

Interim report second quarter

and first half of 2023

Second quarter 2023

- Order intake increased by 11% to SEK 7,829 million (7,029). For comparable units, it was a decrease of 1%.
- Net sales increased by 21% to SEK 8,100 million (6,683). For comparable units, it was an increase of 7%.
- EBITA increased by 19% to SEK 1,213 million (1,023), corresponding to an EBITA margin of 15.0% (15.3%).
- Profit for the quarter rose 7% to SEK 724 million (675), and earnings per share amounted to SEK 1.99 (1.85).
- Cash flow from operating activities amounted to SEK 1,112 million (622).

1 January – 30 June 2023

- Order intake increased by 13% to SEK 15,905 million (14,114). For comparable units, it was an increase of 1%.
- Net sales increased by 24% to SEK 16,163 million (13,081). For comparable units, it was an increase of 10%.
- EBITA increased by 23% to SEK 2,438 million (1,982), corresponding to an EBITA margin of 15.1% (15.2%).
- Profit for the period rose 12% to SEK 1,476 million (1,313), and earnings per share amounted to SEK 4.05 (3.60).
- Cash flow from operating activities amounted to SEK 1,744 million (898).

Financial Development

SEK million	2023	2022	Change	2023	2022	Change	2022/23	2022
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		Moving 12 mos	Jan-Dec
Order intake	7,829	7,029	11%	15,905	14,114	13%	29,492	27,701
Net sales	8,100	6,683	21%	16,163	13,081	24%	30,098	27,016
Operating profit	1,061	908	17%	2,140	1,757	22%	4,003	3,620
EBITA	1,213	1,023	19%	2,438	1,982	23%	4,554	4,098
EBITA margin, %	15.0	15.3		15.1	15.2		15.1	15.2
Profit before taxes	939	871	8%	1,920	1,685	14%	3,675	3,440
Net profit for the period	724	675	7%	1,476	1,313	12%	2,844	2,681
Earnings per share before dilution, SEK	1.99	1.85	8%	4.05	3.60	13%	7.81	7.36
Return on capital employed, %	22	23		22	23		22	23
Cash flow from operating activities	1,112	622	79%	1,744	898	94%	3,218	2,372
Net debt/equity ratio, %	74	64		74	64		74	67



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CEO's message

Stable order intake and strong sales growth

Second quarter

Demand during the second quarter remained at a high and stable level. Order intake amounted to SEK 7.8 billion, corresponding to an increase of 11% compared to the corresponding period previous year. The majority of companies showed order growth, and despite strong comparison figures, aggregated organic order intake was essentially unchanged. There was still large variation in demand between companies, segments and countries, with the strongest growth in companies with customers in the water/wastewater segment and engineering industry. Demand was weakest for companies with customers in infrastructure and construction.

Net sales improved further during the quarter and amounted to a record-high SEK 8.1 billion, corresponding to a sales growth of 21% compared to the corresponding period previous year. Organically, growth was 7%, with a positive development in seven of the eight business areas. The strongest growth was in the Benelux and Industrial Components business areas, where most of the companies developed positively. Business area Finland had negative organic sales development, with a somewhat weakened development in several segments and companies.

EBITA increased by 19% to SEK 1.2 billion, corresponding to an EBITA margin of 15.0%. Earnings also include some nonrecurring items related to revaluation of contingent earn-out payments, among others, which in total had a positive impact of SEK 17 million. Excluding nonrecurring items, the EBITA margin amounted to 14.8%. The organic growth of the EBITA margin was somewhat dampened due to a higher level of expenses, which was primarily attributable to increased marketing activities and other growth initiatives in many companies. Thanks to successful pricing efforts, the gross margin remained at a high and stable level.

Cash flow increased compared to the corresponding period previous year, primarily thanks to a more favourable development of working capital. Inventories for comparable units decreased somewhat during the quarter, mainly due to high invoicing and fewer disturbances in the supply chains. All companies are working in a determined way to reduce inventories and the trend is going in the right direction. The Group's financial position remains strong, which provides good conditions for additional value-creating acquisitions and investments for organic growth.



Acquisitions

In terms of acquisitions, the activity level remains high and thus far this year, we have acquired six companies, with total annual sales of approximately SEK 900 million. We welcomed three new companies in the second quarter – Safematic (Denmark), Labema (Finland) and I-tronik (Italy). Safematic is specialised in process and ventilation filtration and Labema offers diagnostic equipment and supplies to, among others, public healthcare, food industry and research laboratories. It is our first acquisition of a medical technology company in Finland. I-tronik is specialised in machinery, consumables, spare parts, and services for assembly and manufacturing of Printed Circuit Boards (PCBs). Through the acquisition of I-tronik we strengthen our position in northern Italy.

Despite the uncertain market situation, the inflow of new, interesting acquisition candidates is good and we remain active in our ongoing acquisition processes.

Outlook

Performance during the first half of 2023 remained positive, with a high and stable demand, even though the market situation varied for our companies. Among the larger customer segments, only infrastructure and construction has shown a slowdown. Our companies work closely with their customers and carefully monitor the market development on a continuous basis. The order backlog remains good, and several of our companies are well positioned in structurally growing market areas with good opportunities for continued growth. We are also convinced that our decentralised model – with local decision-making close to the customer – together with our well diversified structure, will enable us to manage any market fluctuations in a good way.

Indutrade's strategy works well and we have a good foundation for continued, long-term, sustainable and competitive value creation.

Bo Annvik, President and CEO

Group performance

Order intake

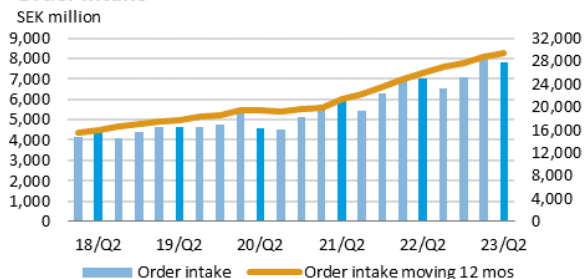
Overall, demand during the second quarter remained high and stable. Despite the strong comparison figures, our order intake organically was at essentially the same level as the corresponding period previous year. There was still variation in the order intake between companies and segments, but the development was positive compared to the corresponding period previous years for the majority of companies. In the major customer segments, the strongest demand was in the engineering industry and water/wastewater segment. Customers in medical technology and pharmaceuticals, the process industry and energy segment also exhibited a high and stable demand. For companies with customers in infrastructure and construction, demand was in general somewhat weaker.

