General Meeting on 6 May 2013 adopted an instruction for the Nomination Committee of Indutrade AB that applies until further notice. According to this instruction, the Nomination Committee shall be composed of representatives of four of the largest shareholders in terms of votes (owner-grouped), plus the Chair of the Board. The member representing the largest shareholder shall serve as committee chair. In the event a member resigns from the Nomination Committee prior to the completion of its work, if the Nomination Committee finds it suitable a replacement shall be appointed from the same shareholder or, if such shareholder is no longer one of the largest shareholders, from the shareholder that is next in turn in terms of size. If the ownership conditions otherwise change significantly before the Nomination Committee's assignment has been completed, if the Nomination Committee so decides, it shall be possible to make a change in the composition of the committee in a manner deemed suitable by the Nomination Committee. The composition of the Nomination Committee ahead of the Annual General Meeting shall be based on shareholder information from Euroclear Sweden AB's register as per the last trading day in August, and shall be announced as soon as the members are appointed, but not later than six months prior to the Annual General Meeting. No fees shall be paid to the members of the Nomination Committee. Any costs incurred for the Nomination Committee's work shall be borne by the company. The Nomination Committee's mandate period continues until the composition of the subsequent Nomination Committee has been made public. Accordingly, the following persons have been appointed as members of the Nomination Committee: Claes Boustedt, L E Lundbergföretagen AB and Committee Chair, Katarina Martinson, Chair of the Board, Indutrade AB, Dick Bergqvist, AMF Tjänstepension & AMF Fonder, Camilla Wirth, Alecta Tjänstepension Ömsesidigt and Karin Eliasson, Handelsbanken Funds. Indutrade's Annual General Meeting will be held on 29 March 2023, in Stockholm. Shareholders who wish to submit nominations to the Nomination Committee can do so via e-mail at valberedning@indutrade.com, or by sending them to Indutrade by post at the company's address. In order for the Nomination Committee to be able to consider submitted nominations in a constructive manner, these should be in the committee's possession by 31 December 2022 at the latest.

Financial Calendar

- 2 February 2023:
Year-end report 1 January – 31 December 2022
- 29 March 2023:
AGM will be held in Stockholm
- 27 April 2023:
Interim report 1 January – 31 March 2023
- 20 July 2023:
Interim report 1 January – 30 June 2023
- 27 October 2023:
Interim report 1 January – 30 September 2023

Capital Markets Day on 8 November 2022

Indutrade will hold a Capital Markets Day on 8 November 2022 with the aim of providing an update on the company's strategy and priorities for continued sustainable profitable growth. Presentations will be given by Indutrade's President and CEO, Bo Annvik, CFO Patrik Johnson, business area managers and other executives in the Group. Besides the presentations, those attending the event will get to meet some of the MDs of our subsidiaries, who will be demonstrating some of their products.

The Capital Markets Day will be a live event, held at Operaterassen in Stockholm and it will also be broadcast online. For more information, please visit: <https://www.indutrade.com/investors--media/reports--presentations/capital-markets-day-2022/>.

Stockholm, 28 October 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 Regulation. The information was submitted for publication by the agency of the following contact persons on 28 October 2022 at 7.30 CEST.

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 28 October at 9.30 CEST via the following link:

<https://tv.streamfabriken.com/indutrade-q3-2022>

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

SE: +46 8 505 163 86

UK: +44 20 319 84884

US: +1 412 317 6300

Pin code: 0501170#

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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 30 September 2022, and the nine-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, 28 October 2022
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in Charge

