

Interim report and Year-End report

1 January – 31 December 2023

Fourth quarter 2023

- Order intake increased by 14% to SEK 8,044 million (7,052). For comparable units, it was an increase of 4%.
- Net sales increased by 8% to SEK 7,821 million (7,228). For comparable units, it was unchanged.
- EBITA increased by 6% to SEK 1,141 million (1,081), corresponding to an EBITA margin of 14.6% (15.0%).
- Profit for the quarter increased by 5% to SEK 710 million (677), and earnings per share amounted to SEK 1.95 (1.86).
- Cash flow from operating activities amounted to SEK 1,520 million (850).

1 January – 31 December 2023

- Order intake increased by 13% to SEK 31,211 million (27,701). For comparable units, it was an increase of 1%.
- Net sales increased by 18% to SEK 31,835 million (27,016). For comparable units, it was an increase of 6%.
- EBITA increased by 16% to SEK 4,769 million (4,098), corresponding to an EBITA margin of 15.0% (15.2%).
- Profit for the year increased by 7% to SEK 2,866 million (2,681), and earnings per share amounted to SEK 7.86 (7.36).
- Cash flow from operating activities amounted to SEK 4,491 million (2,372).
- The Board proposes a dividend of SEK 2.85 (2.60) per share.



Financial Development

SEK million	2023 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Order intake	8,044	7,052	14%	31,211	27,701	13%
Net sales	7,821	7,228	8%	31,835	27,016	18%
Operating profit	987	951	4%	4,158	3,620	15%
EBITA	1,141	1,081	6%	4,769	4,098	16%
EBITA margin, %	14.6	15.0		15.0	15.2	
Profit before taxes	874	885	-1%	3,691	3,440	7%
Net profit for the period	710	677	5%	2,866	2,681	7%
Earnings per share before dilution, SEK	1.95	1.86	5%	7.86	7.36	7%
Return on capital employed, %	21	23		21	23	
Cash flow from operating activities	1,520	850	79%	4,491	2,372	89%
Net debt/equity ratio, %	53	67		53	67	

Q4

CEO's message



Indutrade summarizes a successful 2023 with a strong fourth quarter. For the full year, sales increased by 18% and amounted to SEK 32 billion, with a maintained high EBITA margin of 15.0%. Thanks to our balanced diversification and entrepreneurial companies, we have been able to act on business opportunities and manage the uncertain market situation in a good way. We have also continued to strengthen our strategic platform, not least through the launch of our new Group structure, which over the long term increases our ability to achieve sustainable profitable growth.

Fourth quarter

Demand increased overall during the fourth quarter, but varied between companies, customer segments and geographies. Order intake increased by 14% compared to the corresponding period previous year and was 3% higher than sales. Organically, growth was 4%, primarily thanks to strong demand from customers in the medical technology and pharmaceuticals segment. Among the larger customer segments, the process industry and energy sector also had an improved demand and the development in infrastructure and construction was stable. Development was somewhat weaker in engineering. The Flow Technology business area had the strongest organic order growth, primarily driven by larger orders of flow technology components and products for pharmaceutical manufacturing.

Sales growth was 8% and net sales amounted to SEK 7.8 (7.2) billion. Organically, net sales were unchanged, but with varied performance between companies. The Industrial Components and Fluids & Mechanical Solutions business areas reported the strongest organic sales growth, with growth in the majority of the companies. The Benelux business area had the weakest organic development, primarily due to lower sales of valves for power generation.

EBITA increased by 6% compared to the corresponding period previous year and amounted to SEK 1.1 billion. The EBITA margin remained high and stable at 14.6%, at the same underlying level as previous year. Newly acquired companies contributed positively while the organic growth overall was somewhat dampened. The EBITA margin improved in five of the eight business areas, with the strongest growth in the DACH business area, primarily due to good performance in newly acquired companies.

Cash flow from operating activities amounted to SEK 1.5 billion, which is a new record for Indutrade and contributed to a reduction in net debt. The improvement is primarily explained by a favourable working capital development, including a continued reduction of inventories. Indutrade's financial position is overall strong and we have a low net debt/equity ratio.

Acquisitions

In 2023, we welcomed nine stable and well-managed companies to the Indutrade family, with total annual sales of approximately SEK 1.2 billion. During the fourth quarter we acquired Irish Powerpoint Engineering, which operates in electrical safety, measuring and test equipment and Swiss TSE Troller, which is a leading manufacturer of high-quality coating dies. After the end of the quarter, we acquired the German technical trading company pure!, which specialises in industrial compressed air treatment and process filtration, and the Irish medical technology company, MeHow. We also signed an agreement to acquire the Swedish company SDT, which specialises in machine automation.

The acquisition market in 2023 was stable and Indutrade has a continued high inflow of interesting acquisition candidates. However, due to the generally uncertain market situation, we chose to prolong some of our acquisition processes in 2023. Activity in the ongoing acquisition processes is good, which, together with our increased acquisition resources and strong financial position gives us the prerequisites for a good acquisition pace in 2024.

Outlook

Despite an uncertain macro-economic situation, demand during the last quarter remained at a high level, with order growth in nearly half of the companies. However, the general uncertainty remains high for the upcoming quarters and the comparison figures are challenging. At the same time, the conditions are good for positive development in many industries, among others connected to the green technology transition and a growing medical technology and pharmaceutical sector, in which many of our companies have strong positions and opportunities. In this environment, we are convinced that our decentralised business model, with flexible and entrepreneurial companies that are opportunity-oriented and able to effectively adapt their businesses to the prevailing market situation will be a strength.

As of 1 January, Indutrade has a new Group structure with five international business areas. The new structure improves the prerequisites for both organic and acquired growth, by further promoting opportunities for knowledge sharing between companies with similar businesses and challenges. Besides strengthening our platform for various forms of knowledge sharing, it also improves our scalability, while still retaining our decentralised structure. We look forward to working together in our new organisation in order to drive organic growth and value-creating acquisitions – always with focus on the individual company.

