

# ANNUAL REPORT 2023

Indutrade generates sustainable, profitable growth in a decentralised way by developing and acquiring successful companies managed by passionate entrepreneurs.

 Indutrade

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## ● SUSTAINABILITY INFORMATION

The statutory sustainability report in accordance with the Annual Accounts Act is integrated in the Annual Report on the following pages: Social issues and employee matters, see pages 9, 11 and 21–30. Environment, see pages 9, 11 and 21–30. Human rights and anti-corruption, see pages 15, 21–23, 43–44 and 46. Goals and strategies and Active ownership, see pages 7–15. Management of material risks in the area of sustainability is included in the Group's general risks and management of them, which is described in the statutory administration report on pages 42–46. Taxonomy tables, see pages 106–108.

## ● DIRECTORS' REPORT

The Board of Directors and CEO of Indutrade AB (publ), reg. no. 556017–9367, hereby submit the annual report for the 2023 financial year for the Parent Company and the Group, which consists of a Directors' Report on pages 16–17, 32–39, 42–55, 58, 61–62 and 64–65. The financial statements and notes on pages 60–101. The consolidated income statement and balance sheet, along with the Parent Company's income statement and balance sheet will be presented for adoption at the AGM. The Corporate Governance Report, which was reviewed by the auditors is on pages 48–55. See the Audit Report on pages 102–105.



Indutrade's brand promise  
**"TRUSTED BY ENTREPRENEURS"**  
 is rooted in our conviction that passionate entrepreneurs are an important part of our continued growth. We have been winning the confidence of this target group since inception in 1978.

Now, more than 45 years later and having made more than 200 acquisitions, we have established a unique position with vast knowledge of both acquisitions and company development.

# The year past

<b>Net sales</b> <b>31,835</b> SEK million	<b>EBITA margin</b> <b>15.0%</b>	<b>Cash flow from operating activities</b> <b>4,491</b> SEK million
<b>Completed acquisitions</b> <b>9</b>	<b>Proposed dividend, SEK per share</b> <b>2.85</b> SEK	<b>Sales growth</b> <b>18%</b>

## IMPORTANT EVENTS IN 2023

- Strong demand with total growth in order intake of 13% and net sales of 18%. Sales increased organically in six out of eight business areas.
- EBITA grew by 16% and the EBITA margin was 15.0%.
- Continued high acquisition pace. Nine value-creating acquisitions were made during the year, several of which are positioned in segments with structural growth.
- Efforts relating to sustainability improved with expanded follow-up of KPIs, including preparations for CSRD.

Change in Group structure to five international business areas from 1 January 2024, with a clear strategic focus on different business segments and technologies.

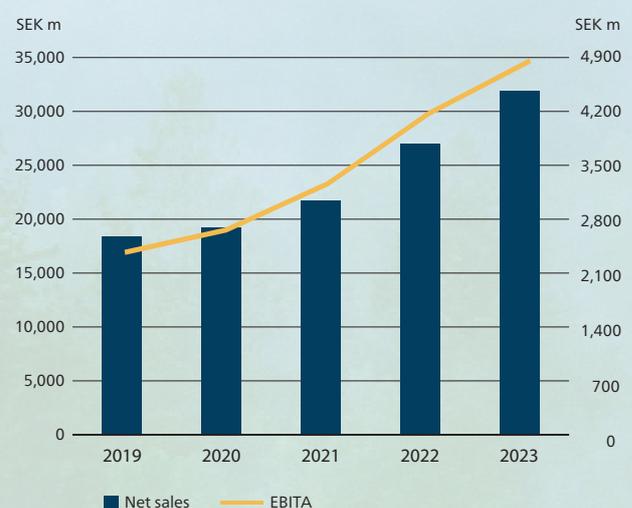
### The new business areas are:

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

## KEY DATA

SEK million	2023	2022
Net sales	31,835	27,016
Operating profit	4,158	3,620
EBITA	4,769	4,098
EBITA margin, %	15.0	15.2
Profit before tax	3,691	3,440
Net profit for the year	2,866	2,681
Earnings per share before dilution, SEK	7.86	7.36
Dividend per share, SEK (proposed 2023)	2.85	2.60
Return on capital employed, %	21	23
Cash flow from operating activities	4,491	2,372
Net debt/equity ratio, %	53	67
Average number of employees	9,262	8,483

## NET SALES AND EARNINGS



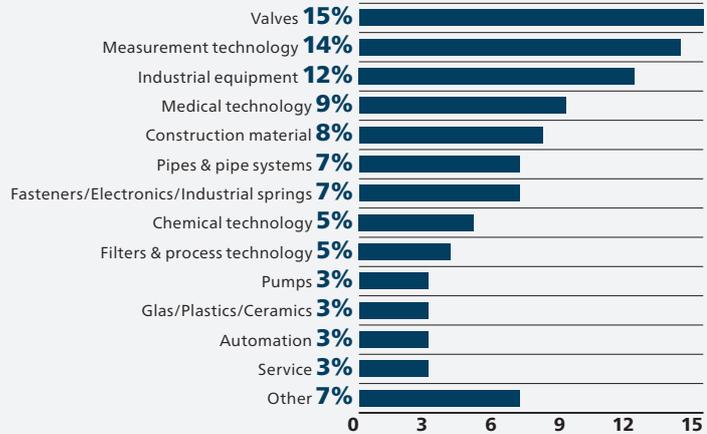
# Indutrade in brief

## What we do

We develop and acquire technology and industrial companies that are characterised by high competence and an ability to build enduring, close relationships with customers and suppliers.

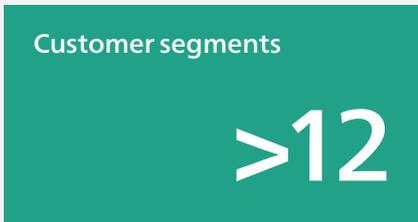
Our companies offer sustainable solutions that enhance our own, and our customers', competitiveness. They manufacture, develop and sell components, systems and services with a high technology content.

Net sales per product area

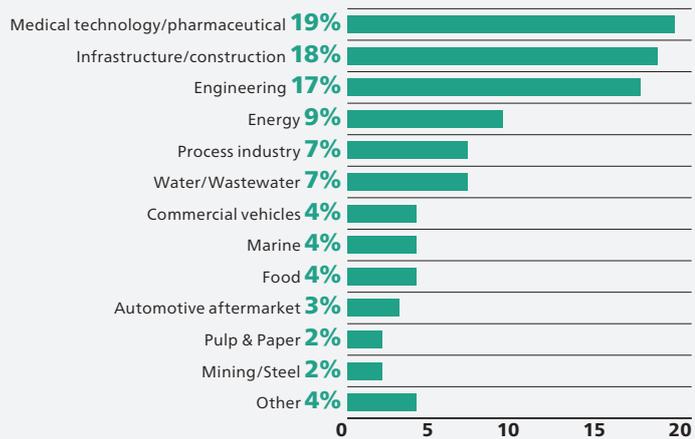


## For whom

Customers can be found in a wide range of industries, including medical technology and pharmaceutical, infrastructure and construction, engineering, energy, water/waste-water and food.



Net sales per customer segment

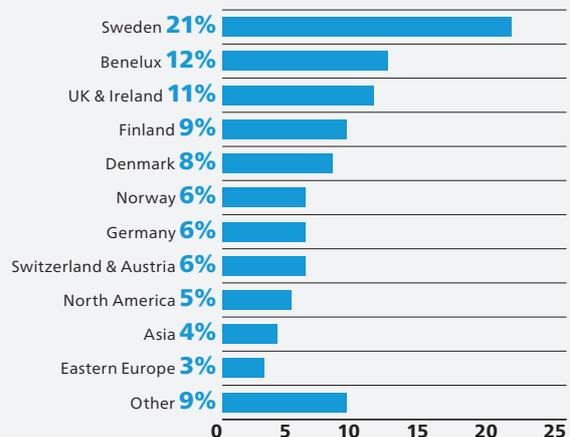


## Where

Indutrade comprises more than 200 companies offering services in more than 30 countries on six continents.



Net sales per market<sup>1)</sup>



<sup>1)</sup> Based on customers' domicile.

# Four reasons to invest in Indutrade

## Sustainable growth

- Average annual sales growth of 12% since stock market listing in 2005
- 911% total return, including reinvested dividends, during last ten-year period
- Long record of experience in successful company acquisitions
- Organic growth opportunities from expanded product and service offering and geographical expansion

## Stable profitability and strong cash flow

- Historically stable profitability
- Average EBITA margin of 14.2% during the last five years
- Average return on capital employed of 21% during last five years
- Strong operating cash flow generated over the years
- Stable dividend over time, 37% of net profit over the last five years including this year's proposed dividend and not including 2019 when no dividends were distributed
- Equity ratio 46% at year-end 2023

## Attractive market position and risk profile

- Leading position in selected niche industries and segments with structural growth
- Focus on high quality and technically advanced products for customers with recurring needs
- Diversified and stable customer & supplier base
- Stable long-term relationships with leading suppliers

## Strong culture and extensive expertise

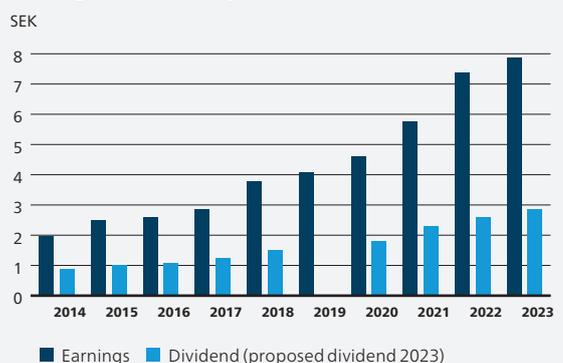
- Entrepreneurship with passion for customers and business
- Organisation built on responsibility and trust – people make the difference
- Focus on long-term sustainable, profitable growth

**Total return 2014 – 2023**



Source: Monitor IR platform by Modular Finance AB

**Earnings and dividend per share**



# CEO's message 2023

2023 proved to be yet another successful year for Indutrade. Despite challenges linked to an uncertain global and economic situation, sales increased by 18% and amounted to SEK 32 billion, with the EBITA margin remaining high at 15.0%. We welcomed nine well-managed companies to the Indutrade family and continued to strengthen our strategic platform, not least through the launch of our new Group structure, which in the long term will enhance our ability to achieve sustainable, profitable growth.

## Strong financial performance

The market situation during 2023 varied considerably across our companies, as they are active in different segments, industries and geographic markets. Overall, however, demand was stable at a high level and the order intake increased by 13% from the corresponding period of the previous year, of which 1% was organic. We saw further strong growth in sales during the year and net sales increased 18%, of which 6% organically, to SEK 32 billion. Both the order intake and sales were positively affected by strong development among companies with customers in medical technology and pharmaceuticals, but process industry, water/wastewater and the energy segment also developed well.

EBITA increased by 16% to SEK 4.8 billion, which resulted in a high and stable EBITA margin of 15.0%. The pressure from inflation was challenging for our companies, but they were successful in their pricing efforts and the gross margin remained at a high level. The strong result, combined with a favourable development in working capital, resulted in cash flow from operating activities increasing to a record-high SEK 4.5 billion. Supply chain disruption reduced considerably during the year, which enabled our companies to work actively to reduce their inventory levels. Net debt decreased and our financial position remains strong, with a low debt/equity ratio. Our strong cash flow situation is enabling the high rate of acquisitions to continue, along with investments in organic growth initiatives.

## Strategic progress

During 2023, Indutrade celebrated 45 years of sustainable, profitable growth. Our value-based culture, with a long-term focus on people, entrepreneurship and decentralisation have been the key to our success. We are continuously developing our strategic platform in order to create the best conditions for our companies to grow in a sustainable and profitable way, while maintaining a high acquisition pace. It was decided during 2023 to change the Group structure into five

international business areas oriented towards different business segments and technologies. The new structure facilitates both organic growth and acquisitions by creating further opportunities for knowledge-sharing between companies with similar businesses and challenges. In addition to strengthening our platform for various forms of knowledge-sharing, our scalability will also improve, while we also retain our decentralised structure. We are looking forward to working together within our new organisational structure in order to drive organic growth and value-creating acquisitions – always with the individual company at the core.

