

Interim report and Year-End report

1 January – 31 December 2022

Fourth quarter 2022

- Order intake increased by 12% to SEK 7,052 million (6,293). For comparable units, it was unchanged.
- Net sales increased by 26% to SEK 7,228 million (5,726). For comparable units, it was an increase of 13%.
- EBITA increased by 29% to SEK 1,081 million (836), corresponding to an EBITA margin of 15.0% (14.6%).
- Profit for the quarter rose 29% to SEK 677 million (524), and earnings per share amounted to SEK 1.86 (1.44).
- Cash flow from operating activities amounted to SEK 850 million (901).

1 January – 31 December 2022

- Order intake increased by 18% to SEK 27,701 million (23,474). For comparable units, it was an increase of 6%.
- Net sales increased by 24% to SEK 27,016 million (21,715). For comparable units, it was an increase of 12%.
- EBITA increased by 28% to SEK 4,098 million (3,202), corresponding to an EBITA margin of 15.2% (14.7%).
- Profit for the year rose 28% to SEK 2,681 million (2,097), and earnings per share amounted to SEK 7.36 (5.76).
- Cash flow from operating activities amounted to SEK 2,372 million (2,853).
- The Board proposes a dividend of SEK 2.60 (2.30) per share.



Financial Development

SEK million	2022 Oct-Dec	2021 Oct-Dec	Change	2022 Jan-Dec	2021 Jan-Dec	Change
Order intake	7,052	6,293	12%	27,701	23,474	18%
Net sales	7,228	5,726	26%	27,016	21,715	24%
Operating profit	951	735	29%	3,620	2,825	28%
EBITA	1,081	836	29%	4,098	3,202	28%
EBITA margin, %	15.0	14.6		15.2	14.7	
Profit before taxes	885	713	24%	3,440	2,725	26%
Net profit	677	524	29%	2,681	2,097	28%
Earnings per share before dilution, SEK	1.86	1.44	29%	7.36	5.76	28%
Return on capital employed, %	23	22		23	22	
Cash flow from operating activities	850	901	-6%	2,372	2,853	-17%
Net debt/equity ratio, %	67	53		67	53	

Q4

CEO's message

A strong fourth quarter concludes the year of 2022 where the Indutrade model once again demonstrated its strength. Our balanced and diversified structure, with customer-oriented, entrepreneurial and flexible companies has resulted in a new record year for Indutrade, with net sales of SEK 27 billion and a margin of 15.2%. We also raised our target for the EBITA margin to a minimum of 14% per year over a business cycle (the previous target was 12%) and continued to take important strategic steps, not least with sustainability, where we started reporting Scope 3 emissions and joined the Science Based Targets initiative.



Fourth quarter

Demand during the fourth quarter was stable and order intake increased by 12% to SEK 7.1 billion (6.3). Organically, order intake was in line with the strong level during the corresponding period previous year. The majority of the companies grew organically and demand was good in several major customer segments, with the strongest performance in the process industry, energy segment and in medical technology and pharmaceuticals. We have, however, noticed large variation in the demand between various companies, segments and countries, with the weakest performance in construction.

Sales growth was strong during the quarter and it improved organically in all business areas. Net sales amounted to SEK 7.2 billion, an increase of 26% compared to the corresponding period previous year. Organically, growth was 13%, driven both by higher volumes and prices. Disruptions in the supply chains continued during the quarter, but the situation continued to improve compared to the third quarter 2022, which impacted invoicing positively. The strongest organic growth occurred in the Benelux and Flow Technology business areas, where the majority of companies developed positively.

EBITA increased by 29% to SEK 1.1 billion, corresponding to an EBITA margin of 15.0% (14.6%). Included in earnings are some nonrecurring items related to revaluation of contingent earn-out payments and impairment of goodwill. Excluding nonrecurring items, the EBITA margin was 14.6% (15.0%). During the quarter, our companies continued with active pricing efforts and the gross margin remained at a high level, although lower than previous year, which somewhat dampened the EBITA margin. In the Flow Technology, Finland and UK business areas, the EBITA margin improved compared to the corresponding period previous year, with positive development in the majority of the companies.

The trend from earlier quarters with increases in inventory dampened during the fourth quarter, driven by strong sales and a somewhat better delivery situation. Overall however, cash flow from operating activities, which amounted to 850 million (901), and working capital efficiency were lower than in the corresponding period previous year. Net debt increased during the quarter as a result of the high rate of acquisition, but our financial position remains strong and the net debt/equity ratio was in line with historical levels.

Acquisitions

In terms of acquisitions, 2022 has been a successful year and we welcomed 16 new companies to the Group, with total annual sales of approximately SEK 1.9 million. During the fourth quarter, the acquisition of the Danish company BPI was finalised, which is a leading manufacturer of customer specific and technology-based engineered foam solutions. We also welcomed the Swedish company, Geotech, which offers specialised drilling rigs, geotechnical instruments and other field equipment for geotechnical investigations. In Germany, which is a prioritised market for us, we acquired Palas – a leading manufacturer of precision equipment for generating, measuring and analysing particles in the air. The last acquisition of the year was Aichhorn in Austria, which offers valves for industrial and infrastructure applications. All of the acquisitions strengthen our position in attractive product and customer segments.

Despite the higher macroeconomic uncertainty, we expect a stable acquisition climate in 2023 and have thus far acquired three companies. In January, Sax Lift, a specialist in scissor lift tables was acquired, as well as Hobe, which manufactures hard-metal precision tools and SKS – a leading technical trading company of flow technology components in the Netherlands.

Over the last few years, we have continuously strengthened our acquisition resources in the business areas and at the Group level. This, together with continued good activity in our acquisition processes, provides us with good prerequisites for making more value-creating acquisitions in 2023.