Order intake was 3% lower than invoicing, primarily due to strong invoicing, and amounted to SEK 7,829 million (7,029), which is an increase of 11% compared to the corresponding period previous year. For comparable units, order intake decreased by 1%, acquisitions contributed with 7% and currency movements had a positive impact of 5%.

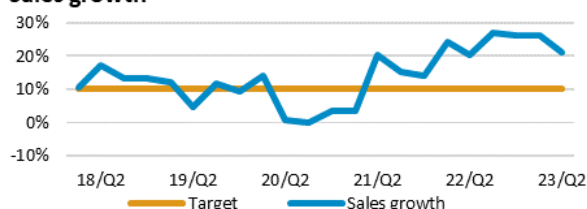
The Industrial Components and Fluids & Mechanical Solutions business areas demonstrated the strongest growth in order intake for comparable units, thanks to, among others, a positive performance from companies in medical technology and pharmaceuticals. The weakest development in order intake for comparable units occurred in the Benelux business area, primarily due to strong comparison figures during the corresponding period previous year for a couple of companies in infrastructure and construction, as well as valves for power generation.

Order intake during the period January – June amounted to SEK 15,905 (14,114) million, which is an increase of 13%. Comparable units increased by 1%, acquisitions contributed with 8% and currency movements had a positive impact of 4%.

Order intake



Sales growth



Net sales

Net sales were further strengthened during the second quarter and increased by 21% compared to the corresponding period previous year, amounting to SEK 8,100 million (6,683). Comparable units increased by 7%, acquisitions contributed with 8% and currency movements had a positive impact of 6%.

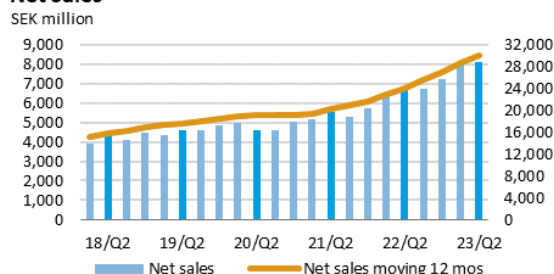
Net sales increased organically in seven of the eight business areas, with the strongest growth in the Benelux and Industrial Components business areas. For Benelux, valves for power generation had the strongest growth, and in the Industrial Components business area, it was companies with customers in the medical technology and pharmaceutical segment that performed best. Net sales for comparable units decreased in business area Finland, caused by a somewhat weakened demand in several companies and segments.

Some companies are still being affected by disturbances in the supply chains and the delivery times from suppliers are still relatively long. However, the situation is significantly better than last year.

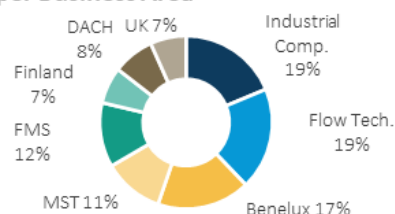
All business with companies in Russia and Belarus is still suspended because of Russia's invasion of Ukraine at the beginning of last year. The overall direct and indirect exposure to these countries is very limited and the Group does not have any subsidiaries or employees in Russia, Ukraine or Belarus.

During the period January – June, net sales increased by 24% to SEK 16,163 (13,081) million. Comparable units increased by 10%, acquisitions contributed with 8% and currency movements had a positive impact of 6%.

Net Sales



Net Sales per Business Area



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Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,213 million (1,023) for the second quarter, which is an improvement of 19%. Comparable units increased by 6%, acquisitions contributed with 7% and currency movements had a positive impact of 6%. The EBITA margin remained high but decreased somewhat and amounted to 15.0% (15.3%).

There was a positive impact of SEK 17 (-) million net on EBITA during the quarter from nonrecurring items. Revaluation of contingent earn-out payments had a positive impact of SEK 64 million and restructuring costs had a negative impact of SEK 47 million. Excluding nonrecurring items, the EBITA margin amounted to 14.8% (15.3%). The somewhat weaker EBITA margin is mainly explained by a higher level of expenses in many companies, primarily due to increased marketing activities and other growth initiatives. Many companies continued raising their prices to customers during the quarter and the gross margin remained at a high level, amounting to 34.6% (34.9%). Accumulated for the first half of the year, the gross margin was 34.6% (34.7%).

The DACH business area exhibited the strongest growth in EBITA margin during the quarter, primarily thanks to the positive performance of newly acquired companies. The weakest development was in the business areas Finland and Measurement & Sensor Technology, due to a higher level of expenses, among others, and in Finland there was also a positive one-off effect previous year associated with a property divestment.

Net financial items during the second quarter amounted to SEK -122 million (-37). The higher financial costs were due to increased borrowing and higher interest rates. Tax on profit for the quarter amounted to SEK -215 million (-196), corresponding to a tax rate of 23% (23%). Profit for the quarter increased by 7% to SEK 724 million (675). Earnings per share before dilution increased by 8% and amounted to SEK 1.99 (1.85).

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) during the period of January – June amounted to SEK 2,438 million (1,982), which is an increase of 23%. Comparable units increased by 10%, acquisitions contributed with 8% and currency movements had a positive impact of 5%. The EBITA margin amounted to 15.1% (15.2%).

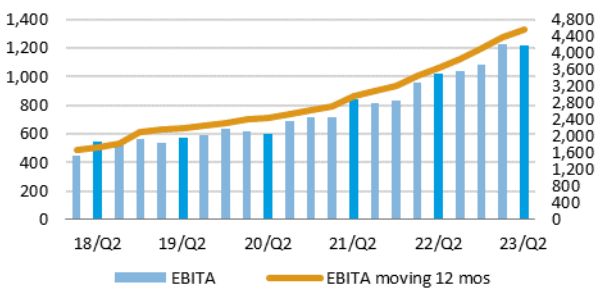
Net financial items for the period January – June amounted to SEK -220 million (-72). Tax on profit for the period amounted to SEK -444 million (-372), corresponding to a tax rate of 23% (22%). Profit for the period increased by 12% to SEK 1,476 million (1,313). Earnings per share before dilution increased by 13% and amounted to SEK 4.05 (3.60).

Return

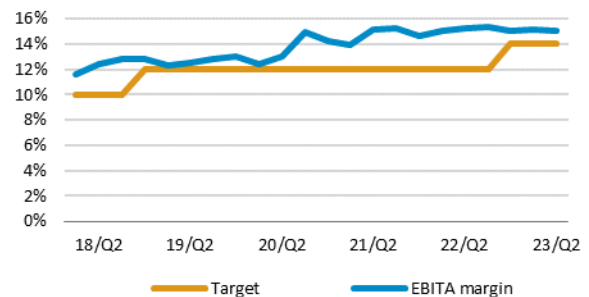
Return on capital employed remained at a high level but decreased somewhat compared to the corresponding period previous year and amounted to 22% (23%), which is primarily due to a higher amount of tied-up capital. Return on equity amounted to 23% (23%).