In addition to the launch of our new Group structure, we took a number of important steps during 2023 relating to our strategic focus areas. We have for example increased the frequency of internal network meetings and strengthened the resources allocated to important areas such as sustainability and acquisitions. Other examples of activities include succession planning and the further development of our Group-wide training programme.

## Focus on sustainability

The green technological transition is crucial for reducing society's overall impact on the climate. It is also clear that innovation and demand relating to sustainable technological solutions are continuously increasing, which is creating many business opportunities. Many of our companies are flexible and well-positioned to capitalise on growing niche segments linked to the ongoing electrification of society, and to contribute positively to the ongoing transition.

Indutrade continues to support the principles of the UN Global Compact. We are convinced that systematic sustainability work integrated into the business strategy is a prerequisite for long-term value-creation. Therefore, it is important that each company, in addition to working towards the common Group-wide goals, also identifies its own material sustainability topics with associated

targets and KPIs. We regard the combination of Group-wide and company-specific prioritisations as a key strength in our sustainability efforts.

Climate issues and reducing carbon dioxide emissions are high on our agenda, and it is pleasing to note that many of our key figures are moving in a positive direction. During 2023, we continued to further develop our sustainability strategy, including targets and key figures, as well as the expansion of Scope 3 reporting to cover categories where we have the greatest impact. The work to fulfil the criteria in Science Based Targets initiatives is continuing and during 2024, we will apply to have our targets verified.

## Acquisitions – a central part of our business model

During 2023, we welcomed nine new companies to the Group, with combined annual sales of approximately SEK 1.2 billion. Six of the eight business areas completed one or more acquisitions, with the majority being outside the Nordic countries. We made one acquisition in Italy, which is a prioritised geographic market for us. The company is called I-tronik and specialises in machinery, consumables, spare parts and services for the assembly and manufacture of printed circuit boards (PCBs) to customers active within the electronics, engineering, medical and aerospace industries. We also welcomed our first medical technology company in Finland through the acquisition of Labema. The company has a high level of technical expertise in niche segments such as microbiology, molecular biology, food diagnostics and laboratory robotics, and we look forward to supporting them on their continued growth journey.

Another acquisition is Powerpoint Engineering. This company is based in Ireland and is a technical trading company that specialises in electrical safety, measurement and test equipment for use in high- and medium-voltage applications. It is a purpose-driven company with clear growth potential, supported by the steadily increasing focus on worker safety.

The remaining six acquisitions are based in Denmark, Netherlands, Norway, Switzerland and Germany, and all of them strengthen our position in attractive market segments.

The acquisition market remained stable during 2023 and Indutrade still has a high inflow of interesting acquisition candidates. The activity level in ongoing acquisition processes is good which, when combined with our strengthened acquisition resources and strong financial position, means we are well-placed for a good acquisition pace during 2024. Our ambition and ability is to acquire around 20 companies per year and, thus far in 2024, we have acquired six companies.

#### **Indutrade in a strong position**

Despite an uncertain business cycle situation, we are proud and pleased that 2023 turned out to be a year with continued growth and strong profitability. However, there is still considerable general uncertainty surrounding the upcoming quarters and the comparables are challenging. I am convinced that our entrepreneurial companies and balanced diversification will be a strength and continue to create the right conditions for managing both business opportunities and challenges. There are also strong long-term market trends, with significant investment needs in areas like infrastructure, energy and electrification in both the private and public sectors.

We have surpassed SEK 30 billion in sales, a doubling from 2017, and we have now set our sights on a further doubling of Indutrade. Through our proven business model, engaged people and financial strength, the conditions are in place for further profitable growth and competitive value creation.

Stockholm, March 2024

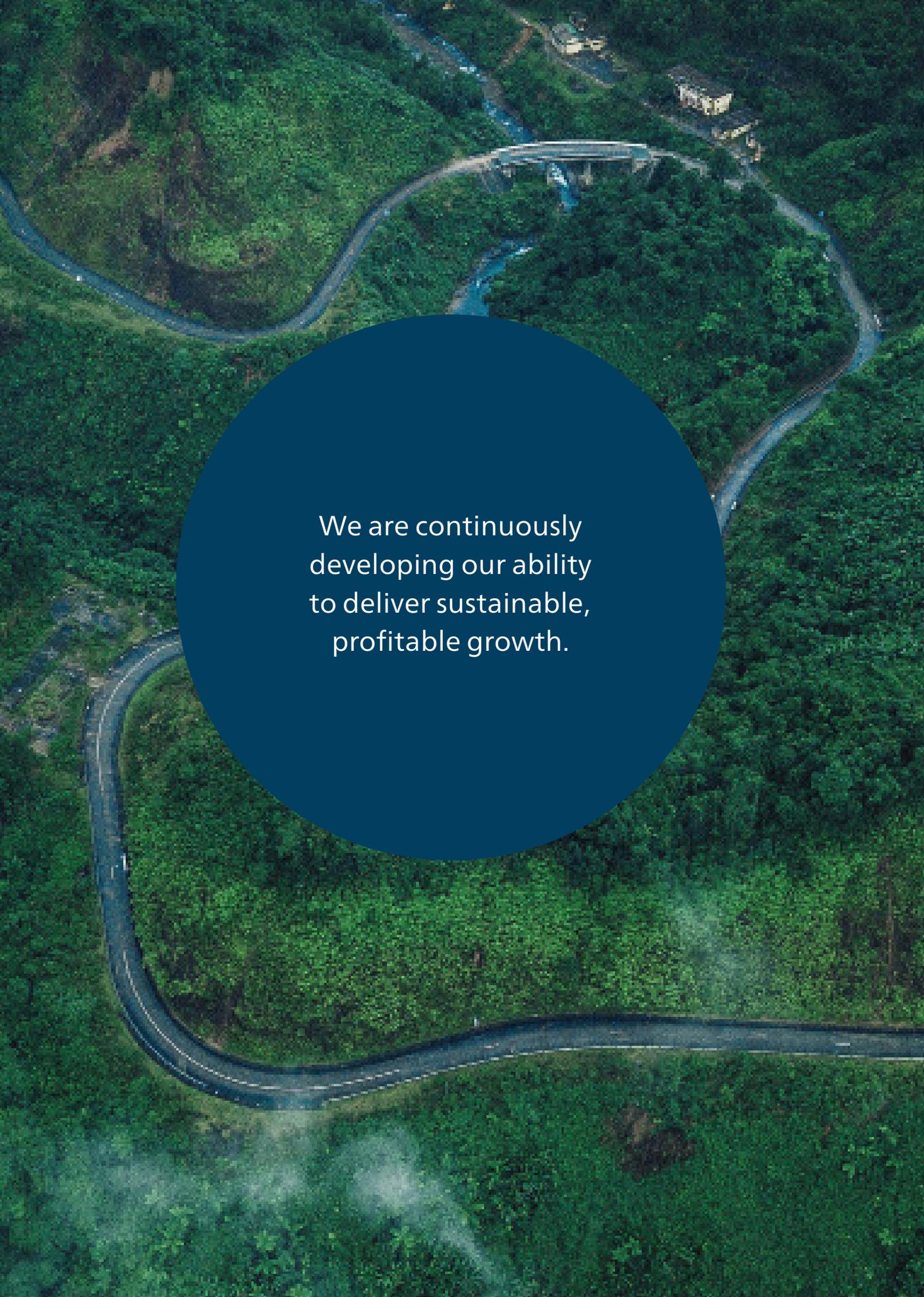


**Bo Annvik**  
President and CEO



We have surpassed SEK 30 billion in sales, a doubling from 2017, and we have now set our sights on a further doubling of Indutrade.

**9**  
company acquisitions  
during the year

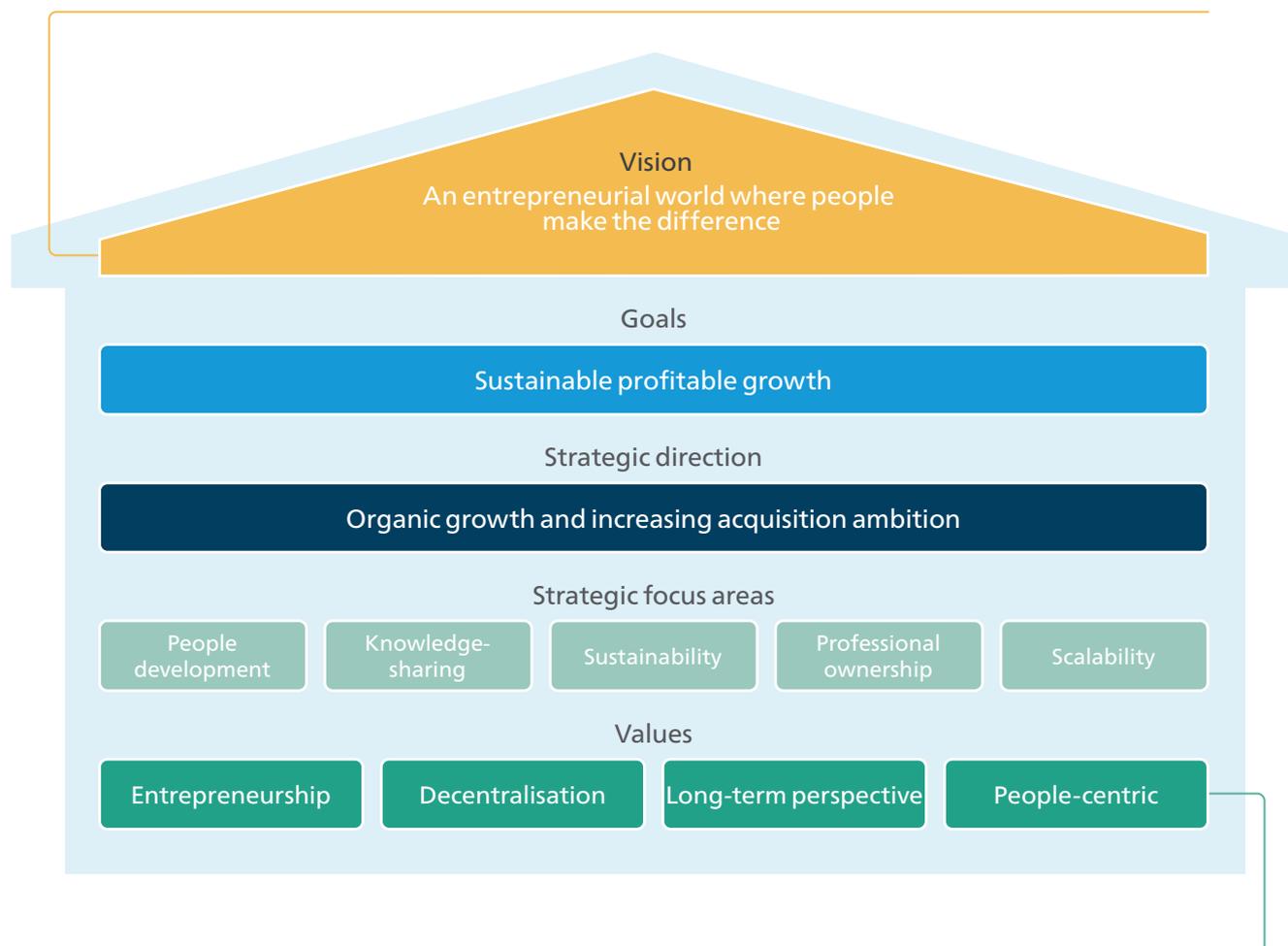
An aerial photograph of a winding asphalt road that curves through a dense, lush green forest. In the upper portion of the image, a bridge spans across a small stream. A large, semi-transparent blue circle is centered over the middle of the road, containing white text. The overall scene is a mix of natural greenery and man-made infrastructure.

We are continuously  
developing our ability  
to deliver sustainable,  
profitable growth.

# Strategic platform

Indutrade’s strategic platform serves as the foundation for our way of driving sustainable, profitable growth and contributing to our vision: an entrepreneurial world where people make the difference. All of Indutrade’s companies have the same clear, shared values. We also share the same overall goal of sustainable, profitable growth. In addition to that, all companies in the Group have their own vision, goals and strategy, which are discussed and decided by each of their boards.