Indutrade consolidated income statement – condensed

SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	6,707	5,290	19,788	15,989	25,514	21,715
Cost of goods sold	-4,410	-3,433	-12,946	-10,433	-16,619	-14,106
Gross profit	2,297	1,857	6,842	5,556	8,895	7,609
Development costs	-77	-63	-236	-187	-307	-258
Selling costs	-957	-791	-2,888	-2,375	-3,792	-3,279
Administrative expenses	-380	-305	-1,137	-912	-1,456	-1,231
Other operating income and expenses	29	18	88	8	64	-16
Operating profit	912	716	2,669	2,090	3,404	2,825
Net financial items	-42	-20	-114	-78	-136	-100
Profit before taxes	870	696	2,555	2,012	3,268	2,725
Income Tax	-179	-146	-551	-439	-740	-628
Net profit for the period	691	550	2,004	1,573	2,528	2,097
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	691	549	2,003	1,572	2,526	2,095
Non-controlling interests	0	1	1	1	2	2
	691	550	2,004	1,573	2,528	2,097
EBITA	1,035	810	3,017	2,366	3,853	3,202
<i>Operating profit includes:</i>						
Amortisation of intangible assets ¹⁾	-134	-104	-381	-306	-494	-419
<i>of which attributable to acquisitions</i>	<i>-123</i>	<i>-94</i>	<i>-348</i>	<i>-276</i>	<i>-449</i>	<i>-377</i>
Depreciation of property, plant and equipment	-187	-160	-537	-479	-697	-639
Earnings per share before dilution, SEK	1.90	1.51	5.50	4.32	6.94	5.76
Earnings per share after dilution, SEK	1.90	1.51	5.50	4.32	6.93	5.75

¹⁾ Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021/22 Moving 12 mos	2021 Jan-Dec
Net profit for the period	691	550	2,004	1,573	2,528	2,097
Other comprehensive income						
Items that can be reversed into income statement						
Fair value adjustment of hedge instruments	-13	0	-4	1	-4	1
Tax attributable to fair value adjustments	3	0	1	0	1	0
Exchange rate differences	144	32	382	138	447	203
Items that cannot be reversed into income statement						
Actuarial gains/losses	55	-	55	-	109	54
Tax on actuarial gains/losses	-11	-	-11	-	-22	-11
Other comprehensive income for the period, net of tax	178	32	423	139	531	247
Total comprehensive income for the period	869	582	2,427	1,712	3,059	2,344
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	869	581	2,426	1,711	3,057	2,342
Non-controlling interests	0	1	1	1	2	2

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Indutrade consolidated balance sheet – condensed

SEK million	2022 30-Sep	2021 30-Sep	2021 31-Dec
Goodwill	6,408	4,749	5,439
Other intangible assets	3,849	2,844	3,331
Property, plant and equipment	3,776	3,250	3,385
Financial assets	210	221	204
Inventories	5,286	3,641	4,010
Trade receivables	4,501	3,524	3,458
Other receivables	1,069	776	713
Cash and cash equivalents	1,024	930	1,460
Total assets	26,123	19,935	22,000
Equity	11,883	9,660	10,303
Non-current interest-bearing liabilities and pension liabilities	6,084	4,644	5,536
Other non-current liabilities and provisions	1,096	810	976
Current interest-bearing liabilities	2,207	1,244	1,413
Trade payables	1,982	1,448	1,597
Other current liabilities	2,871	2,129	2,175
Total equity and liabilities	26,123	19,935	22,000

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2022 30-Sep	2021 30-Sep	2021 31-Dec
Opening equity	10,292	8,624	8,624
Total comprehensive income for the period	2,426	1,712	2,342
New issues	11	40	48
Dividend ¹⁾	-837	-655	-655
Hedging of incentive programme	-44	-77	-80
Share-based payments	23	6	13
Closing equity	11,871	9,650	10,292
<i>Equity, attributable to:</i>			
Equity holders of the parent company	11,871	9,650	10,292
Non-controlling interests	12	10	11
	11,883	9,660	10,303

¹⁾ Dividend per share for 2021 (2020) was SEK 2,30 (1,80).