Bo Anvik, President and CEO

Group performance

Order intake

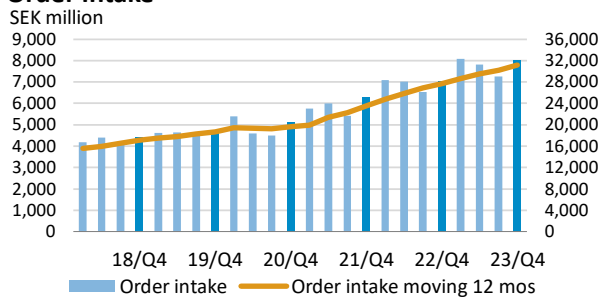
Overall, demand increased during the fourth quarter, among other things due to high order intake from customers in the medical technology and pharmaceutical segment. Order intake for comparable units was higher than in the corresponding quarter previous year but continued to vary between different companies and nearly half showed growth during the quarter. Among the other major customer segments, the process industry continued to develop well, while demand was somewhat weaker in engineering. For companies with customers in infrastructure and construction, order intake was higher than in the corresponding period previous year.

Order intake during the quarter was 3 percent higher than invoicing and amounted to SEK 8,044 (7,052) million, an increase of 14 percent compared to the corresponding period previous year. For comparable units, order intake increased by 4%, acquisitions contributed with 7% and currency movements had a positive impact of 3%.

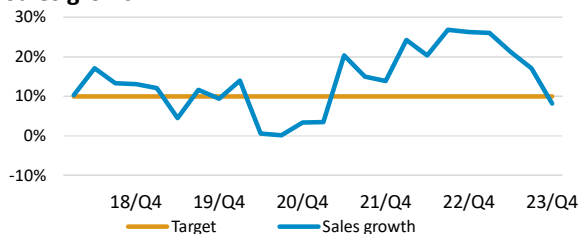
The Flow Technology and Fluids & Mechanical Solutions business areas reported the strongest growth of organic order intake. In both business areas, the trend for customers in medical technology and pharmaceuticals was strong and for Fluids & Mechanical Solutions, there was also improved demand from customers in the automotive aftermarket and water/wastewater segments. Demand was weakest for the Measurement & Sensor Technology business area, partly due to the strong comparison figures for some companies previous year.

Order intake for the full year amounted to SEK 31,211 million (27,701), which is an increase of 13%. Comparable units increased by 1%, acquisitions contributed with 7% and currency movements had a positive impact of 5%.

Order intake



Sales growth



Net sales

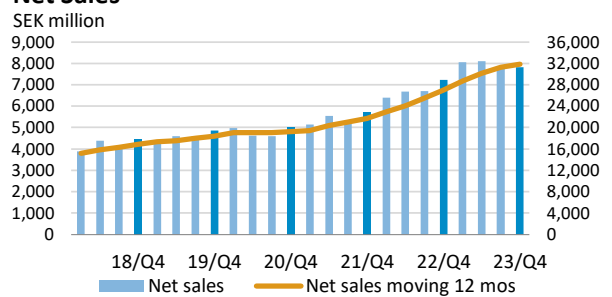
Net sales remained high during the quarter and amounted to SEK 7,821 million (7,228), corresponding to an increase of 8% compared to previous year. Comparable units were unchanged, acquisitions contributed with 6% and currency movements had a positive impact of 2%.

The Industrial Components and Fluids & Mechanical Solutions business areas had the strongest growth for comparable units, thanks to a positive trend in the majority of companies. The Benelux business area had the weakest net sales development, among others due to lower invoicing for valves for power generation, which ended 2022 very strongly.

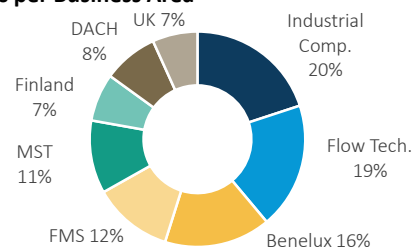
All business with companies in Russia and Belarus is still suspended because of Russia's invasion of Ukraine at the beginning of 2022. The overall direct and indirect exposure to these countries is very limited and the Group does not have any subsidiaries or employees in Russia, Ukraine or Belarus.

Net sales for the full year increased by 18% to SEK 31,835 million (27,016). Comparable units increased by 6%, acquisitions contributed with 7% and currency movements had a positive impact of 5%.

Net Sales



Net Sales per Business Area



Q4

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,141 million (1,081) for the fourth quarter, which is an improvement of 6%. Comparable units decreased by 5%, acquisitions contributed with 8% and currency movements had a positive impact of 3%. The EBITA margin decreased and amounted to 14.6% (15.0%).

There was a marginally positive impact on EBITA during the quarter from nonrecurring items for a net amount of SEK 3 (25) million. Revaluations of contingent earn-out payments had a positive impact of SEK 411 (90) million and there was a negative impact of SEK 408 (65) million from impairment of surplus values and goodwill. Excluding nonrecurring items, the EBITA margin was on a par with the corresponding period previous year and amounted to 14.6% (14.6%).

Most of the revaluations and impairments are attributable to a couple of larger companies that were acquired at the end of 2022 and which had a weaker sales and earnings performance than anticipated. The long-term prospects for these companies is nevertheless assessed as positive.

Many companies continued raising their prices to customers during the quarter and the gross margin remained high, amounting to 34.8% (34.9%). For the full year, the gross margin was 34.7% (34.7%).

The DACH and UK business areas reported the highest improvement of EBITA margin. For DACH, the positive performance from newly acquired companies made a strong contribution and for the UK, the improvement was, among other things, attributable to a couple of companies with customers within defence and in the energy segment, along with somewhat weaker comparison figures.

Net financial items during the fourth quarter amounted to SEK -113 million (-66). The higher financial costs were primarily attributable to higher interest rate levels, and to a certain extent, higher borrowings compared to the corresponding period previous year. Tax on profit for the quarter amounted to SEK -164 million (-208), corresponding to a tax charge of 19% (24%). Profit for the quarter increased by 5% to SEK 710 million (677). Earnings per share before dilution increased by 5% and amounted to SEK 1.95 (1.86).

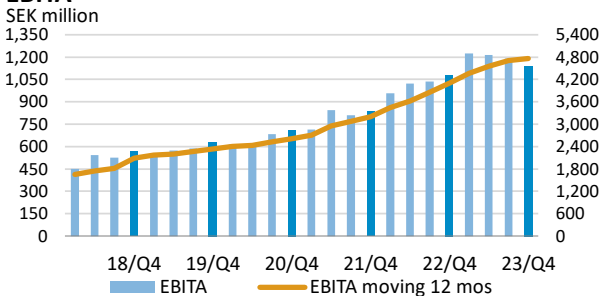
EBITA for the full year amounted to SEK 4,769 million (4,098), which is an increase of 16%. Comparable units increased by 4%, acquisitions contributed with 8% and currency movements had a positive impact of 4%. The EBITA margin decreased somewhat and amounted to 15.0% (15.2%).