Indutrade has a long-term commitment to ensuring that people and companies can grow. We contribute to our own development and that of society at large by giving more people and companies the chance to become part of a business world driven by entrepreneurial spirit.



### Entrepreneurship

We have a strong entrepreneurial spirit and are passionate about the business. We are also determinedly committed to continuously driving, developing and improving the business.



### Decentralisation

We are a decentralised organisation with a strong local presence. We believe that the best decisions are made locally, by those who are closest to the customer.



### Long-term perspective

We focus on profitability and our definition of success is achieving sustainable profitability and growth that benefits individuals, companies and society at large.

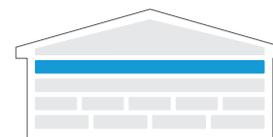


### People-centric

For us, people are most important of all – our employees are the key to the Group’s future success. We strive to derive the greatest value and benefits from our talented employees by sharing and spreading best practice throughout the Group.

# Goals

The Indutrade Group strives for continuous growth in selected geographic markets, product areas and niches with well-balanced business risk. Growth is to be achieved organically as well as through acquisitions.



## The Group's overall goal is to generate sustainable, profitable growth

FINANCIAL TARGETS	TARGET ACHIEVEMENT	HISTORICAL ACHIEVEMENT	AVERAGE 2019–2023	OUTCOME 2023
<p><b>Sales growth</b></p> <p>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.</p>	<p>During the last five-year period, average annual sales growth was 14%. Net sales rose 18% in 2023. Comparable units increased by 6%, acquisitions contributed 7%, and currency movements had a positive impact of 5%.</p>	<p>Target at least <b>10%</b></p>	<b>14%</b>	<b>18%</b>
<p><b>EBITA margin</b></p> <p>The EBITA margin shall amount to a minimum of 14% per year over a business cycle.</p>	<p>The EBITA margin has averaged 14.2% over the last five years. The EBITA margin in 2023 was 15.0%.</p>	<p>Target at least <b>14%</b></p>	<b>14.2%</b>	<b>15.0%</b>
<p><b>Return on capital employed</b></p> <p>The return on capital employed shall be a minimum of 20% per year on average over a business cycle.</p>	<p>During the last five years the average return on capital employed has been 21%. In 2023, it was 21%.</p>	<p>Target at least <b>20%</b></p>	<b>21%</b>	<b>21%</b>
<p><b>Net debt/equity ratio</b></p> <p>The net debt/equity ratio should normally not exceed 100%.</p>	<p>During the last five years, the net debt/equity ratio at the end of each year ranged from 53% to 85%. The net debt/equity ratio at year-end 2023 was 53%.</p>	<p>Not to exceed <b>100%</b></p>	varied between <b>53%</b> and <b>85%</b>	<b>53%</b>
<p><b>Dividend payout ratio</b></p> <p>The dividend payout ratio shall range from 30% to 50% of net profit.</p>	<p>During the last five years, the dividend payout ratio has averaged 37%, including the proposed dividend and not including 2019, when no dividends were distributed. For 2023, a dividend of SEK 2.85 has been proposed, corresponding to 36%.</p>	<p>Target between <b>30–50%</b></p>	<b>37%</b> <sup>1)</sup>	<b>36%</b>

<sup>1)</sup> Excluding 2019, when no dividend was distributed.

Indutrade’s strategic framework for sustainable development is based on three focus areas: People, Environment and Products & customers – with goals for 2030 established for each area. To achieve the overall goals, we have identified material topics with associated targets for 2025 and KPIs that we evaluate and follow up at least once per year. A description and outcomes for these can be found in the Sustainability Report on pages 21–30.



**FOCUS AREAS FOR SUSTAINABILITY**

**People**

Indutrade’s vision is an entrepreneurial world where people make the difference. We believe in giving people freedom and trust. Engaged and competent employees are the key to building long-term, sustainable companies. We facilitate long-term growth in our companies by focusing on continuous leadership and competence development, an inclusive culture and workplaces where health and safety is always prioritised and diversity in working groups contribute to innovation and productivity.

**Environment**

Reducing carbon dioxide emissions is crucial in contributing to environmental sustainability. The transition to a low-carbon economy involves many different initiatives. From 2020, Indutrade measures the carbon footprint at Group level for Scope 1 and 2 and the goal is for us to become climate-neutral in these areas. We have also started including significant parts of Scope 3 (emissions upstream and downstream in our value chain) in our data collection from subsidiaries so that we understand their scope and can include this in goals and strategies in the future.

**Products & customers**

Through continuous product and process innovation we secure our companies’ strong market positions. Sustainability is becoming increasingly important to both customers and society at large, and the Group’s focus is on stimulating the development and sale of products with sustainable added value, such as low-carbon materials and energy efficiency in use. We are opportunity-oriented when it comes to acquisitions and focus on stable and profitable companies in selected segments with long-term drivers for growth and a positive impact on society.

**MATERIAL TOPICS WITH TARGETS AND KPIs**

- Employee engagement
- Leadership and competence development
- Diversity and inclusion
- Health and safety

- Reduced CO<sub>2</sub> emissions (Scope 1 and 2)
- Share of renewable energy
- Energy efficiency
- Resource efficiency
- Measure and set targets for Scope 3

- Customer satisfaction
- Sustainable innovation
- Products with a low carbon footprint

**OVERALL GOALS 2030**

Engaged people

100%

Scope 1 and 2 (GHG)

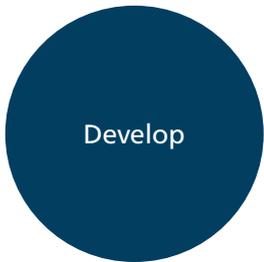
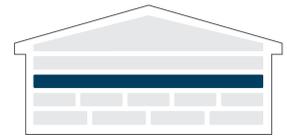
CO<sub>2</sub> neutral

Indutrade’s companies contribute to sustainable customer value

100%

# Strategic direction

Indutrade's overall strategic direction is to capture the organic growth potential that exists in our companies and increase our ability to make more successful acquisitions. The starting point for it all is our business model: developing and acquiring successful companies managed by passionate entrepreneurs.



Develop

### SUCCESS FACTORS

- The right leadership for each company
- Ambitious goals and strategy plans
- Investments in sustainable business and product development
- Access to knowledge and expertise
- Perseverance and long-term perspective

Companies that belong to the Indutrade Group are able to maintain their original identity, while gaining access to the collective knowledge and experience of all of the Group's employees. Indutrade supports its companies with industrial know-how, financing, business development and management by objective.

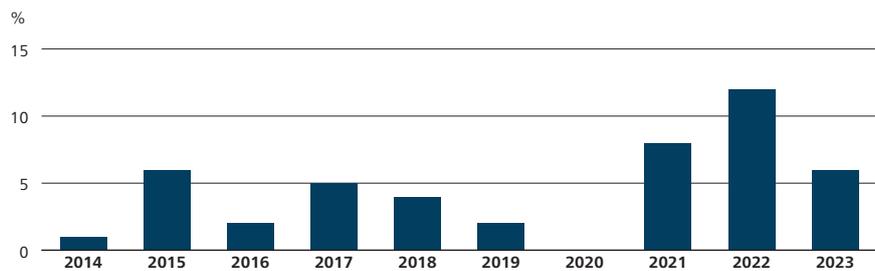
Business development and organic growth are strategically important for steadily

increased value creation over time.

This is why all of Indutrade's companies have a clear mandate and responsibility for running and continuously developing their own operations:

- Through a broadened customer offering based on relevant knowledge, such as extended support, training and other aftermarket services
- Via innovation and development of both products and offerings
- Geographical growth in selected markets

### Organic growth 2014–2023



Acquire

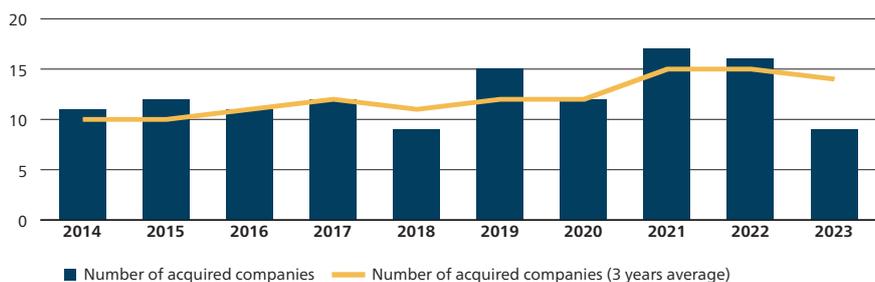
### WHAT WE ARE LOOKING FOR

- Only B2B companies
- Shared values and a management team that wants to stay involved after the acquisition
- Annual sales of SEK 50–500 million
- Stable, good profitability
- Both manufacturing companies with a proprietary product range and technical trading companies
- Sustainable leading market position in a well-defined niche
- Products with a high technical content that create added value for the customer
- High percentage of repeat sales

We have high expectations of the companies we acquire. They are successful and well-managed, with a defined market and distinct customer offering. They are run by entrepreneurs who are passionate about their business concept, who want to further develop their company and who share our values on sustainable entrepreneurship.

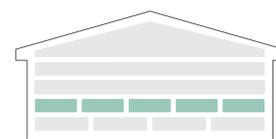
We acquire companies where the owners want to continue leading and developing the company without being its owner. When we acquire a company, it is never with the intention to divest, and by selling to Indutrade, the company's future is secured.

### Number of acquired companies 2014–2023



# Strategic focus areas

Our focus is to create the best conditions for our companies to grow in a sustainable and profitable way, while maintaining a high acquisition pace. To achieve this, Indutrade has identified five overall strategic focus areas.



## THE GROUP'S STRATEGIC FOCUS AREAS



### People development

We facilitate long-term growth in our companies by focusing on continuous leadership and competence development, inclusive and productive work groups and workplaces where employees thrive, and always prioritising health and safety. For example, Indutrade works proactively with development programmes and training, succession planning, recruitment, diversity and inclusion.



### Knowledge-sharing

Indutrade makes it possible for companies to derive benefits from the collective expertise that exists in the Group. Companies belonging to the Group enrich each other and are given opportunities for exchanging valuable knowledge via networking opportunities and internal benchmarking. Indutrade has also developed a digital communications platform where best practice and tools are available in several strategic areas, such as strategy planning, pricing, working capital efficiency, IT security and sustainability.



### Decarbonisation as a business opportunity

Indutrade puts much emphasis on accelerating the Group's contribution to reducing global warming and we see it as a business opportunity. We do this by having our companies work proactively to lower their carbon footprint and by ensuring that our companies, through innovation and business development, are at the forefront with products and solutions that help customers lower their carbon footprint.



### Professional ownership

We exercise active ownership primarily through the Boards of Directors of our subsidiaries with the aim of developing them, generating sustainable value growth and contributing to society. As an active and professional owner, we work in a structured way through our business areas and the Boards of Directors of our subsidiaries to develop our leaders and inject both knowledge and capital so that companies have everything they need to be able to choose the right strategic direction, invest in product development and improve their customer offerings.



### Scalability

In order to ensure the Group's ability to identify, acquire and support a continuous inflow of new companies to the Group, we work to stepwise and proactively improve our organisational capacity. The work includes, among other things, ongoing evaluation and development of the business areas and their business units, to ensure the right board composition for our companies and to enable more efficient processes and routines through shared working methods in selected areas.

## PROGRESS IN 2023

Indutrade continued to work actively on initiatives in each of the strategic focus areas in 2023. There was a special emphasis on further developing the Group's various programmes to promote knowledge sharing and on leadership development. This work includes resource reinforcements, succession planning, Group-wide leadership trainings and internal network meetings on various topics, including a bespoke conference for business unit managers.

Indutrade also made progress in the sustainability area, where key areas included a focus on preparing for CSRD (upcoming EU legislation within sustainability reporting) and extended Scope 3 reporting.

### New Group structure

To strengthen the platform for the next growth phase, it was decided during the year to reorganise the Group into five international business areas with a clear strategic focus on different business segments and technologies. The new Group structure came into effect on 1 January 2024.

The change reflects a number of Indutrade's strategic focus areas and has the main aim of improving the basis for both organic growth and acquisitions by creating further opportunities for knowledge-sharing across companies in the same market sectors and segments. It also offers long-term improvements in scalability and company governance, while at the same time retaining the decentralised structure where the individual company is at the core.