Indutrade consolidated cash flow statement – condensed

SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021/22 Moving 12 mos	2021 Jan-Dec
Operating profit	912	716	2,669	2,090	3,404	2,825
Non-cash items	301	254	907	775	1,212	1,080
Interests and other financial items, net	-29	-19	-79	-61	-90	-72
Paid tax	-161	-147	-571	-458	-751	-638
Change in working capital	-399	-133	-1,404	-394	-1,352	-342
Cash flow from operating activities	624	671	1,522	1,952	2,423	2,853
Net capital expenditures in non-current assets	-103	-79	-337	-228	-466	-357
Company acquisitions and divestments	-605	-132	-1,320	-712	-2,268	-1,660
Change in other financial assets	0	1	6	20	3	17
Cash flow from investing activities	-708	-210	-1,651	-920	-2,731	-2,000
Debt/repayment of debt, net	-184	-973	447	-278	1,132	407
Dividend paid out	-	-	-837	-655	-837	-655
New issues	-	-	11	40	19	48
Cash flow from financing activities	-184	-973	-379	-893	314	-200
Cash flow for the period	-268	-512	-508	139	6	653
Cash and cash equivalents at start of period	1,265	1,433	1,460	758	930	758
Exchange rate differences	27	9	72	33	88	49
Cash and cash equivalents at end of period	1,024	930	1,024	930	1,024	1,460

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Key data

	2022 30-Sep	2021 31-Dec	2021 30-Sep	2020 31-Dec	2019 31-Dec
Moving 12 mos					
Net sales, SEK million	25,514	21,715	21,017	19,217	18,411
Sales growth, %	21	13	10	4	9
EBITA, SEK million	3,853	3,202	3,078	2,615	2,330
EBITA margin, %	15.1	14.7	14.6	13.6	12.7
Capital employed at end of period, SEK million	19,150	15,792	14,618	13,512	13,300
Capital employed, average, SEK million	16,845	14,516	14,055	13,541	12,416
Return on capital employed, % ¹⁾	23	22	22	19	19
Equity, average, SEK million	10,681	9,297	8,919	7,899	6,715
Return on equity, % ¹⁾	24	23	23	21	22
Interest-bearing net debt at end of period, SEK million	7,267	5,489	4,958	4,878	6,130
Net debt/equity ratio, %	61	53	51	56	85
Net debt/EBITDA, times	1.6	1.4	1.3	1.5	2.1
Equity ratio, %	45	47	48	48	41
Average number of employees	8,298	7,715	7,524	7,349	7,167
Number of employees at end of period	8,605	8,185	7,812	7,270	7,357
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	6.94	5.76	5.57	4.60	4.09
Earnings per share after dilution, SEK	6.93	5.75	5.56	4.59	4.09
Equity per share, SEK	32.58	28.26	26.50	23.72	19.74
Cash flow from operating activities per share, SEK	6.65	7.84	7.55	7.66	5.30
Average number of shares before dilution, '000	364,224	363,921	363,660	362,721	362,565
Average number of shares after dilution, '000	364,287	364,180	364,061	363,320	362,754
Number of shares at the end of the period, '000	364,323	364,188	364,102	363,615	362,565

¹⁾ Calculated on average capital and equity.