Outlook

As we now embark on a new year, we have an overall socio-economic situation characterised by a great deal of uncertainty and there is weaker demand in some of the customer segments. At the same time, the long-term market trends are strong, with large private and public investments being made in, among others, infrastructure, energy and electrification. Our decentralised model will continue being a strength in 2023 and we have an historically large order backlog. This gives us comfort in the sales and earnings trend over the next few quarters, although the comparison figures will be challenging. We are goal-oriented and I have great confidence that Indutrade will continue delivering sustainable profitable growth!

Bo Annvik, President and CEO

Group performance

Order intake

Demand during the fourth quarter was overall stable and unchanged compared to the high level during the corresponding period previous year. The majority of companies increased their order intake, although the variation was large, among other things because of the strong comparison figures previous year in many companies. The variation was also large in different customer segments, at the same time as many companies with customers in the process industry, energy segment and medical technology and pharmaceuticals continued showing positive development. Many of the companies with customers in construction experienced a weakened demand.

Order intake was 2% lower than invoicing and amounted to SEK 7,052 million (6,293), which is an increase of 12% compared to the corresponding period previous year. For comparable units, order intake was unchanged, acquisitions contributed with 6% and currency movements had a positive impact of 6%.

Order intake increased organically in the Industrial Components, Flow Technology and Fluids & Mechanical Solutions business areas, among other things driven by the strong performance from companies with customers in the medical technology and pharmaceuticals industry. For other business areas, there was overall a weaker order intake compared to previous year for comparable units.

Order intake for the full year amounted to SEK 27,701 million (23,474), which is an increase of 18%. Comparable units increased by 6%, acquisitions contributed with 7% and currency movements had a positive impact of 5%.

Net sales

Net sales continued to grow strongly during the fourth quarter and increased by 26% compared to the corresponding period previous year, amounting to SEK 7,228 million (5,726). Comparable units increased by 13%, acquisitions contributed with 7% and currency movements had a positive impact of 6%.

Net sales improved organically in all business areas. The strongest performance was in the Benelux and Flow Technology business areas, where most companies and customer segments developed positively.

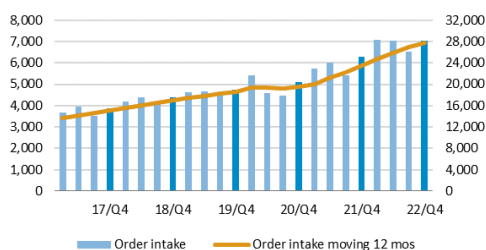
Many companies noted fewer disruptions in the supply chains, although the delivery times in general are still long and some problems remain. The biggest challenge was still experienced in the Measurement & Sensor Technology business area associated with electronics components.

All business with companies in Russia and Belarus is still suspended because of the ongoing Russian invasion of Ukraine. The overall direct and indirect 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. The effect on net sales during the fourth quarter was limited.

Net sales for the full year increased by 24% to SEK 27,016 million (21,715). Comparable units increased by 12%, acquisitions contributed with 8% and currency movements had a positive impact of 4%.

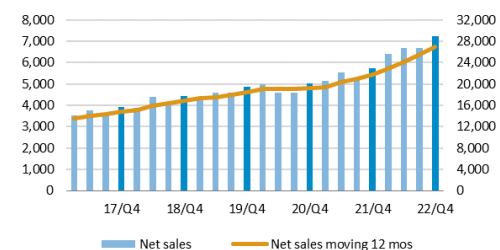
Order intake

SEK million

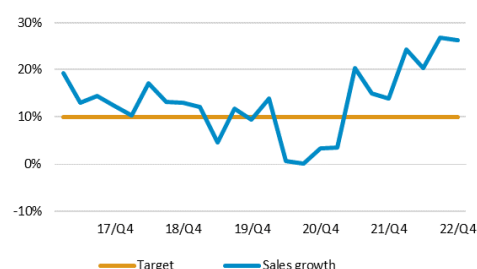


Net Sales

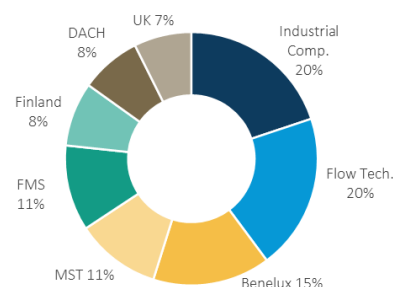
SEK million



Sales growth



Net Sales per Business Area



Q4

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,081 million (836) for the fourth quarter, which is an improvement of 29%. Comparable units increased by 15%, acquisitions contributed with 7% and currency movements had a positive impact of 7%. The EBITA margin increased and amounted to 15.0% (14.6%).

EBITA was positively impacted during the quarter by nonrecurring items of SEK 25 million (-21) net. Revaluation of contingent earn-out payments had a positive impact of SEK 90 million and impairment of goodwill had a negative impact of SEK 65 million. Excluding nonrecurring items, the EBITA margin amounted to 14.6% (15.0%).

The weaker EBITA margin excluding nonrecurring items is primarily explained by a somewhat weaker gross margin for comparable units. During the quarter, many companies continued raising their prices to customers and the gross margin remained at a good level, but it fell slightly compared to the previous year's high level and amounted to 34.9% (35.9%). The decrease primarily came from gradually rising costs for raw materials and components which had been purchased earlier during the year. Accumulated for the full year, the gross margin was 34.7% (35.0%).

The EBITA margin improved during the quarter for the UK, Flow Technology and Finland business areas. The majority of the companies developed positively in these business areas and for the UK and Finland, the improvement was primarily attributable to higher gross margin for comparable units, while strong organic growth contributed the most in the Flow Technology business area. The weakest development of the margin was reported by the Fluids & Mechanical Solutions business area, among other things because of acquisition costs.

Net financial items during the fourth quarter amounted to SEK -66 million (-22). The higher financial costs were due to increased borrowing and higher interest rates. Tax on profit for the quarter amounted to SEK -208 million (-189), corresponding to a tax charge of 24% (27%). Profit for the quarter increased by 29% to SEK 677 million (524). Earnings per share before dilution increased by 29% and amounted to SEK 1.86 (1.44).