### Indutrade's business areas from 1 January 2024:

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



## Acquisition strategies

Growth via acquisition of stable, profitable and entrepreneur-driven technology and industrial companies has always been a key component of Indutrade's business model. The acquisition strategy has been successful and is continuously developed to ensure long-term, sustainable value creation.

### **Opportunity-oriented**

Indutrade has an opportunity-oriented acquisition strategy. We acquire well-managed, successful and typically owner-led technical and industrial companies. We are also open to considering companies in different industries and markets and sometimes make smaller add-on acquisitions through our existing companies to strengthen market positions. A central part of the acquisition process is to ensure that there is a shared foundation of values and ethical principles.

### **Organic growth potential**

Indutrade puts a great deal of emphasis on a company's ability to continue generating profitable organic growth. Particular focus is put on identifying and acquiring companies that are active in a segment with structural growth, such as medical technology and pharmaceuticals, as well as companies with products that make a positive contribution to the green technology transition.

### **Geographic expansion**

Indutrade has a strong presence in the Nordic countries and Western Europe and this is where we primarily intend to make our future acquisitions, with greater focus on Germany and northern Italy. Gradually and in a well thought-out manner, we can enter new geographic areas when the right acquisition candidate is identified and we have ensured that we have the necessary market knowledge.

### **Gradual increase in acquisition capabilities**

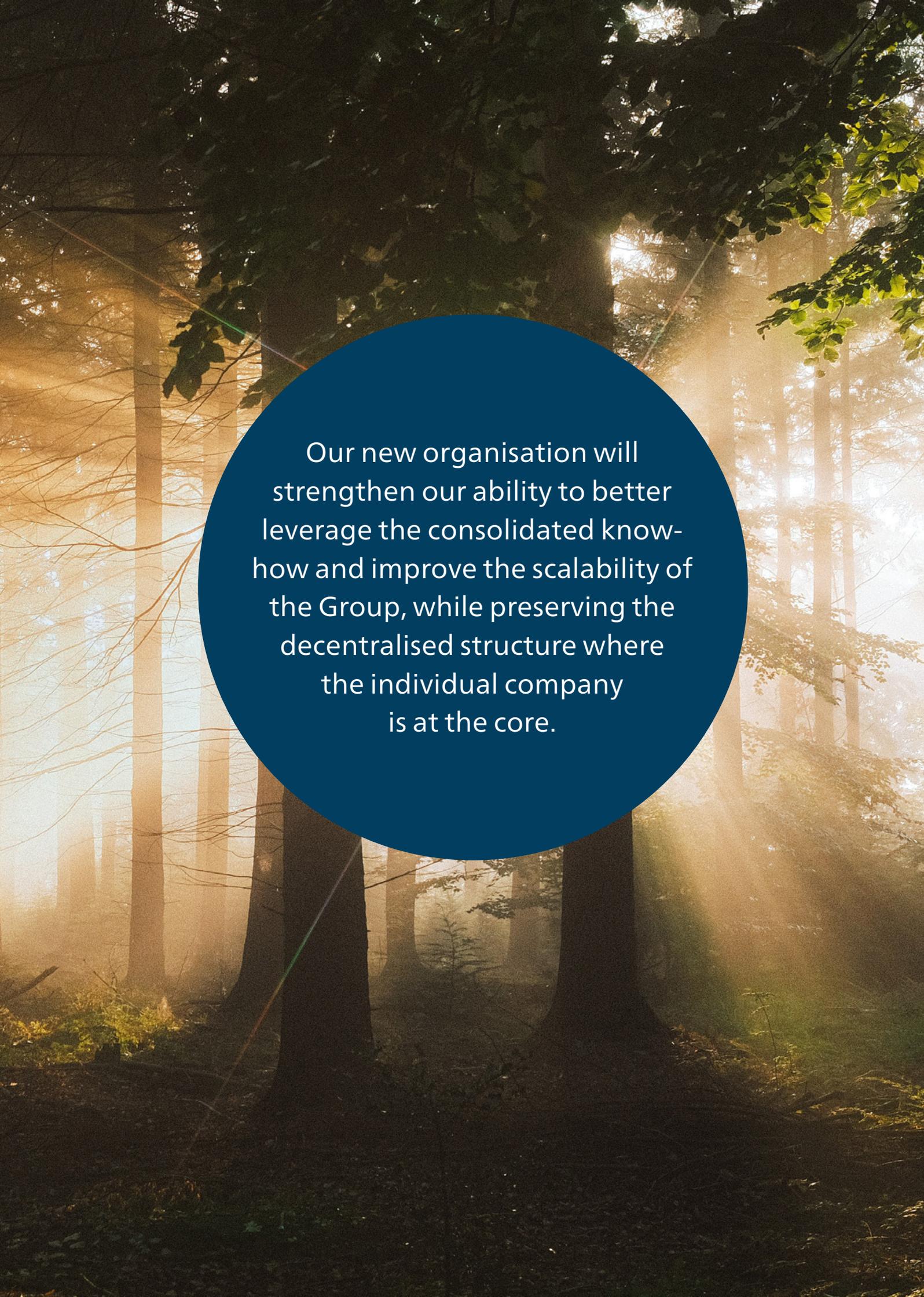
As Indutrade grows, we continuously strive to ensure that we are in the best position to be able to manage more acquisitions in an efficient way, without compromising on the quality of the evaluation process. Among other things, this work involves identifying, recruiting and developing talent in our acquisition teams.

### **Structured lead generation**

Indutrade has a continuous inflow of new, interesting acquisition candidates, both from its own internal network and from external brokers and business advisers. In recent years, we have strengthened our acquisition teams in the business areas, partly in order to further increase the proportion of acquisition candidates generated via our internal network.

### **Differentiated pricing model**

Indutrade's basic principle is always to acquire 100% of the shares in a company and for the acquisition to be completed at a price that ensures the deal creates value for both parties. In order to create continued financial incentives for key people in the acquired company, there are typically agreements on additional earn-out payments, which means that additional payments will be made if the company reaches a certain level of profitability after the acquisition. Indutrade will continue further developing the price model with a stronger link between price and the organic growth potential of companies.



Our new organisation will strengthen our ability to better leverage the consolidated know-how and improve the scalability of the Group, while preserving the decentralised structure where the individual company is at the core.

# Engaged owners and professional acquirers

Indutrade is a long-term, stable owner that is engaged in, and takes responsibility for, the development of our companies. When we acquire a company, it is never with the intention to exit or divest. We exercise active ownership primarily through the Boards of Directors of our subsidiaries with the aim of developing them, generating sustainable value growth and contributing to society.

## INDUTRADE AS OWNER

As an active owner, we contribute by, for example, developing our leaders and injecting both knowledge and capital so that companies have everything they need to be able to choose the right strategic direction, invest in product development and improve their customer offerings. It is of utmost importance that our companies continuously strive to improve their social and environmental impact. We are firmly convinced that a responsible and sustainable way of acting creates long-term value and enhances competitiveness.

### Value-based leadership

Indutrade's values guide us in how we act both externally and internally. They are values that have evolved over the years through interaction with our companies and employees, based on our conviction that it is people who make the difference. Value-based leadership with a great deal of freedom and decision autonomy is the starting point for our efforts, right from the acquisition phase to how we support businesses in a responsible manner. This mindset serves as the foundation for our vision: an entrepreneurial world where people make the difference.

TRUSTED BY  
ENTREPRENEURS

Indutrade's brand promise, "Trusted by entrepreneurs" is based on the trust we have gained from this target group since inception in 1978 and that they are also necessary for our continued growth. Now, more than 45 years later and having made more than 200 acquisitions of successful companies, we have established a unique position with vast knowledge of both acquisitions and company development.

Our business is built on developing and acquiring well-managed, profitable technology and industrial companies with a focus on continued, profitable organic growth. Through our proven, decentralised business model, driven entrepreneurs are given the opportunity to maintain independence with full operational responsibility and mandate. The best decisions are made locally, close to customers and the market.

We balance our business risk by acquiring successful companies with stable customer and supplier relationships and good profitability. We perform thorough due diligence on each company prior to acquisition and we have clear expectations on sustainability and profitable growth. Afterwards, we support them on their continued growth journeys.

In addition to meeting requirements for financial performance, the acquired companies must have a highly driven management team, be characterised by a genuine entrepreneurial spirit and possess deep business expertise. However, the most important factors for a successful acquisition are a sound company culture, sound values and ensuring that everyone shares the same values and ethical principles.

Our Code of Conduct is an important tool for describing our shared principles and promoting our shared values. Our decentralised governance model puts demands on all companies to have well-functioning operations and management. Already during the acquisition process, we therefore put strong emphasis on getting to know the company and its management, employees and owners in order to gain an understanding of whether they share our values and views on sustainable entrepreneurship.

### Decentralised organisation

We appoint a Board for each company, however, our decentralised approach enables companies to make own decisions, thereby giving them freedom and flexibility. The best business decisions are made when there is close contact with customers based on their specific needs and processes. Many of our companies work in smaller cities or towns where the employees become important local ambassadors. They play a key role in our companies being perceived as reliable and responsible, by example ensuring that the local environment is not negatively impacted by the companies' operations. By making local investments and creating jobs, our companies contribute to growth and development in society.

## WHAT WE OFFER

### Business as usual

Our highly decentralised organisation enables companies to make own decisions, thereby giving them freedom and flexibility. The best business decisions are made when there is close contact with customers based on their specific needs and processes.

### Professional Board

We appoint an engaged Board that supports the management team and serves as a sounding board. Our cumulative expertise, experience and structure creates the prerequisites for continued growth in the companies.

### Expertise

We support our subsidiaries by providing industrial and technical expertise and assisting with business development, financing and management by objectives. We also offer support with such things as competence development, digitalisation and sustainability.

### Financial strength

The Group's financial strength creates stability and facilitates further expansion of our companies. As a stable owner, we take responsibility for the longevity of our companies.

### Knowledge-sharing and networks

We share experiences, knowledge and best practice through network meetings, training courses and our digital communications platform, Indutrade Portal. Many challenges and solutions are relevant to most companies. We therefore promote knowledge-sharing and informal networking so that we can exchange ideas and experiences.

### Developing competence and leadership

In a decentralised organisation, people are key. We are very careful to ensure that we have the right MD, management team and Board of Directors at each company. We offer tailored training via Indutrade Academy in order to continuously develop our key talents.



## ACQUISITION PROCESS

Acquisition is a natural component of Indutrade’s operations and it is fundamental to our growth strategy. Our acquisition strategy has developed over time. It is solid and historically successful. We acquire profitable, well-managed companies with a well-defined market and distinct offering. We maintain a high rate of acquisition, typically acquiring several companies each year.

We have high expectations of the companies we acquire. They are run by entrepreneurs who are passionate about their business concept, who want to further develop their company and who share our values on sustainable entrepreneurship. They also have technical niche expertise. They have well-functioning and motivated management teams that are characterised by entrepreneurship and which are eager to continue their involvement also after the acquisition.

The pre-acquisition process might last for several years and during this time, we meet managers and employees frequently to ensure that they are an “Indutrade company”. We strive to, as early as possible during the acquisition process, discuss our decentralised governance model and fundamental values.

Indutrade’s basic principle is always to acquire 100% of the shares in a company. All acquired companies are reviewed to ensure that they have a long-term sustainable business strategy that generates long-term value. Running operations in a responsible way is of utmost importance and the key to long-term, sustainable growth, development and profitability. In 2023, Indutrade acquired nine new companies. All of them were subject to a sustainability review.

### Identification

Indutrade strives to, already at an early stage, engage with owners of potential acquisition candidates. Prior to a potential sale, owners are already acquainted with Indutrade and find it natural to involve us in discussions about an acquisition. Indutrade has a continuous inflow of new, interesting companies to potentially acquire, both from its own, internal network and from external brokers and business advisers. The ambition is to, as early in the process as possible, engage in a close, exclusive dialogue with the owners. This is the best way for us to communicate Indutrade’s long-term model and values.