Net financial items for the full year amounted to SEK -467 million (-180). Tax on profit for the year amounted to SEK -825 million (-759), corresponding to a tax charge of 22% (22%). Profit for the year increased by 7% and amounted to SEK 2,866 million (2,681). Earnings per share before dilution increased by 7% and amounted to SEK 7.86 (7.36).

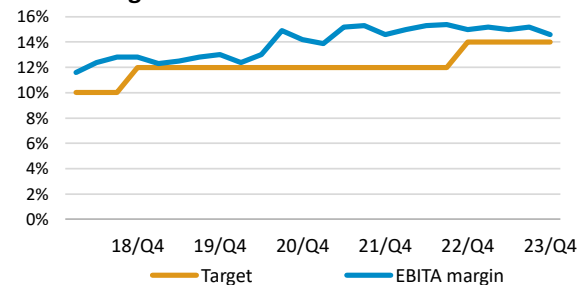
Return

Return on capital employed remained at a high level but decreased somewhat compared to the previous year and amounted to 21% (23%), which is primarily due to a higher amount of tied-up capital. Return on equity amounted to 21% (24%).

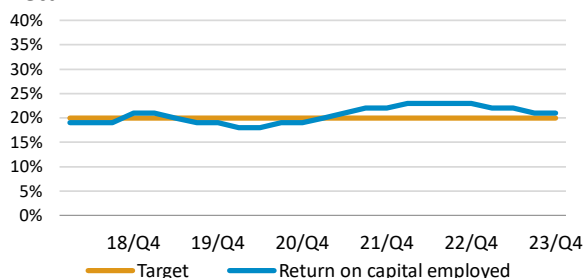
EBITA



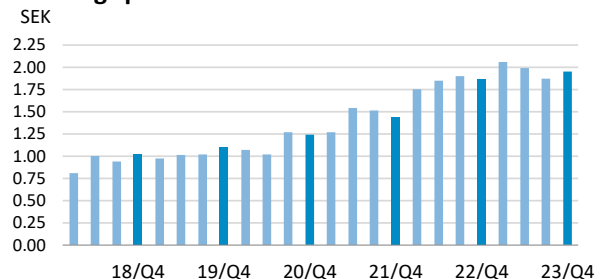
EBITA margin



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	2023 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	1,155	1,153	0%	5,178	4,084	27%
EBITA	116	167	-31%	697	599	16%
EBITA margin, %	10.0	14.5		13.5	14.7	

Net sales during the fourth quarter were unchanged and amounted to SEK 1,155 million (1,153). Comparable units decreased by 11%, acquisitions contributed with 7% and currency movements had a positive impact of 4%.

Overall, demand during the quarter was somewhat lower than in the corresponding period previous year, with a lower order intake in the majority of companies. Order intake was 1% lower than invoicing during the quarter.

EBITA decreased during the fourth quarter by 31% to SEK 116 million (167), corresponding to an EBITA margin of 10.0% (14.5%). Comparable units decreased by 36%, acquisitions contributed with 4% and currency movements had a positive impact of 1%.

The lower EBITA margin was mainly attributable to valves for power generation, which had a strong performance during the corresponding period previous year, along with a weak development for a couple of companies with customers 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 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	663	534	24%	2,656	2,111	26%
EBITA	135	80	69%	443	316	40%
EBITA margin, %	20.4	15.0		16.7	15.0	

Net sales increased by 24% during the fourth quarter to SEK 663 million (534). Comparable units decreased by 2%, acquisitions contributed with 20% and currency movements had a positive impact of 6%.

Order intake decreased in most companies during the quarter, but demand was overall approximately in line with the corresponding period previous year, among others because of larger projects in infrastructure and construction. Order intake was 3% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 69% to SEK 135 million (80), corresponding to an EBITA margin of 20.4% (15.0%). Comparable units increased by 7%, acquisitions contributed with 56% and currency movements had a positive impact of 6%.

The improved EBITA margin was in part attributable to a strong performance from newly acquired companies and in part to a good growth in the gross margin in many companies, along with a positive one-off effect linked to pensions.

Q4

Finland

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

SEK million	2023 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	641	605	6%	2,374	2,220	7%
EBITA	104	96	8%	348	370	-6%
EBITA margin, %	16.2	15.9		14.7	16.7	

Net sales increased by 6% during the fourth quarter to SEK 641 million (605). Comparable units decreased by 5%, acquisitions contributed with 6% and currency movements had a positive impact of 5%.

Order intake increased during the quarter for half of the business area's companies, but demand was overall lower than in the corresponding period previous year. Order intake was 7% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 8% to SEK 104 million (96), corresponding to an EBITA margin of 16.2% (15.9%). Comparable units decreased by 4%, acquisitions contributed with 6% and currency movements had a positive impact of 6%.

The improved EBITA margin is explained by a good performance from newly acquired companies, along with an improved gross margin in 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	2023 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	1,359	1,370	-1%	6,037	5,407	12%
EBITA	193	222	-13%	1,009	882	14%
EBITA margin, %	14.2	16.2		16.7	16.3	

Net sales decreased during the fourth quarter by 1% to SEK 1,359 million (1,370). Comparable units decreased by 2% and currency movements had a positive impact of 1%.

Order intake increased in the majority of companies and demand was overall higher than during the corresponding quarter previous year. Order intake was 34% higher than invoicing. Large orders from customers in the medical technology and pharmaceutical segment contributed to the growth.

EBITA decreased during the fourth quarter by 13% to SEK 193 million (222), corresponding to an EBITA margin of 14.2% (16.2%). Comparable units decreased by 15% and currency movements had a positive impact of 2%.

The lower EBITA margin is primarily explained by the lower net sales for comparable units, combined with a higher activity and cost level.

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 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	944	781	21%	3,782	2,970	27%
EBITA	149	116	28%	598	453	32%
EBITA margin, %	15.8	14.9		15.8	15.3	

Net sales increased by 21% during the fourth quarter to SEK 944 million (781). Comparable units increased by 7%, acquisitions contributed with 13% and currency movements had a positive impact of 1%.