EBITA for the full year amounted to SEK 4,098 million (3,202), an increase of 28%. Comparable units increased by 14%, acquisitions contributed with 9% and currency movements had a positive impact of 5%. The EBITA margin increased and amounted to 15.2% (14.7%).

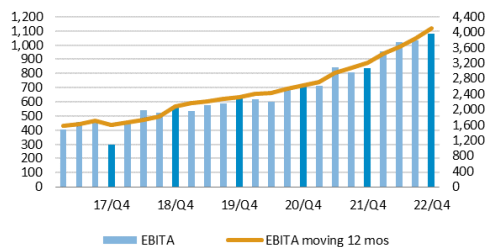
Net financial items for the full year amounted to SEK -180 million (-100). Tax on profit for the year amounted to SEK -759 million (-628), corresponding to a tax charge of 22% (23%). Profit for the period increased by 28% and amounted to SEK 2,681 million (2,097). Earnings per share before dilution increased by 28% and amounted to SEK 7.36 (5.76).

Return

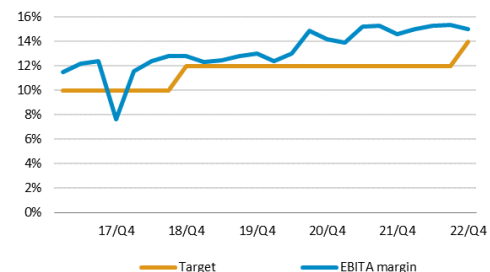
Return on capital employed increased compared to previous year and amounted to 23% (22%), primarily driven by the improved earnings level. Return on equity amounted to 24% (23%).

EBITA

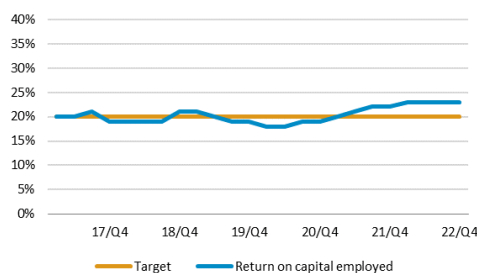
SEK million



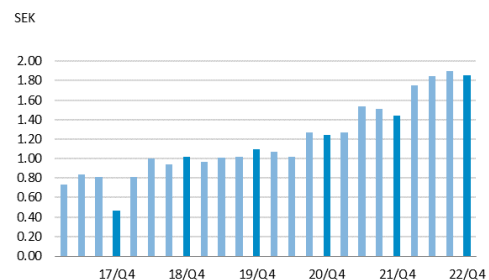
EBITA margin



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	2021	Change	2022	2021	Change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales	1,153	843	37%	4,084	3,331	23%
EBITA	167	127	31%	599	464	29%
EBITA margin, %	14.5	15.1		14.7	13.9	

Net sales increased by 37% during the fourth quarter to SEK 1,153 million (843). Comparable units increased by 21%, acquisitions contributed with 7% and currency movements had a positive impact of 9%.

Demand during the quarter was overall lower than during the corresponding period previous year, even though nearly half of the companies had a higher order intake. A strong performance was exhibited by, among others, valves for power generation, while a weaker performance from companies with customers in medical technology and pharmaceuticals and construction counteracted this.

Order intake was 12% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 31% to SEK 167 million (127), corresponding to an EBITA margin of 14.5% (15.1%). Comparable units increased by 9%, acquisitions contributed with 13% and currency movements had a positive impact of 9%.

The lower EBITA margin was primarily attributable to a weaker performance for companies in construction.

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	2021	Change	2022	2021	Change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales	534	457	17%	2,111	1,661	27%
EBITA	80	69	16%	316	236	34%
EBITA margin, %	15.0	15.1		15.0	14.2	

Net sales increased by 17% during the fourth quarter to SEK 534 million (457). Comparable units increased by 1%, acquisitions contributed with 3% and currency movements had a positive impact of 13%.

Order intake increased organically in the majority of the business area's companies during the quarter, but demand was overall still lower than during the corresponding period previous year. The trend is primarily explained by some large orders during the previous year from the Swiss pharmaceutical and process industry. During the quarter, order intake was 2% lower than invoicing.

EBITA increased during the fourth quarter by 16% to SEK 80 million (69), corresponding to an EBITA margin of 15.0% (15.1%). Comparable units decreased by 1%, acquisitions contributed with 3% and currency movements had a positive impact of 14%.

The somewhat weaker EBITA margin was primarily attributable to low organic sales growth in combination with higher activity levels and overhead costs.

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	2022 Oct-Dec	2021 Oct-Dec	Change	2022 Jan-Dec	2021 Jan-Dec	Change
Net sales	605	525	15%	2,220	1,826	22%
EBITA	96	81	19%	370	283	31%
EBITA margin, %	15.9	15.4		16.7	15.5	

Net sales increased by 15% during the fourth quarter to SEK 605 million (525). Comparable units increased by 4%, acquisitions contributed with 3% and currency movements had a positive impact of 8%.

The majority of the business area's companies increased their order intake during the quarter. Despite that, demand was overall lower than during the corresponding period previous year, primarily due to strong comparison figures for a couple of companies.

Order intake was 8% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 19% to SEK 96 million (81), corresponding to an EBITA margin of 15.9% (15.4%). Comparable units increased by 8%, acquisitions contributed with 1% and currency movements had a positive impact of 10%.

The improved EBITA margin was primarily derived from strong growth in gross margin 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 Oct-Dec	2021 Oct-Dec	Change	2022 Jan-Dec	2021 Jan-Dec	Change
Net sales	1,370	1,109	24%	5,407	4,301	26%
EBITA	222	168	32%	882	668	32%
EBITA margin, %	16.2	15.1		16.3	15.5	

Net sales increased by 24% during the fourth quarter to SEK 1,370 million (1,109). Comparable units increased by 18%, acquisitions contributed with 1% and currency movements had a positive impact of 5%.