### Evaluation

Several parameters are used to evaluate a potential acquisition including market position, customers, competitors, main supplier’s strategic and technical focus, environmental impact, ISO certifications, financial position, historical data and future involvement of key employees. Running the business in a responsible way is critical to creating long-term sustainable growth, development and profitability, and is therefore central to the evaluation process.

Thorough and tailored due diligence minimises the operational and financial risks associated with acquisitions. During the evaluation, we utilise the cumulative knowledge that exists within Indutrade and among our companies to ensure that we clearly understand all of the opportunities and risks. One of the keys to success is careful preparations and for both parties to get to know each other well. Therefore, we never hurry through the acquisition process, allowing it the time needed. If a potential acquisition does not comply with relevant standards, does not pass the review process regarding such items as human rights or corruption risks, or is not deemed to be amenable to necessary improvements, Indutrade rejects the acquisition.

### Negotiations

The negotiation stage is primarily about ensuring the following:

- that it will be possible to carry out the acquisition at a price that ensures the deal generates value for both parties.
- that key individuals will stay involved after the acquisition. These are typically owners of the company that is being acquired, which is why additional earn out payments is often part of the acquisition structure. It will be paid if the company achieves a certain level of profitability after the acquisition.
- that business partners are in favour of the acquisition so that we can retain important customers and suppliers.

## GOVERNANCE PROCESS

### Implementation

An acquisition is always given a clear home in one of Indutrade’s business areas, based on its business segment and technologies. Doing so increases the opportunities for value-creating collaboration and networking. A new board is appointed, with expertise tailored to the company’s current needs.

A structured review of the acquired company is also done when carrying out an acquisition. The main areas that we focus on are the acquired company’s:

- Customers and suppliers – will it be possible to expand customer base and product line?
- Sustainability – have sustainability aspects been integrated into the business model, business culture, strategies, processes and product offering?
- Organisation – could it be made more efficient, with more focus on customers and sales?
- Costs, margins and inventory turnover – is it possible to raise profitability and returns?

New financial targets are established that are specific to the company and its situation.

### Monitoring

There is continuous dialogue between the acquired company’s management team, its Board of Directors and Indutrade’s business area manager. Each month, the company reports its sales, earnings and other key performance indicators to Indutrade. Ongoing governance is goal-oriented with a focus on growth, margins and capital employed. During the year, we also ensure that competence development, succession planning and the sustainability agendas of companies are being monitored and evaluated, which is an important aspect of Indutrade’s role as an active owner.

# Acquisitions 2023

Month acquired	Acquisitions	Business area	Sales SEK million <sup>1)</sup>	No. employees <sup>1)</sup>
January	Sax Lift A/S	FMS	130	34
January	Hobe GmbH	DACH	80	32
January	Siersema Componenten Service B.V.	Benelux	390	50
April	Safematic A/S	FMS	55	7
June	Labema Oy	Finland	70	20
June	I-tronik S.r.l.	DACH	165	24
September	Noby A/S	IC	60	14
October	Powerpoint Engineering Ltd.	UK	150	29
October	TSE Troller AG	DACH	90	30
<b>Total</b>			<b>1,190</b>	<b>240</b>

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

## BENELUX



SKS is a specialised technical trading company offering a diversified portfolio of high-quality, innovative and sustainable flow technology components to the food and pharmaceutical industry. The product offering includes valves, tubes, pumps, filters and heat exchangers which are sold to customers, primarily in the Benelux region. The company has extensive technical expertise in client applications and long-standing relationships with its strong base of international suppliers and customers. SKS was founded in 1994, has 50 employees and is located in Waalwijk, the Netherlands.

**Reason for the acquisition:** SKS operates in attractive growth segments and has a high proportion of consultative sales. The company has good prospects for further sustainable, profitable growth and the acquisition strengthens Indutrade's flow technology position in the Benelux region.

## FLUIDS & MECHANICAL SOLUTIONS



Sax Lift is a leading manufacturer of standard and custom-made scissor lift tables. The company's products enable more efficient work processes by removing the need for physical lifting and making workspaces more flexible. They are typically used in production, storage, logistics and workshops in industries such as medical, food, industrial, construction and retail. Sax Lift has a broad global base of recurring customers and a strong digital sales platform to target new customers. The company was founded in 1993, has 34 employees and is located in Vejen, Denmark.

**Reason for the acquisition:** Sax Lift has an attractive customer offering and a proven track record of sustainable, profitable growth over time. The company has a strong market position in its niche and the acquisition strengthens Indutrade's position in attractive customer segments.



Safematic is an expert in process and ventilation filtration, offering high-quality filter solutions to the food, energy and pharmaceutical industries, among others. The company has a comprehensive product offering, ranging from filter bags to tailor-made filter systems and aftermarket services. Based on its technical expertise in customer application areas, the company has a high proportion of consultative sales and long-lasting relationships with its customers and partners. Safematic has seven employees and is based in Odense, Denmark.

**Reason for the acquisition:** Through its offering of specialist products aimed at a broad customer base in attractive segments, Safematic has good prospects for further sustainable, profitable growth. The acquisition strengthens Indutrade's cluster of filter companies in the Nordic countries.

## HOBE micro<sup>®</sup> tools

Hobe is a niche manufacturer of micro precision tools for the shaping of interior profiles in very small bores. With a focus on optimising customers' production processes, the company develops, manufactures and distributes high-quality micro tools made of solid carbide for the machining of complex metal, plastic and ceramic components. The main customers are found in industries such as medical technology, mechanical engineering, electronic components, construction and measuring technology. In addition, Hobe offers components for bespoke client applications as well as milling tools for production of heavy-duty stone drill bits. Hobe was founded in 1971, has 32 employees and is located in Baienfurt, Germany.

**Reason for the acquisition:** Hobe has a strong market position in its niche and long-standing relationships with its customers and partners. The acquisition strengthens Indutrade's position in attractive market segments.

## I-TRONIK<sup>®</sup>

HUMAN KNOWLEDGE. TECHNOLOGICAL SOLUTIONS.

I-tronik specialises in machinery, consumables, spare parts and services for assembly and manufacturing of printed circuit boards (PCBs). End customers are found in a wide range of industries, operating in segments such as lighting, defence, medical and aerospace. The company represents global leading brands within its market niches and has long-standing relationships with its customers and suppliers. I-tronik has 24 employees and is located in Padua, Italy.

**Reason for the acquisition:** I-tronik has a long track record of sustainable, profitable growth and has good prospects for further organic growth, driven partly by the ongoing green transition and electrification trend.

## TSE TROLLER

COATING SECRET

TSE Troller develops, manufactures and distributes high-quality coating dies made of stainless steel for high-precision coatings in various industries. The product offering includes slot and slide coating dies, coating stations, rental equipment and aftermarket services. In addition, TSE Troller offers R&D test equipment to develop and design prospective customers' new production processes. The company supplies customers worldwide in many different industrial market segments, including electronics and battery production, packaging, paper and board, photovoltaics, fuel cells, food and life science. TSE Troller was founded in 1961, has 30 employees and is located in Murgenthal, Switzerland.

**Reason for the acquisition:** With over six decades of expertise in the development and production of pre-metered coating dies, TSE Troller has emerged as one of the leading manufacturers within its field and has good prospects for continued sustainable, profitable growth.

## FINLAND

## Labema

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. The company has a strong sales-oriented culture with high technical expertise in niche segments such as microbiology, molecular biology, food diagnostics and laboratory robotics. Labema has 20 employees and is located in Helsinki, Finland.

**Reason for the acquisition:** Labema has a strong entrepreneurial spirit and expertise in developing deep, long-lasting relationships with its customers and suppliers. The acquisition strengthens Indutrade's position in medical technology in Finland.

## INDUSTRIAL COMPONENTS

## Noby

Noby is a technical trading company that offers premium security products and systems and fire alarm systems on the Norwegian B2B market. The company has an extensive product portfolio, including CCTV monitoring, burglar alarms, power supply, fire alarms and smoke detectors, installation and connectivity equipment and access control. The customer base mainly consists of electrical installers, but also electrical wholesalers and retailers of security products. Noby's suppliers are well-established manufacturers of high-quality security hardware and software mainly from Europe. The company offers a high level of technical expertise and well-established partnerships with its suppliers and customers. Noby was founded in 1964, has 14 employees and is located in Oslo, Norway.

**Reason for the acquisition:** Noby has a strong track record of profitable growth, a positive culture with focus on long-term value creation and good prospects for continued organic growth.

## UK

## Powerpoint Engineering

Powerpoint Engineering is a technical trading company that specialises in electrical safety and test equipment for use in high- and medium-voltage applications, to protect operators from electrical hazards. The product range includes electrical test instruments, safety equipment for operators, insulated tools and a comprehensive suite of electrical testing services, training courses, in-house calibration and repair services. The company primarily targets the Irish market and has over 1,000 active customers, including generating stations, utility companies, high- and medium-voltage specialist contractors, advanced manufacturing plants, data centres, wind farms, pharmaceutical companies and facility management companies. Powerpoint Engineering was founded in 1996, has 29 employees and is located in Portlaoise, Republic of Ireland.

**Reason for the acquisition:** Powerpoint Engineering is a purpose-driven company with clear growth potential, supported by the continuously increasing focus on worker well-managed with extensive expertise in its niche and has strong relationships with its customers and partners.

# Votes of confidence from prior acquisitions



**CARSTEN JENSEN**  
MD, CKJ Steel

## AN ENTREPRENEURIAL SUCCESS STORY

Carsten Jensen was just 24 years old when he founded CKJ Steel. Since its foundation in 1993, the company has focused on developing advanced processing equipment, primarily for customers in the life science industry. Today, CKJ produces stainless steel pressure vessels, tanks, pipe systems and complete processing solutions for its customers, which also include the biotechnology, food and energy industries.

"We decided at an early stage that our own requirements should exceed those of our customers," he explains. "That is how we make sure we are the best," says Carsten. "We might be a little more expensive than our competitors, but we always deliver on time and to the very highest quality standards."

The principal market is Denmark, which is the main hub for the life science industry in the Nordic countries and home to Medicon Valley, an international cluster of innovative pharmaceutical, biotechnology and medical technology companies.

"Working with these customers requires us to meet ever more exacting requirements and expectations. If we have the drive and ability to handle this, we will develop and grow as a company."

A strong winning mentality is another factor that Carsten singles out as important for the company's growth. He contributes to this himself, partly by maintaining a high profile and inspiring employees in their day-to-day work, and partly by ensuring that everyone knows exactly what they should be working towards, whether these are business targets for the whole company or goals for a specific customer project.

## Retaining the corporate culture

A new chapter in the company's story began in 2021 when Indutrade acquired CKJ Steel. The company had been approached by several potential buyers:

"Some of them even offered a higher price, but we still opted for Indutrade. One reason was that we wanted to keep our name, our structure and our corporate culture. Indutrade were very clear that we would get to do that," says Carsten Jensen.

One of the aims of selling the company was to make it easier to expand into other markets in the Nordic region. This requires a larger organisation with different kinds of expertise and experience – something that Indutrade could provide.



**ULRIKA GREGORSSON**  
MD, GA Lindberg Chemtech AB

## A MODERN KNOWLEDGE COMPANY WITH A LONG HISTORY

Among many Swedish industrial companies, GA Lindberg is a well-known supplier, which offers a broad range of products and has extensive know-how relating to chemical products. The largest areas are adhesives and lubricants, but the company also works with products for embedding, cleaning and metal processing.

GA Lindberg has many world-leading suppliers. The collaboration gives access not only to many high-quality products, but also to the know-how and innovation of these global operators.

"The breadth of options on the supply side also makes us something of a neutral party, which enables us to offer customers the solution that is best for them, no matter what the situation," says MD Ulrika Gregorsson.

In order to deliver the right solution, in-house know-how – concerning both products and the customer's technical challenges – is a real strength. The effective management of sustainability issues is a further competitive advantage. One example of this is that sustainability is integrated into the partnership with the customer and linked to everything from financial considerations to practical management. Within GA Lindberg, this is known as 'industrial sustainability economics'.

## Creating engagement

Ulrika Gregorsson took over as the company's MD three years ago. At the time, GA Lindberg had been part of Indutrade for around 30 years. In her role as MD, she highlights the importance of delegating responsibility and using management by objectives instead of micro-managing.