Business area performance

	2022	2021	2022	2021	2021/22	2021
Net sales, SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Benelux	1,012	823	2,931	2,488	3,774	3,331
DACH	552	424	1,577	1,204	2,034	1,661
Finland	565	462	1,615	1,301	2,140	1,826
Flow Technology	1,387	1,045	4,037	3,192	5,146	4,301
Fluids & Mechanical Solutions	714	596	2,189	1,724	2,832	2,367
Industrial Components	1,270	1,015	3,882	3,281	5,074	4,473
Measurement & Sensor Technology	749	570	2,128	1,750	2,750	2,372
UK	490	377	1,514	1,107	1,874	1,467
Parent company and Group items	-32	-22	-85	-58	-110	-83
Total	6,707	5,290	19,788	15,989	25,514	21,715
	2022	2021	2022	2021	2021/22	2021
EBITA, SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Benelux	139	100	432	337	559	464
DACH	88	63	236	167	305	236
Finland	105	81	274	202	355	283
Flow Technology	224	175	660	500	828	668
Fluids & Mechanical Solutions	108	105	337	274	445	382
Industrial Components	204	167	640	549	824	733
Measurement & Sensor Technology	134	104	393	316	505	428
UK	53	43	180	126	212	158
Parent company and Group items	-20	-28	-135	-105	-180	-150
Total	1,035	810	3,017	2,366	3,853	3,202
	2022	2021	2022	2021	2021/22	2021
EBITA margin, %	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Benelux	13.7	12.2	14.7	13.5	14.8	13.9
DACH	15.9	14.9	15.0	13.9	15.0	14.2
Finland	18.6	17.5	17.0	15.5	16.6	15.5
Flow Technology	16.1	16.7	16.3	15.7	16.1	15.5
Fluids & Mechanical Solutions	15.1	17.6	15.4	15.9	15.7	16.1
Industrial Components	16.1	16.5	16.5	16.7	16.2	16.4
Measurement & Sensor Technology	17.9	18.2	18.5	18.1	18.4	18.0
UK	10.8	11.4	11.9	11.4	11.3	10.8
Total	15.4	15.3	15.2	14.8	15.1	14.7

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Business area performance per quarter

Net sales, SEK million	2022			2021			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	1,012	970	949	843	823	864	801
DACH	552	521	504	457	424	409	371
Finland	565	545	505	525	462	453	386
Flow Technology	1,387	1,385	1,265	1,109	1,045	1,144	1,003
Fluids & Mechanical Solutions	714	753	722	643	596	603	525
Industrial Components	1,270	1,342	1,270	1,192	1,015	1,113	1,153
Measurement & Sensor Technology	749	692	687	622	570	610	570
UK	490	504	520	360	377	375	355
Parent company and Group items	-32	-29	-24	-25	-22	-19	-17
Total	6,707	6,683	6,398	5,726	5,290	5,552	5,147

EBITA, SEK million	2022			2021			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	139	155	138	127	100	122	115
DACH	88	78	70	69	63	59	45
Finland	105	96	73	81	81	76	45
Flow Technology	224	236	200	168	175	185	140
Fluids & Mechanical Solutions	108	116	113	108	105	96	73
Industrial Components	204	218	218	184	167	196	186
Measurement & Sensor Technology	134	128	131	112	104	113	99
UK	53	59	68	32	43	45	38
Parent company and Group items	-20	-63	-52	-45	-28	-49	-28
Total	1,035	1,023	959	836	810	843	713

EBITA margin, %	2022			2021			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	13.7	16.0	14.5	15.1	12.2	14.1	14.4
DACH	15.9	15.0	13.9	15.1	14.9	14.4	12.1
Finland	18.6	17.6	14.5	15.4	17.5	16.8	11.7
Flow Technology	16.1	17.0	15.8	15.1	16.7	16.2	14.0
Fluids & Mechanical Solutions	15.1	15.4	15.7	16.8	17.6	15.9	13.9
Industrial Components	16.1	16.2	17.2	15.4	16.5	17.6	16.1
Measurement & Sensor Technology	17.9	18.5	19.1	18.0	18.2	18.5	17.4
UK	10.8	11.7	13.1	8.9	11.4	12.0	10.7
Total	15.4	15.3	15.0	14.6	15.3	15.2	13.9