Overall, demand during the quarter was higher than during the corresponding period previous year, with positive order development in the majority of the business area's companies. A good demand was exhibited, among others, from customers in medical technology and pharmaceuticals as well as the energy and marine segments. Order intake was 6% higher than invoicing during the quarter.

EBITA increased during the fourth quarter by 32% to SEK 222 million (168), corresponding to an EBITA margin of 16.2% (15.1%). Comparable units increased by 25%, acquisitions contributed with 2% and currency movements had a positive impact of 5%.

The higher EBITA margin was primarily attributable to a strong sales trend 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
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales	781	643	21%	2,970	2,367	25%
EBITA	116	108	7%	453	382	19%
EBITA margin, %	14.9	16.8		15.3	16.1	

Net sales increased by 21% during the fourth quarter to SEK 781 million (643). Comparable units increased by 10%, acquisitions contributed with 7% and currency movements had a positive impact of 4%.

Demand during the quarter was overall higher than during the corresponding period previous year, even though the majority of companies in the business area had a lower order intake. The positive trend came from companies with customers in the medical technology and pharmaceuticals segment as well as the automotive aftermarket segment. Order intake was 3% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 7% to SEK 116 million (108), corresponding to an EBITA margin of 14.9% (16.8%). Comparable units decreased by 1%, acquisitions contributed with 6% and currency movements had a positive impact of 2%.

The lower EBITA margin is primarily explained by nonrecurring items, among others related to acquisitions, but also by a somewhat weaker gross margin for comparable units.

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
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales	1,514	1,192	27%	5,396	4,473	21%
EBITA	227	184	23%	867	733	18%
EBITA margin, %	15.0	15.4		16.1	16.4	

Net sales increased by 27% during the fourth quarter to SEK 1,514 million (1,192). Comparable units increased by 16%, acquisitions contributed with 9% and currency movements had a positive impact of 2%.

Demand during the quarter was stronger than in the corresponding period previous year, with an order growth in most of the companies. The segment for medical technology and pharmaceuticals showed the strongest performance compared to the corresponding period previous year. Order intake was 1% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 23% to SEK 227 million (184), corresponding to an EBITA margin of 15.0% (15.4%). Comparable units increased by 12%, acquisitions contributed with 9% and currency movements had a positive impact of 2%.

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

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	2022 Oct-Dec	2021 Oct-Dec	Change	2022 Jan-Dec	2021 Jan-Dec	Change
Net sales	821	622	32%	2,949	2,372	24%
EBITA	142	112	27%	535	428	25%
EBITA margin, %	17.3	18.0		18.1	18.0	

Net sales increased by 32% during the fourth quarter to SEK 821 million (622). Comparable units increased by 10%, acquisitions contributed with 13% and currency movements had a positive impact of 9%.

Overall, demand during the quarter was somewhat lower than in the corresponding period previous year, with order growth in approximately half of the companies. A strong trend was noted, among others, for companies with customers in the energy sector. Order intake was 2% higher than invoicing during the quarter.

EBITA increased during the fourth quarter by 27% to SEK 142 million (112), corresponding to an EBITA margin of 17.3% (18.0%). Comparable units increased by 8%, acquisitions contributed with 5% and currency movements had a positive impact of 14%.

The lower EBITA margin was primarily attributable to a temporary relatively low margin in newly acquired companies, among others as a result of acquisition 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 Oct-Dec	2021 Oct-Dec	Change	2022 Jan-Dec	2021 Jan-Dec	Change
Net sales	480	360	33%	1,994	1,467	36%
EBITA	51	32	59%	231	158	46%
EBITA margin, %	10.6	8.9		11.6	10.8	

Net sales increased by 33% during the fourth quarter and amounted to SEK 480 million (360). Comparable units increased by 9%, acquisitions contributed with 19% and currency movements had a positive impact of 5%.

Demand during the quarter was overall lower than during the corresponding period previous year, even though nearly half of the companies increased their order intake. A good demand was exhibited, for example, for companies with customers in 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 10% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 59% to SEK 51 million (32), corresponding to an EBITA margin of 10.6% (8.9%). Comparable units increased by 31%, acquisitions contributed with 19% and currency movements had a positive impact of 9%.

The improved EBITA margin is primarily explained by a positive organic growth of gross margin and by weak comparison figures previous year with negative nonrecurring items in a couple of companies.

Other financial information

Financial position

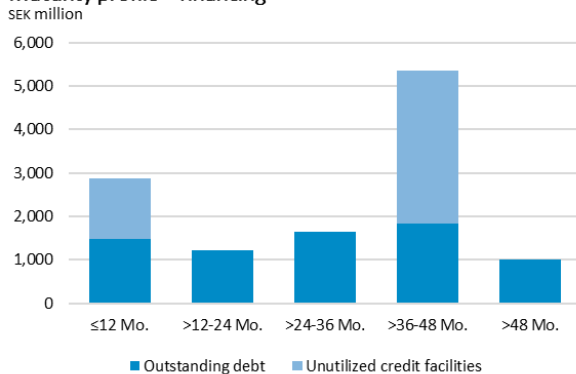
Shareholders' equity amounted to SEK 12,773 million (10,303) and the equity ratio to 44% (47%). Cash and cash equivalents amounted to SEK 1,589 million (1,460). In addition to that, there were unutilised credit commitments of SEK 4,985 million (4,981). Interest-bearing net debt amounted to SEK 8,580 million (5,489) at the end of the quarter. The increase compared to previous year is primarily attributable to a high rate of acquisition during the last year and a somewhat lower operating cash flow. The net debt/equity ratio was 67% (53%) at the end of the period. Net debt in relation to EBITDA was 1.8x (1.4x).

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 quarter, unsecured bond loans totalling 1,400 million with durations between 2 and 4 years were issued, primarily for the purpose of financing acquisitions.

At the end of the year, the Parent Company's short-term borrowing amounted to SEK 1,475 million and long-term unutilised credit facilities amounted to SEK 3,500 million.