Overall, demand during the quarter was higher than in the corresponding period previous year and order intake increased in the majority of the business area's companies. Order intake was on a par with invoicing during the quarter.

EBITA increased during the fourth quarter by 28% to SEK 149 million (116), corresponding to an EBITA margin of 15.8% (14.9%). Comparable units increased by 21%, acquisitions contributed with 5% and currency movements had a positive impact of 2%.

The higher EBITA margin is primarily explained by a strong performance from companies with customers in the automotive aftermarket segment, along with the medical technology and pharmaceuticals segment.

Industrial Components

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

SEK million	2023 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	1,652	1,514	9%	6,185	5,396	15%
EBITA	251	227	11%	985	867	14%
EBITA margin, %	15.2	15.0		15.9	16.1	

Net sales increased by 9% during the fourth quarter to SEK 1,652 million (1,514). Comparable units increased by 7%, acquisitions contributed with 1% 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 half of the companies in the business area. Order intake was 2% lower than invoicing during the quarter.

EBITA increased during the third quarter by 11% to SEK 251 million (227), corresponding to an EBITA margin of 15.2% (15.0%). Comparable units increased by 8%, acquisitions contributed with 1% and currency movements had a positive impact of 2%.

The improved EBITA margin is primarily attributable to a positive performance from companies with customers in the medical technology and pharmaceuticals segment.

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	2023 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	925	821	13%	3,583	2,949	21%
EBITA	154	142	8%	585	535	9%
EBITA margin, %	16.6	17.3		16.3	18.1	

Net sales increased by 13% during the fourth quarter to SEK 925 million (821). Comparable units increased by 5%, acquisitions contributed with 6% and currency movements had a positive impact of 2%.

Overall, demand during the quarter was lower than in the corresponding period previous year, with a decrease in order intake in most of the companies. Order intake was 12% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 8% to SEK 154 million (142), corresponding to an EBITA margin of 16.6% (17.3%). Comparable units decreased by 6%, acquisitions contributed with 13% and currency movements had a positive impact of 1%.

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

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 Oct-Dec	2022 Oct-Dec	Change	2023 Jan-Dec	2022 Jan-Dec	Change
Net sales	503	480	5%	2,136	1,994	7%
EBITA	62	51	22%	248	231	7%
EBITA margin, %	12.3	10.6		11.6	11.6	

Net sales increased by 5% during the fourth quarter to SEK 503 million (480). Comparable units decreased by 8%, acquisitions contributed with 8% and currency movements had a positive impact of 5%.

Overall, demand during the quarter was somewhat lower than in the corresponding period previous year, even though order intake increased in approximately half of the companies. Order intake was 4% lower than invoicing during the quarter.

EBITA increased during the fourth quarter by 22% to SEK 62 million (51), corresponding to an EBITA margin of 12.3% (10.6%). Comparable units increased by 10%, acquisitions contributed with 8% and currency movements had a positive impact of 4%.

The higher EBITA margin is primarily explained by a positive performance from a couple of companies with customers within defence and in the energy segment.

Other financial information

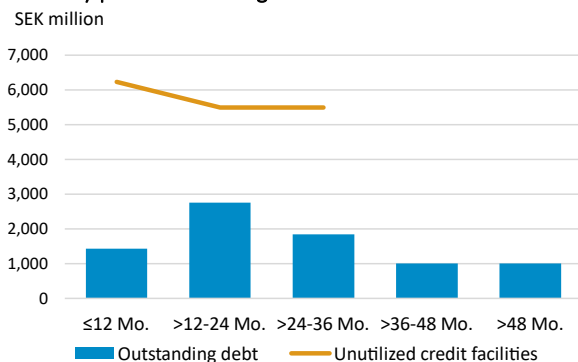
Financial position

Shareholders' equity amounted to SEK 14,489 million (12,773) and the equity ratio to 46% (44%). Cash and cash equivalents amounted to SEK 3,012 million (1,589). In addition to that, there were unutilised credit commitments of SEK 6,235 million (4,985). Interest-bearing net debt amounted to SEK 7,747 million (8,580) at the end of the quarter. The decrease compared to the previous year is mainly attributable to a strong cash flow, a lower rate of acquisition and revaluation of contingent earn-out payments. The net debt/equity ratio was 53% (67%) at the end of the period. Net debt in relation to EBITDA was 1.4x (1.8x).

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 year, the Parent Company's short-term borrowing amounted to SEK 1,431 million and long-term unutilised credit facilities amounted to SEK 5,500 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

Cash flow from operating activities increased during the quarter compared to the corresponding period previous year and amounted to SEK 1,520 million (850). The improvement was due to a more favourable development of working capital compared to the corresponding period previous year. Inventories decreased during the quarter for comparable units, driven by focused improvement efforts in many companies, in combination with a continued high invoicing rate and few 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, improved somewhat compared to the third quarter, but was still lower than in the corresponding period previous year.

Cash flow from operating activities amounted to SEK 4,491 million (2,372) for the full year.

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 542 million (498).

Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) amounted to SEK 3,949 million (1,874).

Depreciation of property, plant and equipment totalled SEK 906 million (734). Investments in company acquisitions amounted to SEK 1,351 million (2,541). In addition, payments pertaining to previous years' acquisitions totalled SEK 225 million (287). Divestments amounted to SEK 0 million (2).

In cash flow from operating activities, depreciation of leased assets in the amount of SEK 495 million (408) was 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 9,301 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
September	Noby A/S	Industrial Components	60	14
October	Powerpoint Engineering Ltd.	UK	150	29
October	TSE Troller AG	DACH	90	30
Total			1,190	240

*) 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.

Q4

Events after the end of the reporting period

In January, all of the shares in QbiQ B.V. were divested. On 17 January, pure! GmbH was acquired. On 30 January, SDT Scandinavian Drive Technologies AB was acquired. On 31 January, MeHow Medical Ireland Ltd was acquired. More information is available on page 21.

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 12 million (11) during the full year. The Parent Company's financial fixed assets consist mainly of shares in subsidiaries. In 2023, the Parent Company acquired shares in five 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 23 (21).

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.

The Board's proposal for the AGM

The AGM will be held on 9 April 2024. The Board of Directors proposes a dividend of SEK 2.85 (2.60) per share, which corresponds to SEK 1,038 million (947). The proposed dividend is in line with Indutrade's policy that the dividend shall amount to between 30% and 50% of the net profit.