Disaggregation of revenue

Net sales per geographic market

2022										
Jul-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	20	4	502	739	534	1,105	134	30	-11	3,057
Other Europe	852	527	33	526	148	143	270	406	-10	2,895
Americas	34	10	4	25	25	14	203	21	-6	330
Asia	94	10	19	87	6	8	110	30	-3	361
Other	12	1	7	10	1	0	32	3	-2	64
	1,012	552	565	1,387	714	1,270	749	490	-32	6,707
Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	16	67	0	0	64	19	34	0	-1	199
Point in time	996	485	565	1,387	650	1,251	715	490	-31	6,508
	1,012	552	565	1,387	714	1,270	749	490	-32	6,707
2021										
Jul-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	14	3	426	571	418	888	128	28	-9	2,467
Other Europe	695	401	27	377	150	117	178	306	-8	2,243
Americas	50	14	7	4	20	7	176	22	-3	297
Asia	54	6	2	79	6	1	72	15	-1	234
Other	10	0	0	14	2	2	16	6	-1	49
	823	424	462	1,045	596	1,015	570	377	-22	5,290
Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	11	74	0	0	31	9	41	0	0	166
Point in time	812	350	462	1,045	565	1,006	529	377	-22	5,124
	823	424	462	1,045	596	1,015	570	377	-22	5,290

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

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Disaggregation of revenue – continued

Net sales per geographic market

2022										
Jan-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Nordic countries	70	13	1,405	2,172	1,646	3,406	415	89	-34	9,182
Other Europe	2,471	1,504	113	1,445	444	415	736	1,250	-27	8,351
Americas	138	36	16	36	72	43	607	77	-13	1,012
Asia	211	22	39	355	22	16	302	85	-8	1,044
Other	41	2	42	29	5	2	68	13	-3	199
	2,931	1,577	1,615	4,037	2,189	3,882	2,128	1,514	-85	19,788

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Over time	39	205	0	0	166	23	157	0	-3	587
Point in time	2,892	1,372	1,615	4,037	2,023	3,859	1,971	1,514	-82	19,201
	2,931	1,577	1,615	4,037	2,189	3,882	2,128	1,514	-85	19,788

2021										
Jan-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Nordic countries	57	8	1,187	1,753	1,221	2,750	410	92	-26	7,452
Other Europe	2,083	1,136	92	1,197	412	486	543	895	-23	6,821
Americas	152	34	13	19	64	23	543	52	-6	894
Asia	169	24	8	188	22	15	212	54	-2	690
Other	27	2	1	35	5	7	42	14	-1	132
	2,488	1,204	1,301	3,192	1,724	3,281	1,750	1,107	-58	15,989

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Over time	24	206	0	0	43	21	122	0	-1	415
Point in time	2,464	998	1,301	3,192	1,681	3,260	1,628	1,107	-57	15,574
	2,488	1,204	1,301	3,192	1,724	3,281	1,750	1,107	-58	15,989

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Acquisitions

Acquisitions during the period January – September

All of the shares were acquired in Autoroll UK Ltd (UK), NTi Audio AG (Liechtenstein), Stabalux GmbH (Germany), PMH International AB (Sweden), acti-Chem A/S (Denmark), Pro Diagnostics Scandinavia AB (Sweden), Oscar Medtec AB (Sweden), Beck Sensortechnik GmbH (Germany), Primed Fysio och Rehab AB (Sweden), OCI B.V. (Netherlands), Tebra Messen Industrie B.V. (Netherlands) and CaTec B.V. (Netherlands).

Flow Technology

On 24 May, acti-Chem A/S (Denmark) was acquired, with annual sales of SEK 50 million. The company delivers sustainable water treatment solutions, managing and optimising quality of complex industrial process water.

Fluids & Mechanical Solutions

On 1 April, Stabalux GmbH (Germany) was acquired, with annual sales of SEK 40 million. Stabalux is a manufacturer of profile systems for curtain wall facades. The customer offering includes modular systems with profiles made of steel, aluminium, timber or bamboo.

Industrial Components

On 7 April, PMH International AB (Sweden) was acquired, with annual sales of SEK 140 million. PMH is a specialised technical trading company operating in the market segments lifting and material handling equipment as well as industrial/storage halls.