EBITA

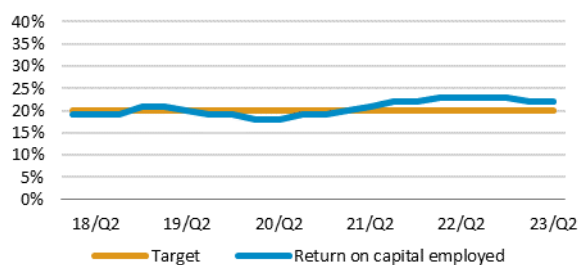
SEK million



EBITA margin

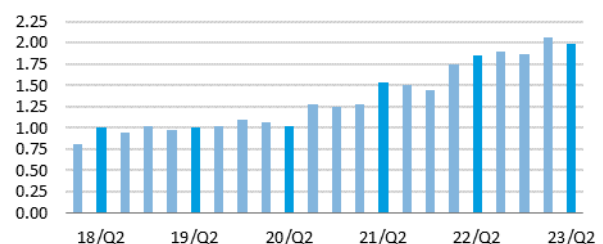


Return



Earnings per share

SEK



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	2023 Apr-Jun	2022 Apr-Jun	Change	2023 Jan-Jun	2022 Jan-Jun	Change	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	1,362	970	40%	2,767	1,919	44%	4,932	4,084
EBITA	197	155	27%	426	293	45%	732	599
EBITA margin, %	14.5	16.0		15.4	15.3		14.8	14.7

Net sales increased by 40% during the second quarter to SEK 1,362 million (970). Comparable units increased by 14%, acquisitions contributed with 16% and currency movements had a positive impact of 10%.

Order intake increased in most of the companies but was offset by a weaker development in valves for power generation and in a couple of companies in infrastructure and construction. Overall, demand during the quarter was lower than in the corresponding period previous year. Order intake was 15% lower than invoicing.

EBITA increased during the second quarter by 27% to SEK 197 million (155), corresponding to an EBITA margin of 14.5% (16.0%). Comparable units increased by 1%, acquisitions contributed with 17% and currency movements had a positive impact of 9%.

The lower EBITA margin was primarily attributable to a weak development in a couple of companies in infrastructure and 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	2023 Apr-Jun	2022 Apr-Jun	Change	2023 Jan-Jun	2022 Jan-Jun	Change	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	684	521	31%	1,310	1,025	28%	2,396	2,111
EBITA	107	78	37%	198	148	34%	366	316
EBITA margin, %	15.6	15.0		15.1	14.4		15.3	15.0

Net sales increased by 31% during the second quarter to SEK 684 million (521). Comparable units increased by 4%, acquisitions contributed with 15% and currency movements had a positive impact of 12%.

Overall, demand was lower than in the corresponding period previous year and order intake decreased in the majority of companies. Companies with customers in the medical technology and pharmaceuticals industry and in the process industry exhibited the weakest growth in demand, largely because of strong comparison figures in the corresponding period previous year. Order intake was 10% lower than invoicing.

EBITA increased during the second quarter by 37% to SEK 107 million (78), corresponding to an EBITA margin of 15.6% (15.0%). Comparable units increased by 6%, acquisitions contributed with 18% and currency movements had a positive impact of 13%.

The improved EBITA margin was primarily driven by good margins in newly acquired 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	2023 Apr-Jun	2022 Apr-Jun	Change	2023 Jan-Jun	2022 Jan-Jun	Change	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	569	545	4%	1,119	1,050	7%	2,289	2,220
EBITA	72	96	-25%	144	169	-15%	345	370
EBITA margin, %	12.7	17.6		12.9	16.1		15.1	16.7

Net sales increased by 4% during the second quarter to SEK 569 million (545). Comparable units decreased by 5%, acquisitions contributed with 1% and currency movements had a positive impact of 8%.

Order intake decreased in most of the business area's companies during the quarter and demand was overall lower than in the corresponding period previous year. Order intake was however 4% higher than invoicing.

EBITA decreased during the second quarter by 25% to SEK 72 million (96), corresponding to an EBITA margin of 12.7% (17.6%). Comparable units decreased by 28%, acquisitions had a negative impact of 3% and currency movements had a positive impact of 6%.

The decline of the EBITA margin is primarily explained by the lower sales, but also higher expenses and positive one-off effects during the corresponding period previous year associated with a property divestment. Also, one-off items associated with acquisitions contributed to weakened results.

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	2023 Apr-Jun	2022 Apr-Jun	Change	2023 Jan-Jun	2022 Jan-Jun	Change	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	1,557	1,385	12%	3,164	2,650	19%	5,921	5,407
EBITA	268	236	14%	552	436	27%	998	882
EBITA margin, %	17.2	17.0		17.4	16.5		16.9	16.3

Net sales increased by 12% during the second quarter to SEK 1,557 million (1,385). Comparable units increased by 7%, acquisitions contributed with 1% and currency movements had a positive impact of 4%.

Demand during the quarter was higher than in the corresponding period previous year. Order intake strengthened for most of the companies, with a particularly good demand from customers in water/wastewater, engineering and the energy sector. Strong comparison figures for some companies with customers in the medical technology and pharmaceuticals industry dampened this somewhat. Order intake was 2% lower than invoicing.

EBITA increased during the second quarter by 14% to SEK 268 million (236), corresponding to an EBITA margin of 17.2% (17.0%). Comparable units increased by 7%, acquisitions contributed marginally and currency movements had a positive impact of 7%.

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

Fluids & Mechanical Solutions

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

SEK million	2023	2022	Change	2023	2022	Change	2022/23	2022
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		Moving 12 mos	Jan-Dec
Net sales	980	753	30%	1,922	1,475	30%	3,417	2,970
EBITA	154	116	33%	298	229	30%	522	453
EBITA margin, %	15.7	15.4		15.5	15.5		15.3	15.3

Net sales increased by 30% during the second quarter to SEK 980 million (753). Comparable units increased by 6%, acquisitions contributed with 21% and currency movements had a positive impact of 3%.

Overall, demand during the quarter was higher than in the corresponding period previous year and order intake increased in nearly half of the business area's companies. Demand was strongest for companies with customers in the medical technology and pharmaceuticals industry, as well as the automotive aftermarket. Order intake was 4% higher than invoicing.