The proposed record date for the dividend is 11 April 2024. Provided that the AGM resolves in accordance with The Board's proposal, payment of the dividend is expected to be made on 16 April 2024.

Nomination committee

The Nomination Committee proposes re-election of Katarina Martinson as Chair of the Board at the 2024 Annual General Meeting. The Committee also proposes re-election of Bo Annvik, Susanna Campbell, Anders Jernhall, Kerstin Lindell, Ulf Lundahl and Lars Pettersson. Krister Mellvé has announced that he is not available for re-election. Pia Brantgärde Linder is proposed to be elected as new Board member. The Committee's proposal means that the number of Board members during the coming mandate period is unchanged at 8 directors.

Financial Calendar

- 18 March 2024:
Annual report 2023 is published on the website
- 9 April 2024:
AGM will be held in Stockholm
- 25 April 2024:
Interim report 1 January – 31 March 2024
- 18 July 2024:
Interim report 1 January – 30 June 2024
- 25 October 2024:
Interim report 1 January – 30 September 2024

Stockholm, 1 February 2024
Indutrade AB (publ)

Bo Annvik
President and CEO

The report has not been subject to a general review 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 1 February 2024 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 1 February at 9.30 CET via the following link:
<https://ir.financialhearings.com/indutrade-q4-report-2023>

To participate in the presentation by phone and ask questions, please register via the link below. After registration, you will receive a telephone number and conference ID to login to the conference call.
<https://conference.financialhearings.com/teleconference/?id=50046722>

Q4

Indutrade consolidated income statement – condensed

SEK million	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales	7,821	7,228	31,835	27,016
Cost of goods sold	-5,099	-4,708	-20,789	-17,654
Gross profit	2,722	2,520	11,046	9,362
Development costs	-105	-98	-395	-334
Selling costs	-1,129	-1,087	-4,616	-3,975
Administrative expenses	-512	-423	-1,961	-1,560
Other operating income and expenses	11	39	84	127
Operating profit	987	951	4,158	3,620
Net financial items	-113	-66	-467	-180
Profit before taxes	874	885	3,691	3,440
Income Tax	-164	-208	-825	-759
Net profit for the period	710	677	2,866	2,681
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	709	679	2,865	2,682
Non-controlling interests	1	-2	1	-1
	710	677	2,866	2,681
EBITA	1,141	1,081	4,769	4,098
<i>Operating profit includes:</i>				
Amortisation of intangible assets ¹⁾	-166	-143	-659	-524
<i>of which attributable to acquisitions</i>	<i>-154</i>	<i>-130</i>	<i>-611</i>	<i>-478</i>
Depreciation of property, plant and equipment	-243	-197	-906	-734
Earnings per share before dilution, SEK	1.95	1.86	7.86	7.36
Earnings per share after dilution, SEK	1.95	1.86	7.86	7.36

¹⁾ Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net profit for the period	710	677	2,866	2,681
Other comprehensive income				
Items that can be reversed into income statement				
Fair value adjustment of hedge instruments	-7	8	-17	4
Tax attributable to fair value adjustments	2	-2	4	-1
Exchange rate differences	-405	134	-138	516
Items that cannot be reversed into income statement				
Actuarial gains/losses	-55	82	-55	137
Tax on actuarial gains/losses	11	-18	11	-29
Other comprehensive income for the period, net of tax	-454	204	-195	627
Total comprehensive income for the period	256	881	2,671	3,308
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	255	883	2,670	3,309
Non-controlling interests	1	-2	1	-1

Indutrade consolidated balance sheet – condensed

SEK million	2023 31-Dec	2022 31-Dec
Goodwill	8,271	7,649
Other intangible assets	4,354	4,408
Property, plant and equipment	4,398	4,045
Financial assets	208	160
Inventories	5,365	5,605
Trade receivables	4,414	4,452
Other receivables	1,254	954
Cash and cash equivalents	3,012	1,589
Total assets	31,276	28,862
Equity	14,489	12,773
Non-current interest-bearing liabilities and pension liabilities	8,384	7,903
Other non-current liabilities and provisions	1,331	1,300
Current interest-bearing liabilities	2,375	2,266
Trade payables	1,766	1,870
Other current liabilities	2,931	2,750
Total equity and liabilities	31,276	28,862

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2023 31-Dec	2022 31-Dec
Opening equity	12,759	10,292
Total comprehensive income for the period	2,670	3,309
New issues	-	11
Dividend ¹⁾	-946	-837
Hedging of incentive programme	-51	-44
Share-based payments	43	32
Acquisition of non-controlling interests	-	-4
Closing equity	14,475	12,759

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

Equity, attributable to:

Equity holders of the parent company	14,475	12,759
Non-controlling interests	14	14
	14,489	12,773

Q4

Indutrade consolidated cash flow statement – condensed

SEK million	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Operating profit	987	951	4,158	3,620
Non-cash items	415	313	1,579	1,220
Interests and other financial items, net	-112	-67	-391	-146
Paid tax	-306	-193	-1,054	-764
Change in working capital	536	-154	199	-1,558
Cash flow from operating activities	1,520	850	4,491	2,372
Net capital expenditures in non-current assets	-175	-161	-542	-498
Company acquisitions and divestments	-285	-1,506	-1,576	-2,826
Change in other financial assets	-2	1	-10	7
Cash flow from investing activities	-462	-1,666	-2,128	-3,317
Debt/repayment of debt, net	207	1,370	14	1,817
Dividend paid out	-	-	-946	-837
New issues	-	-	-	11
Cash flow from financing activities	207	1,370	-932	991
Cash flow for the period	1,265	554	1,431	46
Cash and cash equivalents at start of period	1,788	1,024	1,589	1,460
Exchange rate differences	-41	11	-8	83
Cash and cash equivalents at end of period	3,012	1,589	3,012	1,589