On 31 May, Pro Diagnostics Scandinavia AB (Sweden) was acquired, with annual sales of SEK 50 million. Prodiagnostics is a provider of drug tests and offers a wide range of rapid tests and laboratory analyses.

On 13 June, Oscar Medtec AB (Sweden) was acquired, with annual sales of SEK 70 million. Oscar Medtec is a supplier of medical refrigerators and examination furniture, such as examination tables, testing chairs and storage solutions.

On 7 July, Primed Fysio och Rehab AB (Sweden) was acquired, with annual sales of SEK 30 million. Primed is a Swedish supplier of professional physiotherapy equipment. The products are used for physiotherapy aimed at patients with a comprehensive rehabilitation need.

Measurement & Sensor Technology

On 17 February, NTi Audio AG (Liechtenstein) was acquired, with annual sales of SEK 90 million. The company manufactures test and measurement equipment for acoustics, audio and vibration applications.

On 6 July, Beck Sensortechnik GmbH (Germany) was acquired, with annual sales of SEK 130 million. The company develops, manufactures and sells pressure switches and pressure transmitters to OEM customers, operating in the fields of HVAC, water and wastewater, medical technology and other industrial applications.

UK

On 4 January, Autoroll UK Ltd (UK) was acquired, with annual sales of SEK 67 million. The company manufactures and supplies steel industrial doors and aluminium roller garage doors.

Benelux

On 13 July, OCI B.V. (Netherlands) was acquired, with annual sales of SEK 110 million. OCI offers solutions for connecting energy and water grids from the main network to domestic homes, office buildings and industrial sites.

On 11 August, Tebra Messen Industrie B.V. (Netherlands) was acquired, with annual sales of SEK 52 million. Tebra offers domestic and international clients machine knives used in a range of different sectors and industries such as food processing, rubber, recycling, packaging and hygiene.

On 8 September, CaTec B.V. (Netherlands) was acquired, with annual sales of SEK 100 million. The company is a specialist in climate measurement technology, offering measuring instruments and sensors to customers in the Benelux region.

Acquired assets and liabilities in 2022

Preliminary purchase price allocations

SEK million

	298 million	1,568 million	
	Book value	Fair value adjustment	Fair value
Purchase price, incl. contingent earn-out payment totalling SEK			
Acquired assets and liabilities			
Goodwill	6	707	713
Agencies, trademarks, customer relations, licences, etc.	0	704	704
Property, plant and equipment	44		44
Financial assets	0		0
Inventories	153		153
Other current assets ¹⁾	165		165
Cash and cash equivalents	158		158
Deferred tax liability	-1	-156	-157
Other operating liabilities	-212		-212
	313	1,255	1,568

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 0 million (29).

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 298 (137) million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 335 million (150). If the conditions are not met, the outcome can be in the range of SEK 0–335 million.

Transaction costs for the period January – September totalled SEK 8 million (10) and are included in Other income and expenses in the income statement. Contingent earn-out payments were restated in the amount of SEK 50 million (64). The effect is reported under Other income and expenses in the amount of SEK 48 million (62) and under Net financial items in the amount of SEK 2 million (2).

The acquisition calculations for Atlas Industrial Print AB and Advance Welding Group, which were acquired in the third quarter of 2021, 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	1,568
Purchase price not paid out	-301
Cash and cash equivalents in acquired companies	-158
Payments pertaining to previous years' acquisitions	211
Total cash flow impact	1,320

Effects of acquisitions carried out in 2021 and 2022

SEK million Business area	Net sales		EBITA	
	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep
Benelux	42	89	10	18
DACH	34	113	6	20
Finland	33	106	5	20
Flow Technology	62	136	12	17
Fluids & Mechanical Solutions	28	201	4	41
Industrial Components	65	157	12	32
Measurement & Sensor Technology	76	147	12	26
UK	89	293	11	45
Effect on Group	429	1,242	72	219
Acquisitions carried out in 2021	223	897	36	161
Acquisitions carried out in 2022	206	345	36	58
Effect on Group	429	1,242	72	219

If all acquired units had been consolidated as from 1 January 2022, net sales for the year would have amounted to SEK 20,178 million, and EBITA would have totalled SEK 3,104 million.