EBITA increased during the second quarter by 33% to SEK 154 million (116), corresponding to an EBITA margin of 15.7% (15.4%). Comparable units increased by 11%, acquisitions contributed with 17% and currency movements had a positive impact of 5%.

The improved EBITA margin is explained by increased organic net sales and good cost control.

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 region.

SEK million	2023	2022	Change	2023	2022	Change	2022/23	2022
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		Moving 12 mos	Jan-Dec
Net sales	1,552	1,342	16%	3,061	2,612	17%	5,845	5,396
EBITA	241	218	11%	484	436	11%	915	867
EBITA margin, %	15.5	16.2		15.8	16.7		15.7	16.1

Net sales increased by 16% during the second quarter to SEK 1,552 million (1,342). Comparable units increased by 11%, acquisitions contributed with 4% and currency movements had a positive impact of 1%.

Demand during the quarter was stronger than in the corresponding period previous year, with order growth in the majority of the companies in the business area. Growth was strongest in the medical technology and pharmaceuticals industry. Order intake was 3% higher than invoicing.

EBITA increased during the second quarter by 11% to SEK 241 million (218), corresponding to an EBITA margin of 15.5% (16.2%). Comparable units increased by 6%, acquisitions contributed with 4% and currency movements had a positive impact of 1%.

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

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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	2023 Apr-Jun	2022 Apr-Jun	Change	2023 Jan-Jun	2022 Jan-Jun	Change	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	871	692	26%	1,782	1,379	29%	3,352	2,949
EBITA	124	128	-3%	281	259	8%	557	535
EBITA margin, %	14.2	18.5		15.8	18.8		16.6	18.1

Net sales increased by 26% during the second quarter to SEK 871 million (692). Comparable units increased by 9%, acquisitions contributed with 11% and currency movements had a positive impact of 6%.

Overall, demand during the quarter was lower than in the corresponding period previous year, with a lower order intake in the majority of the companies. The development was weak for, among others, some companies with customers in engineering, which was partly attributable to strong comparison figures previous year. Demand was strongest for companies with customers in the energy segment. Order intake was 6% lower than invoicing during the quarter.

EBITA decreased during the second quarter by 3% to SEK 124 million (128), corresponding to an EBITA margin of 14.2% (18.5%). Comparable units decreased by 12%, acquisitions contributed with 4% and currency movements had a positive impact of 5%.

The weaker EBITA margin is mainly explained by a higher level of expenses associated with increased marketing activities and other growth initiatives, along with lower gross margin in some companies.

UK

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

SEK million	2023 Apr-Jun	2022 Apr-Jun	Change	2023 Jan-Jun	2022 Jan-Jun	Change	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	546	504	8%	1,087	1,024	6%	2,057	1,994
EBITA	66	59	12%	131	127	3%	235	231
EBITA margin, %	12.1	11.7		12.1	12.4		11.4	11.6

Net sales increased by 8% during the second quarter to SEK 546 million (504). Comparable units increased by 2% and currency movements had a positive impact of 6%.

Overall, demand during the quarter was somewhat lower than in the corresponding period previous year and order intake increased in nearly half of the companies. Among others, demand was good in companies with customers in the energy segment, yet weaker in infrastructure and construction, as well as in the marine segment. Order intake was 2% lower than invoicing during the quarter.

EBITA increased during the second quarter by 12% to SEK 66 million (59), corresponding to an EBITA margin of 12.1% (11.7%). Comparable units increased by 5% and currency movements had a positive impact of 7%.

The higher EBITA margin is mainly explained by improved gross margin in several companies.

Other financial information

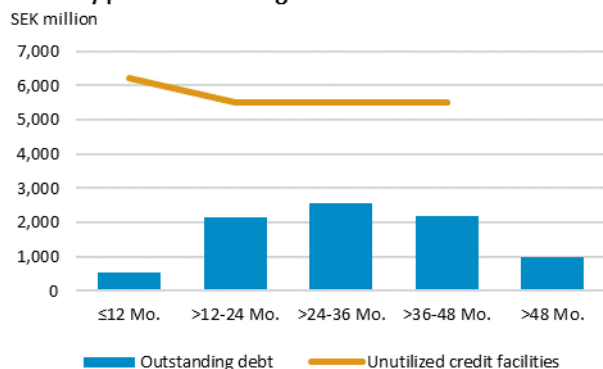
Financial position

Shareholders' equity amounted to SEK 13,831 million (11,005) and the equity ratio to 43% (44%). Cash and cash equivalents amounted to SEK 1,446 million (1,265). In addition to that, there were unutilised credit commitments of SEK 6,238 million (4,957). Interest-bearing net debt amounted to SEK 10,166 million (6,998) at the end of the quarter. The increase compared to previous year is primarily attributable to a high rate of acquisition and a somewhat lower operating cash flow during the last year. The net debt/equity ratio was 74% (64%) at the end of the period. Net debt in relation to EBITDA was 1.9x (1.6x).

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

At the end of the quarter, the Parent Company's short-term borrowing amounted to SEK 526 million and long-term unutilised credit facilities amounted to SEK 5,500 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.

Cash flow, capital expenditures and depreciation

Cash flow from operating activities increased during the second quarter compared to the corresponding period previous year and amounted to SEK 1,112 million (622). The improvement was primarily due to a more favourable development of working capital. Working capital increased last year, but for the current year, the level has remained essentially unchanged. Inventories started to decrease somewhat for comparable units, primarily thanks to high invoicing and fewer disturbances in the supply chains. Working capital efficiency, measured as working capital in relation to net sales on a moving 12-month basis for comparable units, was, due to the still high inventory levels, lower than in the corresponding period previous year.

Cash flow from operating activities during the period January – June amounted to SEK 1,744 million (898).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 258 million (234).

Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) amounted to SEK 1,486 million (664).

Depreciation of property, plant and equipment totalled SEK 433 million (350). Investments in company acquisitions amounted to SEK 1,036 million (608). In addition, payments pertaining to previous years' acquisitions totalled SEK 165 million (107). Divestments amounted to SEK 0 million (0).

In cash flow from operating activities, depreciation of leased assets in the amount of SEK 240 million (194) was added back during the period January – June in accordance with IFRS 16. Lease amortisation is reported as cash flow from financing activities.

Employees

The number of employees was 9,283 at the end of the period, compared with 9,128 at the start of the year.

Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2023.