Key data

	2023 31-Dec	2022 31-Dec	2021 31-Dec	2020 31-Dec
Moving 12 mos				
Net sales, SEK million	31,835	27,016	21,715	19,217
Sales growth, %	18	24	13	4
EBITA, SEK million	4,769	4,098	3,202	2,615
EBITA margin, %	15.0	15.2	14.7	13.6
Capital employed at end of period, SEK million	22,236	21,353	15,792	13,512
Capital employed, average, SEK million	23,102	18,111	14,516	13,541
Return on capital employed, % ¹⁾	21	23	22	19
Equity, average, SEK million	13,759	11,272	9,297	7,899
Return on equity, % ¹⁾	21	24	23	21
Interest-bearing net debt at end of period, SEK million	7,747	8,580	5,489	4,878
Net debt/equity ratio, %	53	67	53	56
Net debt/EBITDA, times	1.4	1.8	1.4	1.5
Equity ratio, %	46	44	47	48
Average number of employees	9,262	8,483	7,715	7,349
Number of employees at end of period	9,301	9,128	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	7.86	7.36	5.76	4.60
Earnings per share after dilution, SEK	7.86	7.36	5.75	4.59
Equity per share, SEK	39.73	35.02	28.26	23.72
Cash flow from operating activities per share, SEK	12.33	6.51	7.84	7.66
Average number of shares before dilution, '000	364,323	364,270	363,921	362,721
Average number of shares after dilution, '000	364,323	364,303	364,180	363,320
Number of shares at the end of the period, '000	364,323	364,323	364,188	363,615

¹⁾ Calculated on average capital and equity.

Q4

Business area performance

	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales, SEK million				
Benelux	1,155	1,153	5,178	4,084
DACH	663	534	2,656	2,111
Finland	641	605	2,374	2,220
Flow Technology	1,359	1,370	6,037	5,407
Fluids & Mechanical Solutions	944	781	3,782	2,970
Industrial Components	1,652	1,514	6,185	5,396
Measurement & Sensor Technology	925	821	3,583	2,949
UK	503	480	2,136	1,994
Parent company and Group items	-21	-30	-96	-115
Total	7,821	7,228	31,835	27,016
EBITA, SEK million				
Benelux	116	167	697	599
DACH	135	80	443	316
Finland	104	96	348	370
Flow Technology	193	222	1,009	882
Fluids & Mechanical Solutions	149	116	598	453
Industrial Components	251	227	985	867
Measurement & Sensor Technology	154	142	585	535
UK	62	51	248	231
Parent company and Group items	-23	-20	-144	-155
Total	1,141	1,081	4,769	4,098
EBITA margin, %				
Benelux	10.0	14.5	13.5	14.7
DACH	20.4	15.0	16.7	15.0
Finland	16.2	15.9	14.7	16.7
Flow Technology	14.2	16.2	16.7	16.3
Fluids & Mechanical Solutions	15.8	14.9	15.8	15.3
Industrial Components	15.2	15.0	15.9	16.1
Measurement & Sensor Technology	16.6	17.3	16.3	18.1
UK	12.3	10.6	11.6	11.6
	14.6	15.0	15.0	15.2

Business area performance per quarter

Net sales, SEK million	2023				2022			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	1,155	1,256	1,362	1,405	1,153	1,012	970	949
DACH	663	683	684	626	534	552	521	504
Finland	641	614	569	550	605	565	545	505
Flow Technology	1,359	1,514	1,557	1,607	1,370	1,387	1,385	1,265
Fluids & Mechanical Solutions	944	916	980	942	781	714	753	722
Industrial Components	1,652	1,472	1,552	1,509	1,514	1,270	1,342	1,270
Measurement & Sensor Technology	925	876	871	911	821	749	692	687
UK	503	546	546	541	480	490	504	520
Parent company and Group items	-21	-26	-21	-28	-30	-32	-29	-24
Total	7,821	7,851	8,100	8,063	7,228	6,707	6,683	6,398

EBITA, SEK million	2023				2022			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	116	155	197	229	167	139	155	138
DACH	135	110	107	91	80	88	78	70
Finland	104	100	72	72	96	105	96	73
Flow Technology	193	264	268	284	222	224	236	200
Fluids & Mechanical Solutions	149	151	154	144	116	108	116	113
Industrial Components	251	250	241	243	227	204	218	218
Measurement & Sensor Technology	154	150	124	157	142	134	128	131
UK	62	55	66	65	51	53	59	68
Parent company and Group items	-23	-45	-16	-60	-20	-20	-63	-52
Total	1,141	1,190	1,213	1,225	1,081	1,035	1,023	959

EBITA margin, %	2023				2022			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	10.0	12.3	14.5	16.3	14.5	13.7	16.0	14.5
DACH	20.4	16.1	15.6	14.5	15.0	15.9	15.0	13.9
Finland	16.2	16.3	12.7	13.1	15.9	18.6	17.6	14.5
Flow Technology	14.2	17.4	17.2	17.7	16.2	16.1	17.0	15.8
Fluids & Mechanical Solutions	15.8	16.5	15.7	15.3	14.9	15.1	15.4	15.7
Industrial Components	15.2	17.0	15.5	16.1	15.0	16.1	16.2	17.2
Measurement & Sensor Technology	16.6	17.1	14.2	17.2	17.3	17.9	18.5	19.1
UK	12.3	10.1	12.1	12.0	10.6	10.8	11.7	13.1
Total	14.6	15.2	15.0	15.2	15.0	15.4	15.3	15.0

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Disaggregation of revenue

Net sales per geographic market

2023

Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	40	5	557	698	682	1,364	162	13	-8	3,513
Other Europe	980	627	51	545	227	263	340	429	-8	3,454
Americas	72	18	5	14	25	17	217	34	-2	400
Asia	44	4	19	93	8	7	179	14	-2	366
Other	19	9	9	9	2	1	27	13	-1	88
	1,155	663	641	1,359	944	1,652	925	503	-21	7,821

Timing of revenue recognition	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Over time	19	76	0	0	82	0	108	0	-8	277
Point in time	1,136	587	641	1,359	862	1,652	817	503	-13	7,544
	1,155	663	641	1,359	944	1,652	925	503	-21	7,821

2022

Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FMS	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	FMS	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

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-Dec, SEK million	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	161	21	2,055	3,267	2,704	5,294	616	77	-36	14,159
Other Europe	4,412	2,520	195	2,318	934	798	1,330	1,829	-36	14,300
Americas	305	64	43	42	102	62	953	124	-11	1,684
Asia	233	32	64	350	34	25	580	79	-9	1,388
Other	67	19	17	60	8	6	104	27	-4	304
	5,178	2,656	2,374	6,037	3,782	6,185	3,583	2,136	-96	31,835

Timing of revenue recognition	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Over time	67	303	0	0	336	9	360	0	-10	1,065
Point in time	5,111	2,353	2,374	6,037	3,446	6,176	3,223	2,136	-86	30,770
	5,178	2,656	2,374	6,037	3,782	6,185	3,583	2,136	-96	31,835

2022

Jan-Dec, SEK million	Benelux	DACH	Finland	FT	FMS	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	FMS	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

¹⁾ Parent company & Group items

FT - Flow Technology

FMS - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Q4

Acquisitions

Acquisitions 2023

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), I-tronik S.r.l. (Italy), Noby A/S (Norway), Powerpoint Engineering Ltd. (Ireland) and TSE Troller AG (Switzerland).