Maturity profile - financing¹⁾



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

The trend from earlier quarters with increases in inventory dampened during the quarter. Cash flow from operating activities was, however, lower compared to the corresponding period previous year and amounted to SEK 850 million (901). The deterioration was primarily attributable to higher working capital, mostly associated with 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) deteriorated compared to the corresponding period previous year.

Cash flow from operating activities amounted to SEK 2,372 million (2,853) for the full year. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) amounted to SEK 1,874 million (2,496).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 498 million (357). Depreciation of property, plant and equipment totalled SEK 734 million (639). Investments in company acquisitions amounted to SEK 2,541 million (1,592). In addition, payments pertaining to previous years' acquisitions totalled SEK 287 million (75). Divestments amounted to SEK 2 million (7).

In cash flow from operating activities, depreciation of leased assets in the amount of SEK 408 million (352) has been added back during the year in accordance with IFRS 16. Lease amortisation is reported as cash flow from financing activities.

Employees

The number of employees was 9,128 at the end of the period, compared with 8,185 at the start of the year.

Q4

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	Prodia 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
October	Ingenjörfirman Geotech AB	Industrial Components	100	44
November	Bramming Plast-Industri A/S	Fluids & Mechanical Solutions	500	397
November	Palas GmbH	Measurement & Sensor Technology	270	102
December	Armaturen Aichhorn GmbH	DACH	65	17
Total			1,864	879

*) 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.

Events after the end of the reporting period

On 3 January, Sax Lift A/S was acquired, on 10 January, Hobe GmbH was acquired and on 19 January, Siersema Komponenten Service B.V. was acquired. 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 net sales, which consist entirely of internal invoicing of services, amounted to SEK 11 million (9) for the full year. The Parent Company's financial fixed assets consist mainly of shares in subsidiaries. During 2022, the Parent Company acquired shares in eleven 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 21 (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.

Q4

The Board's proposal for the AGM

The AGM will be held on 29 March 2023. The Board of Directors proposes a dividend of SEK 2.60 (2.30) per share, which corresponds to SEK 947 million (838). The proposed dividend is in line with Indutrade's policy that the dividend shall, over time, amount to between 30% and 50% of the net profit.

The proposed record date for the dividend is 31 March 2023. Provided that the AGM resolves in accordance with the Board's proposal, payment of the dividend is expected to be made on 5 April 2023.

Nomination Committee

The Nomination Committee proposes re-election of Katarina Martinson as Chair of the Board at the 2023 Annual General Meeting. The Committee also proposes re-election of the Board members Bo Annvik, Susanna Campbell, Anders Jernhall, Kerstin Lindell, Ulf Lundahl, Krister Mellvé and Lars Pettersson. Bengt Kjell has announced that he is not available for re-election.

Financial Calendar

- 8 March 2023
Annual report 2022 is published on the website
- 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

Stockholm, 2 February 2023
Indutrade AB (publ)

Bo Annvik
President and CEO

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

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 2 February 2023 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://ir.financialhearings.com/indutrade-q4-2022>

To participate in the conference call and ask questions, please register yourself via the link below. Once you have registered, you will be given the telephone number and a conference ID to login to the conference call.

<https://conference.financialhearings.com/teleconference/?id=5004898>

Indutrade consolidated income statement – condensed

SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales	7,228	5,726	27,016	21,715
Cost of goods sold	-4,708	-3,673	-17,654	-14,106
Gross profit	2,520	2,053	9,362	7,609
Development costs	-98	-71	-334	-258
Selling costs	-1,087	-904	-3,975	-3,279
Administrative expenses	-423	-319	-1,560	-1,231
Other operating income and expenses	39	-24	127	-16
Operating profit	951	735	3,620	2,825
Net financial items	-66	-22	-180	-100
Profit before taxes	885	713	3,440	2,725
Income Tax	-208	-189	-759	-628
Net profit for the period	677	524	2,681	2,097
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	679	523	2,682	2,095
Non-controlling interests	-2	1	-1	2
	677	524	2,681	2,097
EBITA	1,081	836	4,098	3,202
<i>Operating profit includes:</i>				
Amortisation of intangible assets ¹⁾	-143	-113	-524	-419
<i>of which attributable to acquisitions</i>	<i>-130</i>	<i>-101</i>	<i>-478</i>	<i>-377</i>
Depreciation of property, plant and equipment	-197	-160	-734	-639
Earnings per share before dilution, SEK	1.86	1.44	7.36	5.76
Earnings per share after dilution, SEK	1.86	1.44	7.36	5.75

1) Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net profit for the period	677	524	2,681	2,097
Other comprehensive income				
Items that can be reversed into income statement				
Fair value adjustment of hedge instruments	8	0	4	1
Tax attributable to fair value adjustments	-2	0	-1	0
Exchange rate differences	134	65	516	203
Items that cannot be reversed into income statement				
Actuarial gains/losses	82	54	137	54
Tax on actuarial gains/losses	-18	-11	-29	-11
Other comprehensive income for the period, net of tax	204	108	627	247
Total comprehensive income for the period	881	632	3,308	2,344
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	883	631	3,309	2,342
Non-controlling interests	-2	1	-1	2

Q4

Indutrade consolidated balance sheet – condensed

SEK million	2022 31-Dec	2021 31-Dec
Goodwill	7,649	5,439
Other intangible assets	4,408	3,331
Property, plant and equipment	4,045	3,385
Financial assets	160	204
Inventories	5,605	4,010
Trade receivables	4,452	3,458
Other receivables	954	713
Cash and cash equivalents	1,589	1,460
Total assets	28,862	22,000
Equity	12,773	10,303
Non-current interest-bearing liabilities and pension liabilities	7,903	5,536
Other non-current liabilities and provisions	1,300	976
Current interest-bearing liabilities	2,266	1,413
Trade payables	1,870	1,597
Other current liabilities	2,750	2,175
Total equity and liabilities	28,862	22,000