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	Sax Lift A/S	Fluids & Mechanical Solutions	130	34
January	Hobe GmbH	DACH	80	32
January	Siersema Componenten Service B.V	Benelux	390	50
April	Safematic A/S	Fluids & Mechanical Solutions	55	7
June	Labema Oy	Finland	70	20
June	I-tronik S.r.l.	DACH	165	24
Total			890	167

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

Further information about completed company acquisitions can be found on page 20 of this interim report.

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Events after the end of the reporting period

No material events occurred after the end of the reporting period.

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 0 million (0) during the period January – June. The Parent Company's financial fixed assets consist mainly of shares in subsidiaries. During the period January – June, the Parent Company acquired shares in three 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 June 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 2022, Indutrade has assessed that no additional significant risks or uncertainties have arisen or dissipated.

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 2022 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 2023.

Financial Calendar

- 27 October 2023:
Interim report 1 January – 30 September 2023
- 1 February 2024:
Year-end report 1 January – 31 December 2023

Board's assurance:

The Board of Directors and President/CEO certify that the half-year interim report gives a true and fair view of the Company's and Group's operations, position and result of operations, and describes material risks and uncertainties facing the Company and companies included in the Group.

Stockholm, 20 July 2023
Indutrade AB (publ)

Katarina Martinson
Chairman

Susanna Campbell
Director

Anders Jernhall
Director

Ulf Lundahl
Director

Krister Mellvé
Director

Lars Pettersson
Director

Kerstin Lindell
Director

Bo Annvik
Director, 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 and the Securities Market Act. The information was submitted for publication by the agency of the following contact persons on 20 July 2023 at 9.30 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 20 July at 11.00 CEST via the following link:
<https://ir.financialhearings.com/indutrade-q2-2023/register>

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=2001158>

Q2

Indutrade consolidated income statement – condensed

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	8,100	6,683	16,163	13,081	30,098	27,016
Cost of goods sold	-5,301	-4,350	-10,572	-8,536	-19,690	-17,654
Gross profit	2,799	2,333	5,591	4,545	10,408	9,362
Development costs	-98	-83	-193	-159	-368	-334
Selling costs	-1,209	-994	-2,343	-1,931	-4,387	-3,975
Administrative expenses	-491	-380	-974	-757	-1,777	-1,560
Other operating income and expenses	60	32	59	59	127	127
Operating profit	1,061	908	2,140	1,757	4,003	3,620
Net financial items	-122	-37	-220	-72	-328	-180
Profit before taxes	939	871	1,920	1,685	3,675	3,440
Income Tax	-215	-196	-444	-372	-831	-759
Net profit for the period	724	675	1,476	1,313	2,844	2,681
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	724	675	1,475	1,312	2,845	2,682
Non-controlling interests	0	0	1	1	-1	-1
	724	675	1,476	1,313	2,844	2,681
EBITA	1,213	1,023	2,438	1,982	4,554	4,098
<i>Operating profit includes:</i>						
Amortisation of intangible assets ¹⁾	-164	-126	-322	-247	-599	-524
<i>of which attributable to acquisitions</i>	<i>-152</i>	<i>-115</i>	<i>-298</i>	<i>-225</i>	<i>-551</i>	<i>-478</i>
Depreciation of property, plant and equipment	-223	-176	-433	-350	-817	-734
Earnings per share before dilution, SEK	1.99	1.85	4.05	3.60	7.81	7.36
Earnings per share after dilution, SEK	1.99	1.85	4.05	3.60	7.81	7.36

¹⁾ Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022/23 Moving 12 mos	2022 Jan-Dec
Net profit for the period	724	675	1,476	1,313	2,844	2,681
Other comprehensive income						
Items that can be reversed into income statement						
Fair value adjustment of hedge instruments	12	9	15	9	10	4
Tax attributable to fair value adjustments	-2	-2	-3	-2	-2	-1
Exchange rate differences	484	147	548	238	826	516
Items that cannot be reversed into income statement						
Actuarial gains/losses	-	-	-	-	137	137
Tax on actuarial gains/losses	-	-	-	-	-29	-29
Other comprehensive income for the period, net of tax	494	154	560	245	942	627
Total comprehensive income for the period	1,218	829	2,036	1,558	3,786	3,308
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	1,218	829	2,035	1,557	3,787	3,309
Non-controlling interests	0	0	1	1	-1	-1

Indutrade consolidated balance sheet – condensed

SEK million	2023 30-Jun	2022 30-Jun	2022 31-Dec
Goodwill	8,790	6,018	7,649
Other intangible assets	4,836	3,613	4,408
Property, plant and equipment	4,436	3,620	4,045
Financial assets	174	215	160
Inventories	5,986	4,835	5,605
Trade receivables	5,341	4,274	4,452
Other receivables	1,386	1,028	954
Cash and cash equivalents	1,446	1,265	1,589
Total assets	32,395	24,868	28,862
Equity	13,831	11,005	12,773
Non-current interest-bearing liabilities and pension liabilities	9,956	6,286	7,903
Other non-current liabilities and provisions	1,435	1,035	1,300
Current interest-bearing liabilities	1,656	1,977	2,266
Trade payables	2,189	1,954	1,870
Other current liabilities	3,328	2,611	2,750
Total equity and liabilities	32,395	24,868	28,862

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2023 30-Jun	2022 30-Jun	2022 31-Dec
Opening equity	12,759	10,292	10,292
Total comprehensive income for the period	2,035	1,557	3,309
New issues	-	11	11
Dividend ¹⁾	-946	-837	-837
Hedging of incentive programme	-51	-44	-44
Share-based payments	19	14	32
Acquisition of non-controlling interests	-	-	-4
Closing equity	13,816	10,993	12,759

¹⁾ Dividend per share for 2022 (2021) was SEK 2.60 (2.30)

Equity, attributable to:			
Equity holders of the parent company	13,816	10,993	12,759
Non-controlling interests	15	12	14
	13,831	11,005	12,773

Q2

Indutrade consolidated cash flow statement – condensed

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022/23 Moving 12 mos	2022 Jan-Dec
Operating profit	1,061	908	2,140	1,757	4,003	3,620
Non-cash items	358	316	741	606	1,355	1,220
Interests and other financial items, net	-91	-23	-138	-50	-234	-146
Paid tax	-204	-168	-529	-410	-883	-764
Change in working capital	-12	-411	-470	-1,005	-1,023	-1,558
Cash flow from operating activities	1,112	622	1,744	898	3,218	2,372
Net capital expenditures in non-current assets	-118	-104	-258	-234	-522	-498
Company acquisitions and divestments	-319	-557	-1,201	-715	-3,312	-2,826
Change in other financial assets	5	0	-6	6	-5	7
Cash flow from investing activities	-432	-661	-1,465	-943	-3,839	-3,317
Debt/repayment of debt, net	-433	911	472	631	1,658	1,817
Dividend paid out	-946	-837	-946	-837	-946	-837
New issues	-	11	-	11	-	11
Cash flow from financing activities	-1,379	85	-474	-195	712	991
Cash flow for the period	-699	46	-195	-240	91	46
Cash and cash equivalents at start of period	2,102	1,189	1,589	1,460	1,265	1,460
Exchange rate differences	43	30	52	45	90	83
Cash and cash equivalents at end of period	1,446	1,265	1,446	1,265	1,446	1,589