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).

On 9 October, TSE Troller AG (Switzerland) was acquired, with annual sales of SEK 90 million. TSE Troller develops, manufactures, and distributes high-quality stainless steel coating dies for high-precision coating layers in various industries.

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.

Industrial Components

On 1 September, Noby A/S (Norway) was acquired, with annual sales of SEK 60 million. Noby is a technical trading company offering premium security products and systems, as well as fire alarm systems on the Norwegian B2B market.

UK

On 6 October, Powerpoint Engineering Ltd. (Ireland) was acquired, with annual sales of SEK 150 million. Powerpoint Engineering is a technical trading company specialising in electrical safety, measurement and test equipment for high and medium voltage applications, with the aim of ensuring a safe working environment.

Acquired assets and liabilities in 2023

Preliminary purchase price allocations

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 215 million	1,725
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Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill	47	945	992
Agencies, trademarks, customer relations, licenses, etc.	30	602	632
Property, plant and equipment	58	19	77
Financial assets	4		4
Inventories	192		192
Other current assets ¹⁾	189		189
Cash and cash equivalents	159		159
Deferred tax liability	-1	-139	-140
Other operating liabilities	-381	1	-380
	297	1,428	1,725

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 28 million (76).

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 215 (659) million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 260 million (737). If the conditions are not met, the outcome can be in the range of SEK 0-260 million.

Transaction costs during the year totalled SEK 15 million (15) and are included in Other income and expenses in the income statement. Contingent earn-out payments were restated in the amount of SEK 512 million (142). The effect is reported under Other income and expenses in the amount of SEK 495 million (138) and under Net financial items in the amount of SEK 17 million (4).

The acquisition calculations for Ingenjörfirman Geotech AB, Bramming Plast-Industri A/S, Palas GmbH and Armaturen Aichhorn GmbH, which were acquired during the fourth quarter of 2022, have now been finalized. 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	1,725
Purchase price not paid out	-215
Cash and cash equivalents in acquired companies	-159
Payments pertaining to previous years' acquisitions	225
Total cash flow impact	1,576

Effects of acquisitions carried out in 2022 and 2023

SEK million Business area	Net sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Benelux	81	497	7	70
DACH	109	324	45	90
Finland	34	57	6	4
Flow Technology	-	21	-	4
Fluids & Mechanical Solutions	99	544	6	53
Industrial Components	22	217	3	34
Measurement & Sensor Technology	52	277	18	51
UK	37	45	4	6
Effect on Group	434	1,982	89	312
Acquisitions carried out in 2022	139	1,176	38	180
Acquisitions carried out in 2023	295	806	51	132
Effect on Group	434	1,982	89	312

If all of the acquired units had been consolidated as of 1 January 2023, net sales would have amounted to SEK 32,200 million and EBITA to SEK 4,808 million.

Events after the end of the reporting period

In January, all of the shares in QbiQ B.V. with annual sales of SEK 390 million, were divested.

On 17 January, pure! GmbH was acquired, with annual sales of SEK 110 million. pure! is a technical trading company that specialises in industrial compressed air treatment and process filtration.

On 30 January, SDT Scandinavian Drive Technologies AB was acquired, with annual sales of SEK 55 million. SDT is a technical trading company that specialises in customised motion control products and automation control software.

On 31 January, MeHow Medical Ireland Ltd. was acquired, with annual sales of SEK 160 million. MeHow is a leading manufacturer of injection moulded components for the medical device industry.

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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 year, SEK 43 million (32) (excluding social security contributions) were expensed as a result of the programmes.

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

31 Dec 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						
Valuation classification								
Other shares and participations	-	-		12	-	-	12	12
Trade receivables	-	4,414		-	-	-	4,414	4,414
Other receivables	6	35		-	-	-	41	41
Cash and cash equivalents	-	3,012		-	-	-	3,012	3,012
Total	6	7,461		12	-	-	7,479	7,479
Non-current interest-bearing liabilities	-	-		-	421	7,664	8,085	8,131
Current interest-bearing liabilities	-	-		-	300	2,075	2,375	2,371
Trade payables	-	-		-	-	1,766	1,766	1,766
Other liabilities	21	-		-	-	-	21	21
Total	21	-		-	721	11,505	12,247	12,289

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						
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

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
	31-Dec	31-Dec
SEK million		
Opening book value	1,220	861
Acquisitions during the year	215	659
Consideration paid	-224	-235
Reclassified via income statement	-496	-139
Interest expenses	12	14
Exchange rate differences	-6	60
Closing book value	721	1,220

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Parent company income statement – condensed

SEK million	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales	12	11	12	11
Gross profit	12	11	12	11
Administrative expenses	-47	-43	-171	-146
Operating profit	-35	-32	-159	-135
Financial income/expenses	50	25	130	91
Profit from participation in Group companies	-109	39	1,341	1,927
Profit after financial items	-94	32	1,312	1,883
Appropriations	856	850	856	850
Income Tax	-186	-175	-179	-168
Net profit for the period	576	707	1,989	2,565
Amortisation/depreciation of intangible assets and property, plant and equipment	-1	0	-1	-1

Parent company balance sheet – condensed

SEK million	2023 31-Dec	2022 31-Dec
Intangible assets	1	1
Property, plant and equipment	3	2
Financial assets	11,502	9,785
Current receivables	10,135	10,939
Cash and cash equivalents	1,963	592
Total assets	23,604	21,319
Equity	10,953	9,956
Untaxed reserves	966	867
Non-current interest-bearing liabilities and pension liabilities	6,873	6,386
Other non-current liabilities and provisions	1	4
Current interest-bearing liabilities	4,200	3,710
Current non-interest-bearing liabilities	611	396
Total equity and liabilities	23,604	21,319