"I think it is important to create engagement, to encourage the employees to play their part and have their say. Everyone can take part and contribute to the growth plans that we have adopted. As MD, I am responsible for formulating the ultimate goals, but everyone must be able to have their say about how these goals are achieved."

The culture in Indutrade suits Ulrika. She appreciates the freedom and the security that the Group provides. In connection with the recent restructuring of the Group, she was given a new role as business segment manager.

"The aim is to boost growth. My job is to help develop the business, both via organic growth and through acquisitions where possible."



**JÉRÔME CHABLOZ**  
MD, Avintos AG

### SIGHTS SET ON GROWTH IN LIFE SCIENCE

Swiss company Avintos specialises in rapid and efficient flow control. Valves, hoses and connectors are among the key components of the flow technology solutions developed for its customers. The flow technology solutions are then used for the control and management of liquids and gases in industrial processes. The business was founded more than 50 years ago. Indutrade acquired what is now Avintos in 2011.

"The combination of technical expertise and quality products creates substantial added value for customers. We also offer high service levels, both through our customer support and through our work on fabrication, maintenance and repairs," says Jérôme Chabloz, MD of Avintos.

"Another competitive strength is that we're extremely customer-oriented and always focus on the best solution for the customer. Our many years of experience play a key role here, with almost half the team having been with us for more than a decade."

The main market is Switzerland, where the company is a leading supplier to the chemical and pharmaceutical industries. It also has customers in the energy and environmental technology, food and engineering industries. Avintos is also working with life science and biotechnology companies, and this is where it sees the biggest and most exciting growth opportunities.

"Growth is limited in some of our other segments, so we are focusing on sectors that have traditionally been strong in Switzerland. Life science is one such sector. We have a cluster of companies here that is unique internationally and something we should naturally be looking to take advantage of."

The company's growth journey in life science began in 2017 via a collaboration with a number of other Indutrade companies. Through this network, Avintos was able to develop its own range of single-use products, which have been brought together in a new business area, UltraPure.

"The network within Indutrade opened exciting new doors that would otherwise have been closed to us. We would not have been able to move into single-use products and establish UltraPure without the help and support of our sister companies," concludes Jérôme. This is Indutrade, people work for people and they make the difference.



Systematic sustainability  
work integrated into business  
strategy is a prerequisite for  
long-term value creation.

# Sustainability report

## Focus areas and goals

<b>SUSTAINABILITY GOVERNANCE</b> Training and knowledge-sharing, networking, Code of Conduct, policies and guidelines, materiality analysis, risk analysis, board meetings, Group-wide and company-specific goals, data reporting and follow-up, supplier dialogue, analysis of acquisitions.			
<b>Focus areas and overall goals 2030</b>	<b>PEOPLE</b> 100% engaged people	<b>ENVIRONMENT</b> CO <sub>2</sub> neutral Scope 1 and 2	<b>PRODUCTS &amp; CUSTOMERS</b> 100% of Indutrade's companies contribute to sustainable customer value
	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Leadership and competence development</li> <li>Diversity and inclusion</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions (Scope 1 and 2)</li> <li>Share of renewable energy</li> <li>Energy efficiency</li> <li>Resource efficiency</li> <li>Measure and set targets for Scope 3</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Sustainable innovation</li> <li>Products with a low carbon footprint</li> </ul>
	<b>Sustainable Development Goals where we contribute directly</b>		

1) The outcomes of our targets and KPIs linked to these topics are set out in each section.

### Strategic framework for sustainable development

Indutrade has a strategic framework that summarises our focus areas for sustainable development. The framework is based on a materiality analysis in which we have identified the most important sustainability topics for the Group and our companies, based on impact, risks, opportunities and stakeholder expectations.

We work towards overall goals in the areas of People, Environment and Products & customers and have defined associated targets and KPIs that we follow up at least annually. The framework is continuously developed to make our sustainability governance and monitoring even more relevant to us and our stakeholders.

The aim of our strategic sustainability work is to promote business opportunities, attract the best talent, drive sustainable profitable growth and support the UN Sustainable Development Goals. Indutrade is a signatory of the UN Global Compact and supports the ILO Conventions, the UN Guiding Principles on Business and Human Rights and the OECD guidelines for Multinational Enterprises.

Indutrade contributes both directly and indirectly to a large number of areas for sustainable development. The SDGs where Indutrade has the greatest responsibility and opportunity to make a difference

are presented above. The underlying targets where we have a particular opportunity to contribute are presented in each section in the Sustainability Report. In addition to these, Indutrade also has a fundamental responsibility to work towards the achievement of the other goals. Our Code of Conduct covers many important issues and helps us to work responsibly from a range of perspectives.

### Follow-up of targets and KPIs

To monitor our progress in different areas, all of our companies report, in a digital platform, sustainability data linked to the Group-wide targets, KPIs and other important issues. We follow up the outcome at the Group level as well as at the business area and company level in order to identify areas for improvement and implement relevant measures. Outcomes for our targets and KPIs are presented in each section of this report.

We continuously strive to improve the quality of the data collected by clarifying definitions and providing guidance to our companies before and during reporting, for example through support materials, templates, calculation tools and webinars.

### EXAMPLES OF ACTIVITIES IN 2023

- Further development of our sustainability strategy, targets and KPIs
- Further development of processes for reporting and monitoring the sustainability performance of our business areas and companies
- Continued focus on climate as a strategic focus area through internally developed climate training, support and follow-up
- Work on meeting the Science Based Targets initiative's criteria
- Expansion of Scope 3 reporting to cover categories where we have the greatest impact
- Recognition of the Indutrade Sustainability Awards for the second year
- Preparation for upcoming reporting legislation, CSRD, and other EU legislation
- Active knowledge-sharing in various sustainability networks in the Group
- Ongoing dialogue with our stakeholders

## Sustainability governance

### Overall sustainability governance

Indutrade's sustainability governance is adapted to our decentralised organisation and primarily takes place via the boards of our companies, our business areas, a joint Code of Conduct, policies and guidelines, as well as networks, training and the follow-up of data. The MD and management team of each company have operational responsibility for their sustainability work and each board is ultimately responsible for ensuring that the company follows its own and Indutrade's guidelines and policies.

### Right focus in each company

Indutrade comprises over 200 companies in a wide variety of industries and markets. Accordingly, each of them faces different types of challenges and opportunities. Therefore, it is important that each company, in addition to working towards the common Group-wide goals, also identifies its own material sustainability topics and associated targets and KPIs. We regard the combination of Group-wide and company-specific prioritisations as an important strength in our sustainability efforts. The goal for 2025 is for all companies to have carried out their own materiality analyses. The results for 2023 show that 89% (83%) have thus far done so. Indutrade-specific support materials for companies' materiality analyses have been developed to create a broad consensus and commitment to sustainability work.

### Sustainability at board meetings

Sustainability is included as a mandatory agenda item at the companies' board meetings. Reported data as well as the company's own materiality analysis and associated targets, KPIs and activities are discussed.

At Group level, the Board of Directors is involved in sustainability issues by approving strategies, policies, goals, acquisitions and possible divestments, as well as monitoring preparations ahead of new sustainability legislation. The Board also approves the annual Group-wide risk analysis, which includes important areas concerning sustainable development. More information on how we work with risks on an ongoing basis can be found in the Sustainability Report and in the section on risk analysis on pages 42–46.

### The Code of Conduct is an important starting point

Indutrade's Code of Conduct has been adopted by the Board of Directors. It provides guidance regarding who we aspire to be and how we would like to be perceived. The Code of Conduct covers all employees within the Indutrade Group and contains guidelines for environmental considerations, health and safety, business ethics including anti-corruption, employee relations, human rights and community impact. The Code of Conduct has been translated into eight different languages and is available on our website. It is also available to all of our employees via

Indutrade Portal (our communications portal) as well as a digital training to support implementation. This year's follow-up showed that 97% (97%) of Indutrade's companies had routines for ongoing implementation of the Code of Conduct in their operations. The goal is for all companies to have it in place by 2025.

### Use of the whistleblower function

Employees who notice any deviations from the Code of Conduct or suspect wrongdoing can report such via an external whistleblower function (anonymously, if they so prefer). The whistleblower function is also open to subsidiaries' suppliers, partners and subcontractors. Indutrade received nine (six) cases in 2023, all related to events in our subsidiaries. All of the cases reported in 2023 were followed up and handled in accordance with an established process and relevant measures were taken. The majority of the cases concerned local employment and work environment issues, in a couple of cases related to leadership. We feel it is important that employees throughout the organisation are aware of the whistleblower function and that they use it whenever there is a suspicion of irregularities.

### Anti-corruption and business ethics

With operations in more than 30 countries, business ethics is of great importance to Indutrade and a prerequisite for sustainable

### Indutrade Sustainability Awards

In 2023, we presented the Indutrade Sustainability Awards for the second year. Companies were invited to nominate themselves and each other in three categories: **People**, **Environment** and **Products & customers**. In total, we received 31 nominations. Proposed winners and other honourable mentions were decided by a working group on the basis of set criteria, and the final decisions were made by Group Management. The three winners – GPA Flowsystem AS, Verplas Ltd and VES Ltd – were announced with videos and articles on our internal communication platform Indutrade Portal and externally via LinkedIn. More on each of the winners can be found in the different sections of this report.



profitable growth. Deficiencies in business ethics would entail risks for poor business decisions as well as damage to our reputation and brand. Business ethics is covered by our Code of Conduct, about which employees are given training. Group Management has also received in-depth training in the area. Besides the Code of Conduct, Indutrade has several Group-wide internal guidelines and policies which include such things as trade compliance, tax, insurance, information and investment policies. We also have internal control routines to prevent and discover irregularities and fraud. In 2023, no incidents of corruption were reported.

### Code of Conduct for Suppliers and Partners

Some of our products, and their constituent materials and components, are manufactured in countries where working conditions, environmental regulations and business ethics, including anti-corruption, can vary. Ongoing social and environmental evaluation of customers and suppliers takes place at the subsidiaries, which through close and long-term collaborations have good insight and knowledge of the supply chain. Indutrade has a Code of Conduct for suppliers and partners. The follow-up in 2023 showed that 82% (81%) of Indutrade's companies had fully or partially included third parties under the Code of Conduct. It also showed that 75% (69%) of our companies have a process in place for reviewing the sustainability efforts of their key sup-

pliers, including human rights, and the goal is for that percentage to increase each year with the support of Group-wide efforts.

Sustainable supply chains is a complex and important area that we will continue to develop. In 2023, we looked more closely at our supply chains for plastics and steel, the main materials used in the products sold by our companies. The aim is to understand more about the risks and be able to concentrate our efforts appropriately. We also began work on updating our Code of Conduct for suppliers and partners to cover additional dimensions of environmental and social responsibility that are important in our supply chain.

### Thorough acquisition process

Indutrade's companies shall offer and deliver products and services of good quality, providing value added to customers. We acquire reputable and successful companies that have a leading position in their niche. All nine companies that were acquired during the year were thoroughly evaluated from a sustainability perspective, as an integral part of our due diligence process. Culture and values are especially important to us when we acquire new companies. It is crucial that the acquired companies share our view of responsibility and what is important for the long-term development of a sustainable and successful business. The sustainability evaluation is being further developed on an ongoing basis in accordance with the development of our strategic sustainability framework.

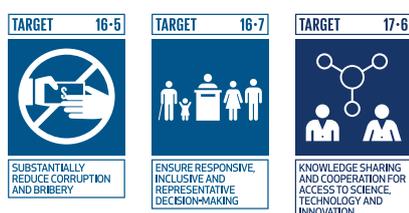
### Sustainability networks for knowledge-sharing

More than 150 representatives from the subsidiaries participate in Indutrade's voluntary sustainability network, which gives them inspiration and guidance on important areas within sustainable development. During the year, meetings in the sustainability network focused on sustainability communication, data reporting and Scope 3. There are also local sustainability networks in several business areas that meet regularly. We also set up networks during the year to share more specific knowledge, for example, on the Carbon Border Adjustment Mechanism (CBAM). It is valuable for the companies to be able to share experience and working methods through these networks.