Acquisitions after the end of the reporting period

On 27 October, Indutrade entered into an agreement with the intention of acquiring all shares in the Danish company Bramming Plast-Industri A/S, with annual sales of SEK 500 million. The company is a leading manufacturer of customer specific engineered foam solutions.

Share Data

At the end of the interim period the share capital amounted to SEK 729 million

Number of shares at the beginning of the year	364,188,000
Number of newly subscribed shares ¹⁾	135,000
Total number of shares outstanding after new issues	364,323,000

¹⁾ Attributable to LTI 2017. The programme has ended.

LTIP 2021 and 2022

The 2021 and 2022 AGMs resolved on new incentive programmes. LTIP 2021 covers around 235 employees and is aimed at senior executives and other key employees. It 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.

LTIP 2022 covers around 265 employees and is aimed at senior executives and other key employees. LTIP 2022 requires own investment and it consists of performance shares. The scope of the programme is, at most, 425,000 shares in Indutrade, which corresponds to approximately 0.12% of all shares and votes.

For both programmes, the participant shall receive performance shares provided that the employment is not terminated, the investment shares have been retained and the performance targets have been fulfilled. Performance targets are based on the development of earnings per share during the performance period.

During the period January – September, SEK 23 million (6) (excluding social security contributions) were expensed as a result of the programme.

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
LTIP 2022	57,500	186,915	0.1%	Programme launch May 2022 – interim report publication first quarter 2025

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Financial assets and liabilities

30 Sep 2022, SEK million	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	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		Level 3	Level 3			
Valuation classification							
Other shares and participations	-	-	16	-	-	16	16
Trade receivables	-	4,501	-	-	-	4,501	4,501
Other receivables	12	23	-	-	-	35	35
Cash and cash equivalents	-	1,024	-	-	-	1,024	1,024
Total	12	5,548	16	-	-	5,576	5,576
Non-current interest-bearing liabilities	-	-	-	684	5,076	5,760	5,721
Current interest-bearing liabilities	-	-	-	326	1,881	2,207	2,204
Trade payables	-	-	-	-	1,982	1,982	1,982
Other liabilities	18	-	-	-	-	18	18
Total	18	-	-	1,010	8,939	9,967	9,925

31 Dec 2021, SEK million	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	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		Level 3	Level 3			
Valuation classification							
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

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	2022	2021
SEK million	30-Sep	31-Dec
Opening book value	861	549
Acquisitions during the year	300	418
Consideration paid	-161	-73
Reclassified via income statement	-49	-62
Interest expenses	11	9
Exchange rate differences	48	20
Closing book value	1,010	861

Parent company income statement – condensed

SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021/22 Moving 12 mos	2021 Jan-Dec
Net sales	0	0	0	0	9	9
Gross profit	0	0	0	0	9	9
Administrative expenses	-32	-30	-103	-95	-140	-132
Operating profit	-32	-30	-103	-95	-131	-123
Financial income/expenses	23	18	66	53	87	74
Profit from participation in Group companies	-	-	1,888	1,288	1,888	1,288
Profit after financial items	-9	-12	1,851	1,246	1,844	1,239
Appropriations	-	-	-	-	761	761
Income Tax	2	2	7	8	-150	-149
Net profit for the period	-7	-10	1,858	1,254	2,455	1,851
Amortisation/depreciation of intangible assets and property, plant and equipment	-1	0	-1	0	-1	0

Parent company balance sheet – condensed

SEK million	2022 30-Sep	2021 30-Sep	2021 31-Dec
Intangible assets	1	0	0
Property, plant and equipment	2	1	1
Financial assets	7,983	6,501	6,971
Current receivables	9,629	7,356	8,746
Cash and cash equivalents	116	6	489
Total assets	17,731	13,864	16,207
Equity	9,248	7,653	8,254
Untaxed reserves	755	675	755
Non-current interest-bearing liabilities and pension liabilities	4,481	3,135	3,925
Other non-current liabilities and provisions	0	0	0
Current interest-bearing liabilities	3,057	2,321	3,037
Current non-interest-bearing liabilities	190	80	236
Total equity and liabilities	17,731	13,864	16,207

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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.