Key data

	2023	2022	2022	2021	2020
Moving 12 mos	30-Jun	31-Dec	30-Jun	31-Dec	31-Dec
Net sales, SEK million	30,098	27,016	24,097	21,715	19,217
Sales growth, %	25	24	19	13	4
EBITA, SEK million	4,554	4,098	3,628	3,202	2,615
EBITA margin, %	15.1	15.2	15.1	14.7	13.6
Capital employed at end of period, SEK million	23,997	21,353	18,003	15,792	13,512
Capital employed, average, SEK million	21,059	18,111	15,878	14,516	13,541
Return on capital employed, % ¹⁾	22	23	23	22	19
Equity, average, SEK million	12,493	11,272	10,172	9,297	7,899
Return on equity, % ¹⁾	23	24	23	23	21
Interest-bearing net debt at end of period, SEK million	10,166	8,580	6,998	5,489	4,878
Net debt/equity ratio, %	74	67	64	53	56
Net debt/EBITDA, times	1.9	1.8	1.6	1.4	1.5
Equity ratio, %	43	44	44	47	48
Average number of employees	8,946	8,483	8,109	7,715	7,349
Number of employees at end of period	9,283	9,128	8,397	8,185	7,270
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	7.81	7.36	6.55	5.76	4.60
Earnings per share after dilution, SEK	7.81	7.36	6.54	5.75	4.59
Equity per share, SEK	37.92	35.02	30.17	28.26	23.72
Cash flow from operating activities per share, SEK	8.83	6.51	6.78	7.84	7.66
Average number of shares before dilution, '000	364,323	364,270	364,166	363,921	362,721
Average number of shares after dilution, '000	364,323	364,303	364,270	364,180	363,320
Number of shares at the end of the period, '000	364,323	364,323	364,323	364,188	363,615

¹⁾ Calculated on average capital and equity.

Q2

Business area performance

	2023	2022	2023	2022	2022/23	2022
Net sales, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Benelux	1,362	970	2,767	1,919	4,932	4,084
DACH	684	521	1,310	1,025	2,396	2,111
Finland	569	545	1,119	1,050	2,289	2,220
Flow Technology	1,557	1,385	3,164	2,650	5,921	5,407
Fluids & Mechanical Solutions	980	753	1,922	1,475	3,417	2,970
Industrial Components	1,552	1,342	3,061	2,612	5,845	5,396
Measurement & Sensor Technology	871	692	1,782	1,379	3,352	2,949
UK	546	504	1,087	1,024	2,057	1,994
Parent company and Group items	-21	-29	-49	-53	-111	-115
Total	8,100	6,683	16,163	13,081	30,098	27,016
	2023	2022	2023	2022	2022/23	2022
EBITA, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Benelux	197	155	426	293	732	599
DACH	107	78	198	148	366	316
Finland	72	96	144	169	345	370
Flow Technology	268	236	552	436	998	882
Fluids & Mechanical Solutions	154	116	298	229	522	453
Industrial Components	241	218	484	436	915	867
Measurement & Sensor Technology	124	128	281	259	557	535
UK	66	59	131	127	235	231
Parent company and Group items	-16	-63	-76	-115	-116	-155
Total	1,213	1,023	2,438	1,982	4,554	4,098
	2023	2022	2023	2022	2022/23	2022
EBITA margin, %	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Benelux	14.5	16.0	15.4	15.3	14.8	14.7
DACH	15.6	15.0	15.1	14.4	15.3	15.0
Finland	12.7	17.6	12.9	16.1	15.1	16.7
Flow Technology	17.2	17.0	17.4	16.5	16.9	16.3
Fluids & Mechanical Solutions	15.7	15.4	15.5	15.5	15.3	15.3
Industrial Components	15.5	16.2	15.8	16.7	15.7	16.1
Measurement & Sensor Technology	14.2	18.5	15.8	18.8	16.6	18.1
UK	12.1	11.7	12.1	12.4	11.4	11.6
Total	15.0	15.3	15.1	15.2	15.1	15.2

Business area performance per quarter

Net sales, SEK million	2023		2022			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	1,362	1,405	1,153	1,012	970	949
DACH	684	626	534	552	521	504
Finland	569	550	605	565	545	505
Flow Technology	1,557	1,607	1,370	1,387	1,385	1,265
Fluids & Mechanical Solutions	980	942	781	714	753	722
Industrial Components	1,552	1,509	1,514	1,270	1,342	1,270
Measurement & Sensor Technology	871	911	821	749	692	687
UK	546	541	480	490	504	520
Parent company and Group items	-21	-28	-30	-32	-29	-24
Total	8,100	8,063	7,228	6,707	6,683	6,398

EBITA, SEK million	2023		2022			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	197	229	167	139	155	138
DACH	107	91	80	88	78	70
Finland	72	72	96	105	96	73
Flow Technology	268	284	222	224	236	200
Fluids & Mechanical Solutions	154	144	116	108	116	113
Industrial Components	241	243	227	204	218	218
Measurement & Sensor Technology	124	157	142	134	128	131
UK	66	65	51	53	59	68
Parent company and Group items	-16	-60	-20	-20	-63	-52
Total	1,213	1,225	1,081	1,035	1,023	959

EBITA margin, %	2023		2022			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	14.5	16.3	14.5	13.7	16.0	14.5
DACH	15.6	14.5	15.0	15.9	15.0	13.9
Finland	12.7	13.1	15.9	18.6	17.6	14.5
Flow Technology	17.2	17.7	16.2	16.1	17.0	15.8
Fluids & Mechanical Solutions	15.7	15.3	14.9	15.1	15.4	15.7
Industrial Components	15.5	16.1	15.0	16.1	16.2	17.2
Measurement & Sensor Technology	14.2	17.2	17.3	17.9	18.5	19.1
UK	12.1	12.0	10.6	10.8	11.7	13.1
Total	15.0	15.2	15.0	15.4	15.3	15.0