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2022 31-Dec	2021 31-Dec
Opening equity	10,292	8,624
Total comprehensive income for the period	3,309	2,342
New issues	11	48
Dividend ¹⁾	-837	-655
Hedging of incentive programme	-44	-80
Share-based payments	32	13
Acquisition of non-controlling interests	-4	-
Closing equity	12,759	10,292
1) Dividend per share for 2021 (2020) was SEK 2,30 (1,80).		
<i>Equity, attributable to:</i>		
Equity holders of the parent company	12,759	10,292
Non-controlling interests	14	11
	12,773	10,303

Indutrade consolidated cash flow statement – condensed

SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Operating profit	951	735	3,620	2,825
Non-cash items	313	305	1,220	1,080
Interests and other financial items, net	-67	-11	-146	-72
Paid tax	-193	-180	-764	-638
Change in working capital	-154	52	-1,558	-342
Cash flow from operating activities	850	901	2,372	2,853
Net capital expenditures in non-current assets	-161	-129	-498	-357
Company acquisitions and divestments	-1,506	-948	-2,826	-1,660
Change in other financial assets	1	-3	7	17
Cash flow from investing activities	-1,666	-1,080	-3,317	-2,000
Debt/repayment of debt, net	1,370	685	1,817	407
Dividend paid out	-	-	-837	-655
New issues	-	8	11	48
Cash flow from financing activities	1,370	693	991	-200
Cash flow for the period	554	514	46	653
Cash and cash equivalents at start of period	1,024	930	1,460	758
Exchange rate differences	11	16	83	49
Cash and cash equivalents at end of period	1,589	1,460	1,589	1,460

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Key data

	2022 31-Dec	2021 31-Dec	2020 31-Dec	2019 31-Dec
Moving 12 mos				
Net sales, SEK million	27,016	21,715	19,217	18,411
Sales growth, %	24	13	4	9
EBITA, SEK million	4,098	3,202	2,615	2,330
EBITA margin, %	15.2	14.7	13.6	12.7
Capital employed at end of period, SEK million	21,353	15,792	13,512	13,300
Capital employed, average, SEK million	18,111	14,516	13,541	12,416
Return on capital employed, % ¹⁾	23	22	19	19
Equity, average, SEK million	11,272	9,297	7,899	6,715
Return on equity, % ¹⁾	24	23	21	22
Interest-bearing net debt at end of period, SEK million	8,580	5,489	4,878	6,130
Net debt/equity ratio, %	67	53	56	85
Net debt/EBITDA, times	1.8	1.4	1.5	2.1
Equity ratio, %	44	47	48	41
Average number of employees	8,483	7,715	7,349	7,167
Number of employees at end of period	9,128	8,185	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	7.36	5.76	4.60	4.09
Earnings per share after dilution, SEK	7.36	5.75	4.59	4.09
Equity per share, SEK	35.02	28.26	23.72	19.74
Cash flow from operating activities per share, SEK	6.51	7.84	7.66	5.30
Average number of shares before dilution, '000	364,270	363,921	362,721	362,565
Average number of shares after dilution, '000	364,303	364,180	363,320	362,754
Number of shares at the end of the period, '000	364,323	364,188	363,615	362,565

¹⁾ Calculated on average capital and equity.

Business area performance

	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales, SEK million				
Benelux	1,153	843	4,084	3,331
DACH	534	457	2,111	1,661
Finland	605	525	2,220	1,826
Flow Technology	1,370	1,109	5,407	4,301
Fluids & Mechanical Solutions	781	643	2,970	2,367
Industrial Components	1,514	1,192	5,396	4,473
Measurement & Sensor Technology	821	622	2,949	2,372
UK	480	360	1,994	1,467
Parent company and Group items	-30	-25	-115	-83
Total	7,228	5,726	27,016	21,715
EBITA, SEK million				
Benelux	167	127	599	464
DACH	80	69	316	236
Finland	96	81	370	283
Flow Technology	222	168	882	668
Fluids & Mechanical Solutions	116	108	453	382
Industrial Components	227	184	867	733
Measurement & Sensor Technology	142	112	535	428
UK	51	32	231	158
Parent company and Group items	-20	-45	-155	-150
Total	1,081	836	4,098	3,202
EBITA margin, %				
Benelux	14.5	15.1	14.7	13.9
DACH	15.0	15.1	15.0	14.2
Finland	15.9	15.4	16.7	15.5
Flow Technology	16.2	15.1	16.3	15.5
Fluids & Mechanical Solutions	14.9	16.8	15.3	16.1
Industrial Components	15.0	15.4	16.1	16.4
Measurement & Sensor Technology	17.3	18.0	18.1	18.0
UK	10.6	8.9	11.6	10.8
Total	15.0	14.6	15.2	14.7

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Business area performance per quarter

Net sales, SEK million	2022				2021			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	1,153	1,012	970	949	843	823	864	801
DACH	534	552	521	504	457	424	409	371
Finland	605	565	545	505	525	462	453	386
Flow Technology	1,370	1,387	1,385	1,265	1,109	1,045	1,144	1,003
Fluids & Mechanical Solutions	781	714	753	722	643	596	603	525
Industrial Components	1,514	1,270	1,342	1,270	1,192	1,015	1,113	1,153
Measurement & Sensor Technology	821	749	692	687	622	570	610	570
UK	480	490	504	520	360	377	375	355
Parent company and Group items	-30	-32	-29	-24	-25	-22	-19	-17
Total	7,228	6,707	6,683	6,398	5,726	5,290	5,552	5,147

EBITA, SEK million	2022				2021			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	167	139	155	138	127	100	122	115
DACH	80	88	78	70	69	63	59	45
Finland	96	105	96	73	81	81	76	45
Flow Technology	222	224	236	200	168	175	185	140
Fluids & Mechanical Solutions	116	108	116	113	108	105	96	73
Industrial Components	227	204	218	218	184	167	196	186
Measurement & Sensor Technology	142	134	128	131	112	104	113	99
UK	51	53	59	68	32	43	45	38
Parent company and Group items	-20	-20	-63	-52	-45	-28	-49	-28
Total	1,081	1,035	1,023	959	836	810	843	713