Capital employed

Shareholders' equity plus interest-bearing net debt.

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.

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.

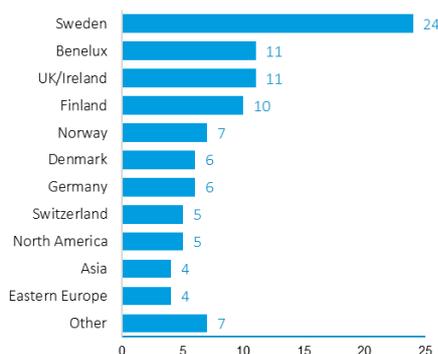
Net debt/equity ratio

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

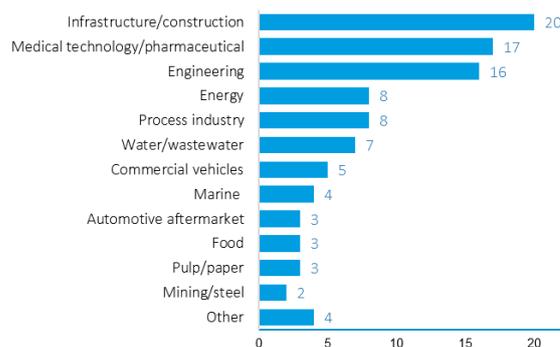
Dividend payout ratio

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

Net sales per market, %¹⁾



Net sales per customer segment, %¹⁾



¹⁾Financial year 2021

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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Capital Markets Day 2022

Indutrade invites investors, analysts, the media and other stakeholders to its Capital Markets Day on 8 November 2022. The capital market day will be held as a physical event in Stockholm. It will also be possible to follow the presentations online. The purpose of the Capital Markets Day is to give an update on Indutrade's strategy and priorities for continued sustainable and profitable growth. Presentations will be given by Indutrade's President and CEO, Bo Annvik, CFO Patrik Johnson, business area managers and other executives in the Group. Besides the presentations, attendees on site will also have the opportunity to meet with selected MDs from our subsidiaries, who will showcase some of their products. For more information, please visit:

<https://www.indutrade.com/investors--media/reports--presentations/capital-markets-day-2022/>



Welcome Tebra!

In August, the Dutch company Tebra Messen Industrie B.V. was acquired, with annual sales of SEK 52 million. Tebra is one of the largest producers of machine knives in the Netherlands. They offer domestic and international clients reliable machine knives used in a range of different sectors and industries such as food processing, rubber, recycling, packaging and hygiene.

President and CEO Bo Annvik comments: "We are happy to welcome Tebra to Indutrade which further strengthens our position in attractive market segments. Tebra has a strong product offering in an interesting market with growth opportunities such as broadening the end markets and further focusing on the aftermarket. We look forward to supporting them on their continued growth journey".



Acquisition of CaTec – specialist in climate measurement technology

In September, Indutrade acquired the Dutch company CaTec B.V., with annual sales of SEK 100 million. CaTec is a specialist in climate measurement technology, offering a broad range of measuring instruments and sensors to customers in the Benelux region. The products are used for various applications in the fields of meteorology, horticulture, HVAC, climate research, process- and pharmaceutical industry, among others.

The acquisition strengthens Indutrade's position in attractive market segments and CaTec, with its technical expertise and comprehensive product offering, along with strong underlying market drivers, has good prospects to deliver further sustainable profitable growth.