Pro forma – Business areas as per new Group structure, 1 January 2024

Net sales, SEK million	2023					2022				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Industrial & Engineering	7,757	1,864	1,893	1,994	2,006	6,836	1,764	1,666	1,732	1,674
Infrastructure & Construction	5,405	1,298	1,328	1,383	1,395	4,632	1,199	1,125	1,173	1,136
Life Science	6,823	1,614	1,692	1,736	1,781	5,573	1,492	1,445	1,331	1,305
Process, Energy & Water	7,240	1,797	1,810	1,888	1,746	6,263	1,718	1,562	1,584	1,398
Technology & Systems Solutions	4,686	1,268	1,146	1,117	1,155	3,788	1,079	927	882	900
Parent company and Group items	-76	-20	-18	-18	-20	-76	-24	-18	-19	-15
Total	31,835	7,821	7,851	8,100	8,063	27,016	7,228	6,707	6,683	6,398

EBITA, SEK million	2023					2022				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Industrial & Engineering	1,178	281	278	299	319	1,050	264	244	274	267
Infrastructure & Construction	543	111	136	147	150	539	102	138	156	143
Life Science	1,253	261	333	318	341	1,030	261	272	245	252
Process, Energy & Water	1,166	283	295	311	277	962	277	245	258	182
Technology & Systems Solutions	793	222	199	165	207	695	191	166	161	177
Parent company and Group items	-164	-17	-51	-27	-69	-178	-14	-30	-71	-62
Total	4,769	1,141	1,190	1,213	1,225	4,098	1,081	1,035	1,023	959

EBITA margin, %	2023					2022				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Industrial & Engineering	15.2	15.1	14.7	15.0	15.9	15.4	15.0	14.6	15.8	15.9
Infrastructure & Construction	10.0	8.6	10.2	10.6	10.8	11.6	8.5	12.3	13.3	12.6
Life Science	18.4	16.2	19.7	18.3	19.1	18.5	17.5	18.8	18.4	19.3
Process, Energy & Water	16.1	15.7	16.3	16.5	15.9	15.4	16.1	15.7	16.3	13.0
Technology & Systems Solutions	16.9	17.5	17.4	14.8	17.9	18.3	17.7	17.9	18.3	19.7
Total	15.0	14.6	15.2	15.0	15.2	15.2	15.0	15.4	15.3	15.0

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Definitions

Alternative Performance Measures

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

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

Capital employed

Shareholders' equity plus interest-bearing net debt.

Earnings per share before dilution

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

Earnings per share after dilution

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

EBITA

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

EBITA-margin

EBITA divided by net sales.

EBITDA

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

Equity per share

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

Equity ratio

Shareholders' equity divided by total assets.

Gross margin

Gross profit divided by net sales.

Interest-bearing net debt

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

Net capital expenditures

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

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Net debt/EBITDA

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

Return on equity

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

Return on capital employed

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

Indutrade in brief

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

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

As of 1 January 2024, the Group is structured into five business areas: Industrial & Engineering, Infrastructure & Construction, Life Science, Process, Energy & Water and Technology & Systems Solutions.

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.

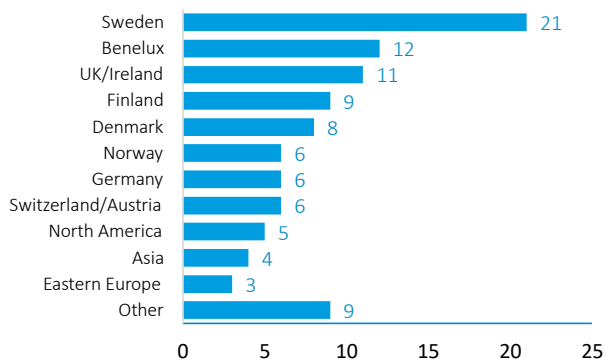
Net debt/equity ratio

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

Dividend payout ratio

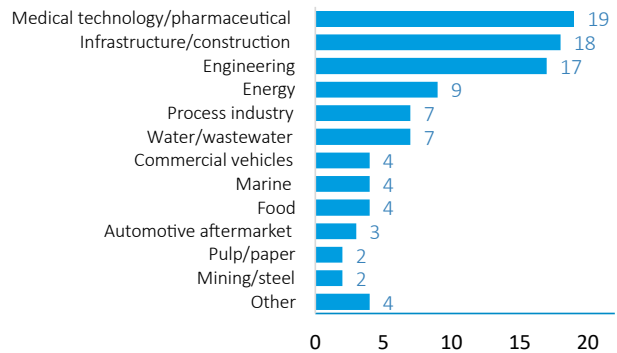
- The dividend payout ratio shall range from 30% to 50% of net profit.

Net sales per market, % ¹⁾



¹⁾Financial year 2023

Net sales per customer segment, % ¹⁾



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

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New Group structure for future growth

In order to strengthen the platform for the next growth phase, Indutrade is changing its Group structure to five international business areas, with a clear strategic focus on different business segments and technologies. The purpose of the change is to improve the conditions for both organic and acquired growth, by further promoting opportunities for knowledge sharing between companies within the same market sectors and segments.

Bo Annvik, President and CEO of Indutrade comments: “This year, Indutrade has provided sustainable, profitable growth for 45 years. Our value-based culture, with a long-term focus on the people, entrepreneurship and decentralisation has been the key to our success. These fundamental principles will continue to apply as we now take the next step on our growth journey. Our new organisation will strengthen our ability to better leverage the consolidated knowhow and improve the scalability of the Group, while preserving the decentralised structure where the individual company is at the core.”



Indutrade’s five business areas as of 1 January 2024:

- Industrial & Engineering
- Infrastructure & Construction
- Life Science
- Process, Energy & Water
- Technology & Systems Solutions

For more information, please visit:

<https://www.indutrade.com/our-companies/>

Welcome pure!

In January, the German company, pure! GmbH was acquired, with annual sales of SEK 110 million. pure! is a technical trading company that specialises in industrial compressed air treatment and process filtration. The company’s product offering includes compressed air dryers, filter elements and housings, nitrogen generators, compressed air coolers and chillers, as well as aftermarket services such as maintenance, repair and spare parts.

Bo Annvik, President and CEO of Indutrade comments: “We are excited to welcome pure! to the Indutrade family, marking our first acquisition of the new year. The company is well-managed, has deep technical expertise and a strong focus on customer and supplier relationships, paving the way for continued sustainable, profitable growth.”