EBITA margin, %	2022				2021			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	14.5	13.7	16.0	14.5	15.1	12.2	14.1	14.4
DACH	15.0	15.9	15.0	13.9	15.1	14.9	14.4	12.1
Finland	15.9	18.6	17.6	14.5	15.4	17.5	16.8	11.7
Flow Technology	16.2	16.1	17.0	15.8	15.1	16.7	16.2	14.0
Fluids & Mechanical Solutions	14.9	15.1	15.4	15.7	16.8	17.6	15.9	13.9
Industrial Components	15.0	16.1	16.2	17.2	15.4	16.5	17.6	16.1
Measurement & Sensor Technology	17.3	17.9	18.5	19.1	18.0	18.2	18.5	17.4
UK	10.6	10.8	11.7	13.1	8.9	11.4	12.0	10.7
Total	15.0	15.4	15.3	15.0	14.6	15.3	15.2	13.9

Disaggregation of revenue

Net sales per geographic market

2022

Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	61	4	535	775	581	1,326	154	29	-13	3,452
Other Europe	923	512	38	485	168	171	258	399	-12	2,942
Americas	74	13	15	13	23	11	213	29	-2	389
Asia	75	5	17	88	5	6	123	17	-2	334
Other	20	0	0	9	4	0	73	6	-1	111
	1,153	534	605	1,370	781	1,514	821	480	-30	7,228

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	13	64	0	0	83	0	66	0	-1	225
Point in time	1,140	470	605	1,370	698	1,514	755	480	-29	7,003
	1,153	534	605	1,370	781	1,514	821	480	-30	7,228

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

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Q4

Disaggregation of revenue – continued

Net sales per geographic market

2022										
Jan-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	131	17	1,940	2,947	2,227	4,732	569	118	-47	12,634
Other Europe	3,394	2,016	151	1,930	612	586	994	1,649	-39	11,293
Americas	212	49	31	49	95	54	820	106	-15	1,401
Asia	286	27	56	443	27	22	425	102	-10	1,378
Other	61	2	42	38	9	2	141	19	-4	310
	4,084	2,111	2,220	5,407	2,970	5,396	2,949	1,994	-115	27,016

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	52	269	0	0	249	23	223	0	-4	812
Point in time	4,032	1,842	2,220	5,407	2,721	5,373	2,726	1,994	-111	26,204
	4,084	2,111	2,220	5,407	2,970	5,396	2,949	1,994	-115	27,016

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

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Acquisitions

Acquisitions 2022

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), Prodia 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), CaTec B.V. (Netherlands), Ingenjörfirman Geotech AB (Sweden), Bramming Plast-Industri A/S (Denmark), Palas GmbH (Germany) and Armaturen Aichhorn GmbH (Austria).

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.

DACH

On 1 December, Armaturen Aichhorn GmbH (Austria) was acquired, with annual sales of SEK 65 million.

Aichhorn is a technical trading company offering valves for industrial and infrastructure applications.

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.

On 17 November, the acquisition of Bramming Plast-Industri A/S (Denmark) was completed, with annual sales of SEK 500 million. BPI manufactures customer specific and technology-based engineered foam solutions.

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, Prodia AB (Sweden) was acquired, with annual sales of SEK 50 million. Prodia 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.

On 31 October, Ingenjörfirman Geotech AB (Sweden) was acquired, with annual sales of SEK 100 million. Geotech develops, manufactures and sells equipment for geotechnical investigations.

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.

On 24 November, Palas GmbH (Germany) was acquired, with annual sales of SEK 270 million. Palas develops, manufactures and sells high precision equipment for generation, measurement and analysis of particles in the air.

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.

Q4

Acquired assets and liabilities in 2022

Preliminary purchase price allocations

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 659 million			3,445
Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill	38	1,892	1,930
Agencies, trademarks, customer relations, licences, etc.	4	1,335	1,339
Property, plant and equipment	203		203
Financial assets	1		1
Inventories	320		320
Other current assets ¹⁾	272		272
Cash and cash equivalents	242		242
Deferred tax liability	-11	-321	-332
Provisions including pension liabilities	0		0
Other operating liabilities	-530		-530
Non-controlling interests	0		0
	539	2,906	3,445

¹⁾ Mainly trade receivables

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 76 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 659 (403) million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 737 million (449). If the conditions are not met, the outcome can be in the range of SEK 0-737 million.

Transaction costs during the year totalled SEK 15 million (21) and are included in Other income and expenses in the income statement. Contingent earn-out payments were restated in the amount of SEK 142 million (64). The effect is reported under Other income and expenses in the amount of SEK 138 million (62) and under Net financial items in the amount of SEK 4 million (2).

The acquisition calculations for Alflow Scandinavia A/S, SILROC CZ, a.s, Italprotec Industries S.r.l., Dewaco Oy, Klay Instruments B.V., Svenssons i Tenhult AB and North West Metal Sections Ltd that were acquired during the fourth 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	3,445
Purchase price not paid out	-662
Cash and cash equivalents in acquired companies	-242
Payments pertaining to previous years' acquisitions	287
Total cash flow impact	2,828

Effects of acquisitions carried out in 2021 and 2022

SEK million Business area	Net sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Benelux	58	147	16	34
DACH	15	128	2	22
Finland	14	120	1	21
Flow Technology	12	148	4	21
Fluids & Mechanical Solutions	48	249	6	47
Industrial Components	107	264	16	48
Measurement & Sensor Technology	80	227	6	32
UK	67	360	6	51
Effect on Group	401	1,643	57	276
Acquisitions carried out in 2021	100	997	16	177
Acquisitions carried out in 2022	301	646	41	99
Effect on Group	401	1,643	57	276

If all acquired units had been consolidated as from 1 January 2022, net sales for the year would have amounted to SEK 28,176 million, and EBITA would have totalled SEK 4,270 million.

Acquisitions after the end of the reporting period

On 3 January, Sax Lift A/S was acquired, with annual sales of SEK 130 million. Sax Lift manufactures standard and custom-made scissor lift tables.