Q2

Disaggregation of revenue

Net sales per geographic market

2023

Apr-Jun, SEK million	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	63	5	502	876	692	1,352	164	24	-8	3,670
Other Europe	1,149	653	42	569	250	179	317	463	-7	3,615
Americas	67	16	1	6	28	13	234	29	-3	391
Asia	71	8	17	86	11	7	130	25	-2	353
Other	12	2	7	20	-1	1	26	5	-1	71
	1,362	684	569	1,557	980	1,552	871	546	-21	8,100

Timing of revenue recognition	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Over time	17	71	0	0	94	4	85	0	-1	270
Point in time	1,345	613	569	1,557	886	1,548	786	546	-20	7,830
	1,362	684	569	1,557	980	1,552	871	546	-21	8,100

2022

Apr-Jun, SEK million	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	34	4	491	759	567	1,191	148	27	-13	3,208
Other Europe	805	499	39	480	153	130	217	415	-8	2,730
Americas	49	14	5	6	23	15	199	30	-4	337
Asia	71	4	8	130	8	4	114	28	-4	363
Other	11	0	2	10	2	2	14	4	0	45
	970	521	545	1,385	753	1,342	692	504	-29	6,683

Timing of revenue recognition	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Over time	11	62	0	0	54	1	63	0	-2	189
Point in time	959	459	545	1,385	699	1,341	629	504	-27	6,494
	970	521	545	1,385	753	1,342	692	504	-29	6,683

¹⁾ Parent company & Group items

FT - Flow Technology

FMS - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Disaggregation of revenue – continued

Net sales per geographic market

2023

Jan-Jun, SEK million	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	94	9	980	1,734	1,369	2,681	332	49	-18	7,230
Other Europe	2,342	1,251	92	1,202	479	331	655	924	-18	7,258
Americas	160	30	13	16	52	31	490	57	-6	843
Asia	138	17	26	168	19	15	257	49	-5	684
Other	33	3	8	44	3	3	48	8	-2	148
	2,767	1,310	1,119	3,164	1,922	3,061	1,782	1,087	-49	16,163

Timing of revenue recognition	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Over time	33	151	0	0	166	7	156	0	-1	512
Point in time	2,734	1,159	1,119	3,164	1,756	3,054	1,626	1,087	-48	15,651
	2,767	1,310	1,119	3,164	1,922	3,061	1,782	1,087	-49	16,163

2022

Jan-Jun, SEK million	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	50	9	903	1,433	1,112	2,301	281	59	-23	6,125
Other Europe	1,619	977	80	919	296	272	466	844	-17	5,456
Americas	104	26	12	11	47	29	404	56	-7	682
Asia	117	12	20	268	16	8	192	55	-5	683
Other	29	1	35	19	4	2	36	10	-1	135
	1,919	1,025	1,050	2,650	1,475	2,612	1,379	1,024	-53	13,081

Timing of revenue recognition	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Over time	23	138	0	0	102	4	123	0	-2	388
Point in time	1,896	887	1,050	2,650	1,373	2,608	1,256	1,024	-51	12,693
	1,919	1,025	1,050	2,650	1,475	2,612	1,379	1,024	-53	13,081

¹⁾ Parent company & Group items

FT - Flow Technology

FMS - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Q2

Acquisitions

Acquisitions during the interim period

All of the shares were acquired in Sax Lift A/S (Denmark), Hobe GmbH (Germany), Siersema Komponenten Service B.V. (Netherlands), Safematic A/S (Denmark), Labema Oy (Finland) and I-tronik S.r.l. (Italy).

Benelux

On 19 January, Siersema Komponenten Service B.V. (Netherlands) was acquired, with annual sales of SEK 390 million. SKS is a specialised technical trading company offering flow technology components to the food and pharmaceutical industries.

DACH

On 10 January, Hobe GmbH (Germany) was acquired, with annual sales of SEK 80 million. Hobe manufactures micro precision tools for the shaping of interior profiles in very small bores.

On 22 June, I-tronik S.r.l. (Italy) was acquired, with annual sales of SEK 165 million. I-tronik is specialised in machinery, consumables, spare parts, and services for assembly and manufacturing of Printed Circuit Boards (PCBs).

Finland

On 14 June, Labema Oy (Finland), was acquired, with annual sales of SEK 70 million. Labema is a technical trading company operating within the life science and biotechnology field, offering diagnostic equipment and supplies primarily to public healthcare, the food industry and research laboratories.

Fluids & Mechanical Solutions

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

On 13 April, Safematic A/S (Denmark) was acquired, with annual sales of SEK 55 million. Safematic specialises in process and ventilation filtration, offering filter solutions to the food, energy and pharmaceutical industries, among others.

Acquired assets and liabilities in 2023

Preliminary purchase price allocations

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 120 million	1,253
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Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill	47	696	743
Agencies, trademarks, customer relations, licenses, etc.	30	482	512
Property, plant and equipment	47		47
Financial assets	2		2
Inventories	163		163
Other current assets ¹⁾	114		114
Cash and cash equivalents	97		97
Deferred tax liability	-1	-114	-115
Other operating liabilities	-310		-310
	189	1,064	1,253

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 27 million (0).

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 120 (207) million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 156 million (215). If the conditions are not met, the outcome can be in the range of SEK 0-156 million.

Transaction costs during the first half of the year totalled SEK 8 million (5) and are included in Other income and expenses in the income statement. Contingent earn-out payments were restated in the amount of SEK 71 million (22). The effect is reported under Other income and expenses in the amount of SEK 68 million (21) and under Net financial items in the amount of SEK 3 million (1).

The acquisition calculations for Stabalux GmbH, PMH International AB, acti-Chem A/S, Prodia AB and Oscar Medtec AB, which were acquired during the second quarter 2022, 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	1,253
Purchase price not paid out	-120
Cash and cash equivalents in acquired companies	-97
Payments pertaining to previous years' acquisitions	165
Total cash flow impact	1,201

Effects of acquisitions carried out in 2022 and 2023

SEK million Business area	Net sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Benelux	160	305	26	51
DACH	76	118	14	25
Finland	5	5	-3	-3
Flow Technology	8	21	1	4
Fluids & Mechanical Solutions	158	310	20	37
Industrial Components	56	169	8	29
Measurement & Sensor Technology	74	170	5	19
UK	-	8	-	2
Effect on Group	537	1,106	71	164
Acquisitions carried out in 2022	353	804	42	112
Acquisitions carried out in 2023	184	302	29	52
Effect on Group	537	1,106	71	164

If all of the acquired units had been consolidated as of 1 January 2023, net sales would have amounted to SEK 16,313 million and EBITA to SEK 2,456 million.