### Continuous stakeholder dialogue

Indutrade's most important stakeholders are employees, owners, investors and other actors in the capital market, and we maintain an ongoing dialogue with them. The climate issue is still very high on the agenda for our stakeholders, along with preparations for upcoming EU legislation such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). Work in these areas is ongoing and is a priority for us. During 2023, we have, for example, worked on our double materiality analysis, in accordance with the requirements of CSRD, which forms the basis for the focus of our impending sustainability report.

## SDG TARGETS WHERE THE CONTRIBUTION FROM OUR WORK ON SUSTAINABILITY GOVERNANCE IS PARTICULARLY RELEVANT



## KPIs FOR SUSTAINABILITY GOVERNANCE

	2020	2021	2022	2023	Target for 2025
Percentage of companies that have routines for ongoing implementation of the Code of Conduct (%)	96	97	97	97	100
Percentage of companies that have carried out a materiality analysis (%)	–	73	83	89	100
Percentage of companies where third parties are covered by the Code of Conduct (%)	72	74	81	82	90
Percentage of companies that have a process for follow-up with key suppliers regarding sustainability, including human rights (%)	–	–	69	75	Annual increase
Percentage of company acquisitions that were thoroughly evaluated from a sustainability perspective, as an integral part of our due diligence process (%)	100	100	100	100	100

## People

### Towards 100% engaged people

Indutrade's vision is an entrepreneurial world where people make the difference. It involves long-term efforts for ensuring that people, and thereby companies can grow. We believe in giving people freedom and trust. It builds engagement, pride and commitment. Our overall goal is to have 100% engaged people by 2030.

Ensuring that employees are thriving and developing in the organisation is a prioritised area and crucial to the Group's success. The follow-up in 2023 revealed that the percentage of our companies monitoring employee satisfaction and engagement had increased to 88% (76%). The target by 2025 is for all companies to measure employee satisfaction and use the results for dialogue and organisational development. Companies decide for themselves on the type of follow-up that is most appropriate for them. Many have chosen continuous pulse surveys of their organisation and continuously assess where their strengths lie, as well as areas that need to be improved.

### Named a Career Company in both 2023 and 2024

There is a great deal of competition for talent and competence among companies, which is why Indutrade's attractiveness and reputation in the labour market is so important. We are proud to have been named by Karriärföretagen as a 'Career Company' in both 2023 and 2024. Each year, Karriärföretagen names 100 companies as Career Companies, in an independent and structured selection process with defined criteria. In the 2023 rankings, Indutrade was found to be the fifth most attractive employer among young professionals with a business degree, and the sixth most attractive employer among business students.

### Focus on development of leadership and competence

One of the most important criteria for a long-term perspective in our businesses is to secure access to the right competence within the Group over time. This is done via training and education at both the Group and com-

pany levels, along with deriving benefits from the knowledge that already exists within the Group. Many challenges and solutions are common or relevant to most companies and we share experiences, knowledge and best practice through networks, training and the Indutrade Portal.

In 2023, a number of Group-wide activities were carried out to promote competence development and knowledge transfer, such as our Group-wide and international leadership development programmes (see box on page 25), as well as in-person and online workshops on various themes. Besides these leadership development programmes, the Indutrade Academy provides courses in areas such as sales, purchasing, law and finance, which are open to employees in different countries. Twice a year, all MDs new to Indutrade are invited to take part in the Group's onboarding programme.

We also monitor the percentage of companies that conduct annual documented development discussions/dialogues for all employees, where the goal is for 100% of them to do so. The 2023 result was 95% (93%).



The jury's reasoning for Indutrade was: "Indutrade is an employer that goes beyond merely offering a place to work. The company's decentralised culture encourages trust, development and inclusion with a focus on people. By putting people first, Indutrade has successfully created an entrepreneurial environment that inspires them to perform, collaborate and engage. The company stands out from the crowd with its unique employer branding."

### A scalable organisation

In 2023, we held a leadership conference for the business unit leaders and other chairpersons from our companies' boards, with the aim of further establishing Indutrade's ownership philosophy in our leadership structure. This will provide a solid foundation for professional corporate governance and greater scalability, and ultimately for sustainable, profitable growth.

### Structured process for succession planning

Well-established leadership structures and a structured process for succession planning for company MDs and other key people is important from several perspectives. It ensures continuity in the companies and that multiple perspectives are utilised in decision-making and business development. It also offers opportunities for career development and puts the necessary prerequisites in place for the internal recruitment of key people. We continually monitor the percentage of internally recruited MDs. We also monitor the

percentage of companies with established management teams. In 2023, the percentage increased to 90% (87%). Structured succession planning also provides important insights into the age distribution in our leadership structures, which is an important indicator for work on our internal leadership pipeline.

### Indutrade's HR network

In March 2023, Indutrade's People and HR network met for two days in Stockholm. Participants were HR specialists from the companies. The aim of the event was to get to know one another and share experience of how to develop structured work on employee engagement, development and working environment, both locally at the different companies and across the Group as a whole.

### Diversity and inclusion important for innovation

One important prerequisite for Indutrade's continued growth is the ability to attract,

retain and develop the right talent. Employees shall be recruited and promoted exclusively based on their work qualifications and without consideration of their gender, transgender identity or expression, ethnic origin, religion or other faith, functional variation, sexual preference, age or other categories protected by law. Diversity in the workforce is an important asset and prerequisite for both growth and innovation. Our structured succession planning is a key process for gaining insights into the age and gender distribution in our leadership structures and forms the basis for a number of our KPIs in this area.

We offer training on diversity and inclusion on our internal communications platform, Indutrade Portal. We want our companies to follow up experiences of discrimination and harassment in their employee surveys to ensure that people are treated equally and that action is taken where necessary. The follow-up in 2023 showed that 91% (90%) do so. No cases involving discrimination or harassment were reported through the Group's whistleblower function during the year.



### Indutrade's leadership development programmes

Our Group-wide leadership development programmes are highly valued. The aim of the programmes is to build leaders whose people management and business development skills create sustainable, profitable growth for employees, companies and the Group as a whole. The programmes also bring a great opportunity to network and exchange experience within Indutrade. More than 300 leaders at Indutrade have taken part in our two leadership programmes over the years.

In 2023, 26 people participated in the Indutrade Leadership Programme (ILP) aimed at MDs in the Group. The programme comprises eight modules over 20 days and covers various dimensions of leadership, strategy, sustainability, change management and finance.

The Indutrade Business Programme (IBP) is aimed at members of companies' management teams and consists of four modules over 11 days focusing on leadership, communication, change management, business skills and sustainability. A total of 49 people participated in this programme in 2023.

Both programmes end with each participant presenting their focus forward based on experience gained during the programmes.

Evaluations of the programmes show that they very much live up to participants' expectations. The programmes offer relevant knowledge linked to real situations and are expected to result in participants acting in new and more effective ways based on the insights they have gained. They also help prepare more of our leaders for other types of work in the Group, such as serving on the boards of sister companies.

### We want more women at all levels

We have a long-term focus on equality at all levels of the company. In 2023, the percentage of women in our total workforce was 26% (26%). The goal for 2025 is a share of 30%. We are also working to increase the percentage of subsidiaries with women represented in management and on the boards (see table). We actively pursue succession planning and efforts to identify and develop women for leading positions.

When it comes to achieving a more balanced gender distribution in our companies, there is a challenge at the societal and industry level as there is a significantly higher proportion of men who are entrepreneurs in technology and industry as well as in technical education and professions. Our ambition is to inspire more women to choose a career in entrepreneurship and technology through various targeted initiatives.

### Zero vision for workplace injuries

Health and safety in the workplace is fundamental to Indutrade and a prerequisite for productivity and growth in the subsidiaries. Investing in a better work and production environment, with fewer risk factors, is something we prioritise and encourage. Our target is that by 2025 all companies should systematically and regularly document, analyse and remedy risk situations. Our follow-up in 2023 shows that 96% (93%) of the companies have implemented such a process. A total of 96 (127) workplace injuries that led to absenteeism were reported in 2023. This corresponds to an injury frequency of 1.0 (1.5), which is a decrease compared with the previous year. The goal is a continuous decrease in the frequency of workplace injuries and, over the long term, to have zero workplace injuries. Companies with higher injury frequency rates are prioritised and we held workshops on a safe work environment with these companies during the year.

### Sick leave

We monitor both short- and long-term sick leave and support companies in which sick leave levels are high. We ensure that they understand the underlying reasons and are taking the necessary steps to remedy the situation. The 2025 target for short-term sick leave (less than 14 days) is 4.3 days per full-time employee, and the result for this year showed an average level for the Group of 4.6 (5.3).

### Indutrade Sustainability Awards

Winner category  
**PEOPLE:**  
Verplas Limited



#### MOTIVATION:

“Impressive company-wide cultural change that has had clear positive effects on team spirit, motivation, sustainability work and financial results.”

### SDG TARGETS WHERE THE CONTRIBUTION FROM OUR WORK FOCUSING ON PEOPLE IS PARTICULARLY RELEVANT



### KPIs FOR PEOPLE

	2020	2021	2022	2023	Target for 2025
Percentage of companies that measure employee engagement/satisfaction (%)	58	64	76	88	100
- of which percentage that had discrimination and harassment as a follow-up area (%)	-	-	90	91	100
- of which percentage that had leadership as a follow-up area (%)	-	-	94	93	100
Employee retention rate (%)	90	89	88	87	Min 85
Percentage of companies that have process for regular, documented development discussions/dialogues (%)	-	-	93	95	100
Percentage of internally recruited MDs at our companies (%)	50	50	46	42	60
Percentage of companies with an established management team (%)	-	74	87	90	-
Percentage of women in the total workforce (%)	24	24	26	26	30
Percentage of management teams with female representation (%)	-	80	73	73	90
Percentage of companies with female representation on the board (%)	17	21	28	30	50
Injury frequency rate <sup>1)</sup>	3.2	1.8	1.5	1.0	0 <sup>2)</sup>
Sick leave, number of days per full-time employee, short-term	-	4.8	5.3	4.6	4.3
Sick leave, number of days per full-time employee, long-term	-	3.3	3.4	4.5	-
Percentage of companies that have a process for analysing, documenting and acting on work-related risks (%)	-	-	93	96	100

1) Injury frequency rate is measured as the number of injuries per 200,000 hours worked.

2) Continuous reduction, long-term to zero.

## Environment

### Our goal is climate neutrality

The climate issue is high on Indutrade's agenda. Our overall climate target of achieving climate neutrality by 2030 includes direct emissions (Scope 1) and emissions from our energy use (Scope 2). We calculate our emissions in accordance with the GHG Protocol (Greenhouse Gas Protocol).

### We have reduced our emissions

Our Scope 1 and 2 emissions totalled 17,737 (19,860) tonnes CO<sub>2</sub>e in 2023, breaking down into 11,102 tonnes for Scope 1 and 6,636 tonnes for Scope 2. The greatest sources of Scope 1 and 2 emissions are fuel for our vehicles and electricity consumption. Our target for 2025 is a reduction of emissions in absolute terms by 20% compared with 2020. We are continuously growing via acquisitions, which is why achieving a reduction in absolute terms is a high ambition.

During the year, we reduced our Scope 1 and 2 emissions by 11% in absolute terms. We also achieved a significant decrease in emission intensity. For 2023, emission intensity amounted to 0.56 (0.74) tonnes of CO<sub>2</sub>e per SEK million in net sales, an improvement of 24% compared with 2022.

We made further improvements to data quality and completeness in our reporting of Scope 1 and 2 emissions during the year to better reflect all of the criteria in the GHG Protocol and the Science Based Targets initiative.

### Guidance on reducing emissions

We work with analysis at the Group, business area and company level to identify relevant measures and priorities going forward in our pursuit of climate neutrality. Since 2022, we have intensified these efforts via, for example, more concrete guidance to our companies, as well as targeted dialogue and efforts directed at the companies with the largest emissions.

In 2023, we launched a climate training, which had been developed in-house, specifically targeted at management and board members within our companies, to raise the level of knowledge and engagement among our companies and help them in their efforts to reduce their climate impact.

We believe that actively working on climate issues is business-critical and our target is for 100% of our companies to have analysed their climate impact and then implemented measures designed to reduce their largest emission sources. The results for 2023 show that 66% (51%) have done this.