On 10 January, Hobe GmbH was acquired, with annual sales of SEK 80 million. Hobe is a niche manufacturer of micro precision tools for the shaping of interior profiles in very small bores.

On 19 January, Siersema Componenten Service B.V. was acquired, with annual sales of SEK 390 million. SKS is a specialised technical trading company offering high-quality, innovative and durable flow technology components to the food and pharmaceutical industries.

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 year, SEK 32 million (13) (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

31 Dec 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	-	-	13	-	-	13	13
Trade receivables	-	4,452	-	-	-	4,452	4,452
Other receivables	5	24	-	-	-	29	29
Cash and cash equivalents	-	1,589	-	-	-	1,589	1,589
Total	5	6,065	13	-	-	6,083	6,083
Non-current interest-bearing liabilities	-	-	-	979	6,681	7,660	7,626
Current interest-bearing liabilities	-	-	-	241	2,025	2,266	2,266
Trade payables	-	-	-	-	1,870	1,870	1,870
Other liabilities	2	-	-	-	-	2	2
Total	2	-	-	1,220	10,576	11,798	11,764

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	31-Dec	31-Dec
Opening book value	861	549
Acquisitions during the year	659	418
Consideration paid	-235	-73
Reclassified via income statement	-139	-62
Interest expenses	14	9
Exchange rate differences	60	20
Closing book value	1,220	861

Parent company income statement – condensed

SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales	11	9	11	9
Gross profit	11	9	11	9
Administrative expenses	-43	-37	-146	-132
Operating profit	-32	-28	-135	-123
Financial income/expenses	25	21	91	74
Profit from participation in Group companies	39	0	1,927	1,288
Profit after financial items	32	-7	1,883	1,239
Appropriations	850	761	850	761
Income Tax	-175	-157	-168	-149
Net profit for the period	707	597	2,565	1,851
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	-1	0

Parent company balance sheet – condensed

SEK million	2022 31-Dec	2021 31-Dec
Intangible assets	1	0
Property, plant and equipment	2	1
Financial assets	9,785	6,971
Current receivables	10,939	8,746
Cash and cash equivalents	592	489
Total assets	21,319	16,207
Equity	9,956	8,254
Untaxed reserves	867	755
Non-current interest-bearing liabilities and pension liabilities	6,386	3,925
Other non-current liabilities and provisions	4	0
Current interest-bearing liabilities	3,710	3,037
Current non-interest-bearing liabilities	396	236
Total equity and liabilities	21,319	16,207

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Definitions

Alternative Performance Measures

In this interim and Year-End 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 approximately 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 14% (the previous goal was 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.

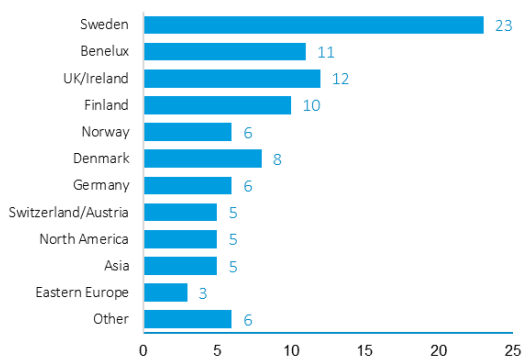
Net debt/equity ratio

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

Dividend payout ratio

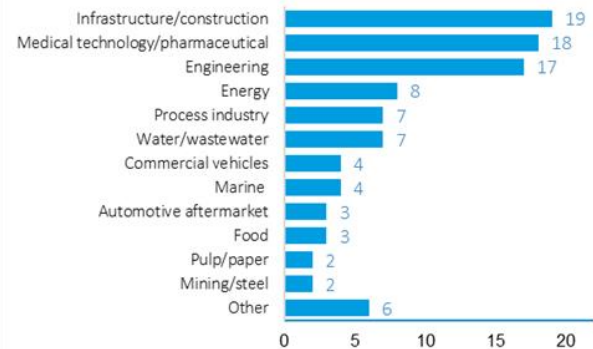
- The dividend payout ratio shall range from 30% to 50% of net profit.

Net sales per market, %¹⁾



¹⁾Financial year 2022

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.

Indutrade AB (publ.)

Reg.no. 556017-9367. Box 6044, SE-164 06 Kista. Visiting address: Raseborgsgatan 9. Tel: +46 8 703 03 00
www.indutrade.com

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Joined the Science Based Targets initiative

Climate issues and reducing carbon dioxide emissions is a high priority for Indutrade. By joining the Science Based Targets initiative (SBTi), Indutrade has now formally committed to developing targets and lowering emissions in line with climate science.

Already today, Indutrade has set the overall target of being carbon neutral in Scope 1 & 2 by 2030. Living up to the requirements of SBTi involves calibrating the existing targets for Scope 1 & 2, defining targets for Scope 3 and developing a roadmap for having net zero emissions no later than 2050, which contributes to limiting global warming to under 1.5 degrees Celsius.



Increased target for EBITA margin

On 8 November, Indutrade announced that its Board of Directors had, in conjunction with its annual strategic review, decided to increase the target for EBITA margin for the Group to a minimum of 14% (the prior target was 12%) per year over a business cycle.

President and CEO Bo Annvik comments: "Indutrade has a strong platform for continued sustainable profitable growth. Our financial targets are ambitious and the increased EBITA margin target is assessed to have a good balance between profitability ambitions and ability to invest in growth initiatives. We will continue to deliver long-term and competitive value creation for our shareholders through organic improvements and profitable acquisitions."



Capital markets day 2022

The Capital Markets Day was held in Stockholm on 8 November 2022. During the Capital Markets Day, President and CEO Bo Annvik, along with members from the management team and other members of the Group, provided an update on Indutrade's strategy and priorities for continued sustainable profitable growth.

Presentations also included our sustainability work, acquisition strategy and review of some of our companies.

For more information and presentations, please visit: <https://www.indutrade.com/investors--media/reports--presentations/capital-markets-day-2022/>