Acquisitions after the end of the reporting period

No acquisitions were completed after the end of the reporting period.

Q2

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	364,323,000
Number of newly subscribed shares	0
Total number of shares outstanding after new issues	364,323,000

LTIP 2021, 2022 and 2023

The 2021, 2022 and 2023 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.

LTIP 2023 covers around 285 employees and is aimed at senior executives and other key employees. LTIP 2023 requires own investment and it consists of performance shares. The scope of the programme is, at most, 435,000 shares in Indutrade, which corresponds to approximately 0.12% of all shares and votes.

For all of the 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 interim period, SEK 19 million (14) (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
LTIP 2023	60,745	194,513	0.1%	Programme launch May 2023 – interim report publication first quarter 2026

Financial assets and liabilities

30 Jun 2023, 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						
Other shares and participations	-	-	13	-	-	-	13	13
Trade receivables	-	5,341	-	-	-	-	5,341	5,341
Other receivables	18	28	-	-	-	-	46	46
Cash and cash equivalents	-	1,446	-	-	-	-	1,446	1,446
Total	18	6,815	13	-	-	-	6,846	6,846
Non-current interest-bearing liabilities	-	-	-	637	9,064	-	9,701	9,688
Current interest-bearing liabilities	-	-	-	550	1,106	-	1,656	1,659
Trade payables	-	-	-	-	2,189	-	2,189	2,189
Other liabilities	1	-	-	-	-	-	1	1
Total	1	-	-	1,187	12,359	-	13,547	13,537

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						
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

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	2023	2022
SEK million	30-Jun	31-Dec
Opening book value	1,220	861
Acquisitions during the year	120	659
Consideration paid	-161	-235
Reclassified via income statement	-69	-139
Interest expenses	13	14
Exchange rate differences	64	60
Closing book value	1,187	1,220

Q2

Parent company income statement – condensed

SEK million	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022/23 Moving 12 mos	2022 Jan-Dec
Net sales	0	0	0	0	11	11
Gross profit	0	0	0	0	11	11
Administrative expenses	-48	-36	-86	-71	-161	-146
Operating profit	-48	-36	-86	-71	-150	-135
Financial income/expenses	30	20	44	43	92	91
Profit from participation in Group companies	1,444	1,888	1,445	1,888	1,484	1,927
Profit after financial items	1,426	1,872	1,403	1,860	1,426	1,883
Appropriations	-	-	-	-	850	850
Income Tax	2	3	7	5	-166	-168
Net profit for the period	1,428	1,875	1,410	1,865	2,110	2,565
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	-1	-1

Parent company balance sheet – condensed

SEK million	2023 30-Jun	2022 30-Jun	2022 31-Dec
Intangible assets	1	0	1
Property, plant and equipment	2	1	2
Financial assets	11,497	7,794	9,785
Current receivables	10,090	9,059	10,939
Cash and cash equivalents	462	500	592
Total assets	22,052	17,354	21,319
Equity	10,371	9,254	9,956
Untaxed reserves	867	755	867
Non-current interest-bearing liabilities and pension liabilities	8,386	4,759	6,386
Other non-current liabilities and provisions	4	0	4
Current interest-bearing liabilities	2,208	2,449	3,710
Current non-interest-bearing liabilities	216	137	396
Total equity and liabilities	22,052	17,354	21,319

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.

Q2

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 14% 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.

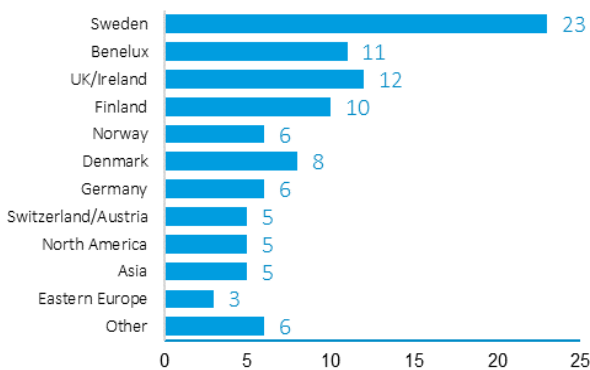
Net debt/equity ratio

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

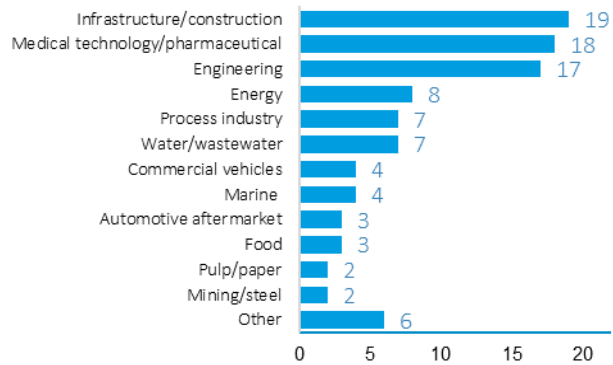
Dividend payout ratio

- 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 2022

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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Acquisition of Italian I-tronik

In June, Indutrade acquired the Italian technical trading company, I-tronik S.r.l., with annual sales of SEK 165 million. I-tronik is specialised in machinery, consumables, spare parts, and services for assembly and manufacturing of Printed Circuit Boards (PCBs). End customers are found in several different industries, operating in segments such as lighting, defence, pharmaceutical and aerospace.

The company has a long history of sustainable, profitable growth and it has good prospects for continued organic growth, thanks to such things as the green technology transition and electrification trend.



Welcome Labema!

In June, the Finnish company, Labema Oy was acquired, with annual sales of SEK 70 million. Labema is a technical trading company operating within the life science and biotechnology field, offering diagnostic equipment and supplies primarily to public healthcare, the food industry and research laboratories.

Bo Annvik, President and CEO of Indutrade comments: “Labema has a strong entrepreneurial spirit and expertise in developing deep, long lasting relationships with its customers and suppliers. It is also the first medical technology company we acquire in Finland and we are glad to welcome them to the Indutrade family”.



Indutrade Sustainability Awards 2023

The 2023 winners of the Indutrade Sustainability Awards were presented during the quarter. The purpose of the awards is to recognise all of the work that our companies are doing in the area of sustainability, spreading good examples and inspiring others for further sustainable development. The companies were able to nominate themselves and each other in three categories: Employees, Environment and Products & customers.

Winners:

Employees: Verplas Limited
 Environment: GPA Flowsystem AS
 Products & customers VES Ltd



People



Environment



Products & customers