### Renewable energy and energy efficiency

The proportion of energy from renewable sources used in operations increased to 39% (33%). The target is 50% by 2025. Energy intensity improved to 3.88 (4.22) MWh per SEK million net sales. Our target is 3.35 by 2025. Our measurements include energy from Scope 1 and 2, which means electricity, heating, cooling and fuel for production and manufacturing processes, along with fuel for company-owned and leased vehicles.

### Expansion of Scope 3 reporting

In 2023, we worked actively to expand the collection of data from our subsidiaries on Scope 3 emissions, which are those upstream and downstream in our value chain. The aim is to understand the extent of these emissions, so that we can include them in our goals and strategies going forward and concentrate our efforts where they have the greatest impact.

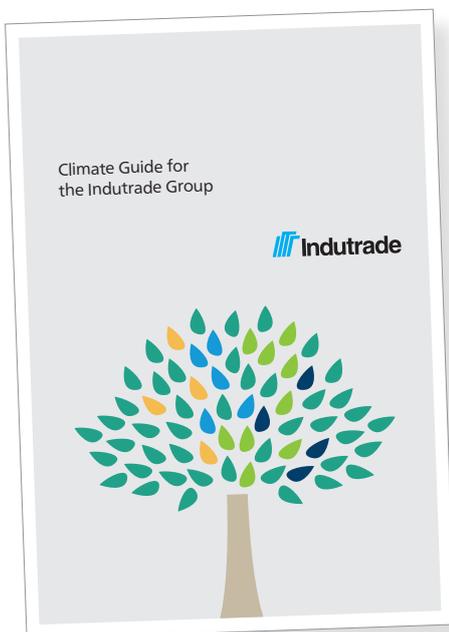
We conducted a Scope 3 screening during 2023 with the support of a number of pilot companies in the Group to determine the magnitude of our climate footprint among the various categories. This revealed that purchased goods and the energy use of sold products are the two largest sources of emissions for us as a Group, a conclusion which was also confirmed by the year's reporting. These categories make up our largest climate footprint by some margin. However, we have decided not to report figures for these two categories this year, as we will continue to work on the completeness of the data for a further 12 months. Besides these categories, we are also measuring upstream transportation and business travel by air, as well as emissions associated with the production and distribution of energy in Scope 1 and 2, see the outcomes in the table on page 28. Taken together, the five Scope 3 categories paint a good picture of our footprint in the value chain.

Measuring Scope 3 can sometimes be challenging, and we worked actively during the year with guidance for our subsidiaries concerning how they should report data for the selected categories. This included guides, templates, webinars and Q&As.

### Joined the Science Based Targets initiative

With our climate efforts, we want to contribute to limiting global warming to under 1.5 degrees Celsius. We therefore decided to join the Science Based Targets initiative (SBTi) with the aim of further developing our ambitious climate targets such that they are aligned with the latest climate science.

We are proud to have made this commitment and are convinced that it will, in many ways, benefit Indutrade as a Group and our individual companies. We have a good foundation with our current climate targets for Scope 1 and 2. The additional Scope 3 data collected in 2023 mean that we also now have a good platform for setting targets for Scope 3 emissions. Our goal is to have our targets approved by SBTi in the course of 2024.



Our climate guide contains concrete examples of measures that companies can implement to lower their climate footprint throughout the value chain. We have also developed an online training to complement the guide.

### Analysis of climate risks

Climate change is having an increasing impact on society and economies around the world. We analyse various climate-related risks as part of our Group risk assessment. Overall, our greatest climate risks, and also opportunities, are linked to the market transition towards more energy- and climate-efficient products and solutions. An important focus area is to offer even more sustainable materials and products that help customers transition. Our work in this area is described in more detail on page 29.

### Resource efficiency and systematic environmental work

All of our companies must pursue systematic environmental efforts, which requires that they have identified, and are continuously monitoring, material environmental topics along with the targets and KPIs linked to them. The percentage of our subsidiaries with KPIs for various aspects of resource efficiency, such as water, energy and waste in 2023 was 72% (65%). We are providing various types of support and information to our companies so that they will all have this

implemented by 2025 at the latest. One important example is the new support material we have created for carrying out materiality analyses (see page 22), which helps companies to identify important areas and relevant KPIs for these.

As regards waste, we work to ensure that our companies have processes in place for measuring and working to lower their environmental impact from waste. We are also now making preparations to start measuring waste volumes and recycling rates.

Many companies, particularly the larger ones, have been working for quite some time with established environmental management standards. At the end of 2023, 72% (69%) of the manufacturing companies were using environmental management systems, and more than 25% (20%) of all the companies belonging to the Group were certified according to ISO 14001. Nine (seven) of our Swedish subsidiaries conduct operations that require permits in accordance with the Swedish Environmental Code. Ten (five) of the foreign subsidiaries conduct operations subject to an equivalent permit or reporting obligation.

### Our water footprint

Water is an increasingly important issue worldwide, as a changing climate is affecting access to water. In 2023, we began to measure our companies' water consumption. The Group uses a total of 127,300 cubic metres of water, with the manufacturing companies accounting for the highest levels of consumption. We are currently reviewing policies in this area and looking at how we can manage this issue in a relevant way in future.

#### Indutrade Sustainability Awards

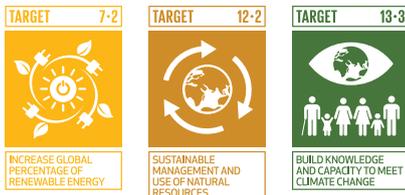
Winner category  
**ENVIRONMENT:**  
**GPA Flowsystem AS**



#### MOTIVATION:

"Inclusive, systematic and certified environmental work leading to measurable and concrete improvements in a number of different areas regarding climate impact and resource use."

### SDG TARGETS WHERE THE CONTRIBUTION FROM OUR WORK ON THE ENVIRONMENT IS PARTICULARLY RELEVANT



### KPIs FOR ENVIRONMENT

	2020	2021	2022	2023	Target for 2025
Total carbon dioxide emissions Scope 1 & 2 (tonnes CO <sub>2</sub> e)	19,924	19,766	19,860	17,737	15,939
Carbon dioxide emissions Scope 1 (tonnes CO <sub>2</sub> e):		9,074	10,265	11,102	–
Carbon dioxide emissions Scope 2 (tonnes CO <sub>2</sub> e):		10,691	9,594	6,636	–
Carbon dioxide intensity (tonnes CO <sub>2</sub> e/SEK million net sales)	1.04	0.91	0.74	0.56	–
Carbon dioxide emissions Scope 3 (tonnes CO <sub>2</sub> e):					
– Business travel by plane	–	–	1,685	3,711	–
– Upstream transportation			–	27,032	–
– Production and distribution of energy in Scopes 1 & 2				4,099	–
Percentage of energy from renewable sources (includes electricity, heating, cooling and fuel for production and manufacturing processes, along with fuel for own and leased vehicles) (%)	24	29	33	39	50
Energy intensity (MWh/SEK million net sales)	4.79	4.97	4.22	3.88	3.35
Percentage of companies that have KPIs for various aspects of resource efficiency (%)	45	57	65	72	100
Percentage of companies that have analysed their climate impact and, based on that, implemented measures designed to reduce their largest emission sources (%)	–	–	51	66	100
Percentage of companies that have a process in place for measuring and working to reduce waste and increase recycling (%)	–	–	76	85	–
Water consumption (m3)				127,300	–

## Products & customers

### More products and solutions with sustainable value added

Our overall goal for 2030 is for all of the Group's companies to contribute to a sustainable development for customers via their products and solutions. Our companies offer high quality products with a long service life. Through a good knowledge of customers' systems and processes, combined with a high level of technical expertise, we are able to, in many cases, streamline customers' operations and offer solutions that reduce environmental impact, or contribute with other benefits, for example, an improved working environment. Sustainability is becoming increasingly important to customers and society at large. It is also crucial to continued growth and success. Stimulating the development and sale of products with sustainable added value is therefore an important focus area for the Group. How companies are working to include sustainable added value in their offerings is something that is followed up at the company board meetings.

### Calculated carbon footprint of products

We are particularly striving to ensure that newly launched products consume less energy and/or lower the carbon footprint. In 2023, 15% (10%) of our companies said that they were calculating the carbon footprint of their products and using that information in their marketing and sales material. Our goal is for that to steadily increase.

### Sustainable product innovation

To stimulate the innovation of new, sustainable products, we intend to start measuring the percentage of net sales derived from products that were launched during the last five years. We monitor whether our companies have a documented ambition to improve resource efficiency when developing products and services. In 2023, 65% (60%) of companies had this ambition and we aim for that figure to increase each year.

### Quality and customer satisfaction

Measuring customer satisfaction and using the results to develop the business is vital for continued success. In 2023, the share of our companies with an established process for that was 82% (74%). Furthermore, 59% (44%) of our companies include questions about sustainability in their customer surveys or other regular engagement with their customers. This provides important input and enables them to further develop their offering in line with the green transition. Furthermore, 49% (51%) of our companies had ISO 9001 certification.

#### Indutrade Sustainability Awards

Winner category  
**PRODUCTS & CUSTOMER:**  
VES Ltd



#### MOTIVATION:

"Structured work to develop both the business and its core offering to leverage the new energies market sectors with future growth potential, leading to substantial sales growth."

### SDG TARGETS WHERE THE CONTRIBUTION FROM OUR WORK ON PRODUCTS AND CUSTOMERS IS PARTICULARLY RELEVANT



### KPIs FOR PRODUCTS & CUSTOMERS

	2020	2021	2022	2023	Target for 2025
Percentage of companies that measure customer satisfaction (%)	66	66	74	82	100
Percentage of companies that include questions on sustainability in their customer surveys or other ongoing engagement with customers (%)	–	–	44	59	100
Percentage of our companies that have a documented ambition/goal to improve resource efficiency when developing the product and service range (%)	–	–	60	65	Annual increase
Percentage of companies that calculate the carbon footprint from products and use it in their marketing and sales material (%)	–	–	10	15	Annual increase

# Taxonomy Regulation

During 2023, EU introduced legislation to expand the scope of the Taxonomy Regulation from two EU environmental objectives to six. During the year, we evaluated our companies against the new additions to the Regulation and found that we are Taxonomy-eligible to a much greater extent than in previous years. The activity "Manufacture of electrical and electronic equipment" from the circular economy transitional objective was the main contributor to the increase regarding turnover. The evaluation has included whether Indutrade's activities are eligible to the new environmental goals. The reporting of the degree to which the activities are Taxonomy aligned will be done from the year 2024.

In total, 30 (4) companies reported turnover for 8 (2) activities this year. In addition to this, capital expenditures and operating expenditures have been collected for several activities from the climate change mitigation objective. Collectively, these activities concern:

## Transition to a circular economy (CE)

- 1.2 Manufacture of electrical and electronic equipment <sup>1)</sup>
- 4.1 Provision of IT/OT data-driven solutions <sup>1)</sup>
- 5.1 Repair, refurbishment and remanufacturing <sup>1)</sup>

## Climate change mitigation (CCM)

- 3.5 Manufacture of energy efficiency equipment for buildings <sup>1)</sup>
- 3.21 Manufacturing of aircraft <sup>1)</sup>
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

## Sustainable use and protection of water and marine resources (WTR)

- 2.1 Water supply <sup>1)</sup>
- 2.2 Urban waste water treatment <sup>1)</sup>
- 4.1 Provision of IT/OT data-driven solutions for leakage reduction <sup>1)</sup>

1) Constitute turnover activities.

During the year, we created even more robust processes for collecting and collating the financial data that forms the basis for the Taxonomy reporting. This forms part of an improvement process, which will continue during 2024. We will also continue to develop our internal communication and training relating to the Taxonomy. In the long term, we are also working to evaluate and fulfil the requirements for Taxonomy alignment.

In the absence of established market practice and clear regulatory guidance on the Taxonomy, Indutrade's disclosures for 2023 have been based to some extent on internal interpretations. These interpretations may change in the future as knowledge develops or clarification is provided by the EU.

## Accounting principles

Key figures are reported in accordance with the Taxonomy Regulation and are presented in separate tables for proportion of Turnover, capital expenditures and operating expenditures (see pages 106–108). Indutrade has done an allocation based on cost structure and ensured that the cost elements are kept separate for each activity.

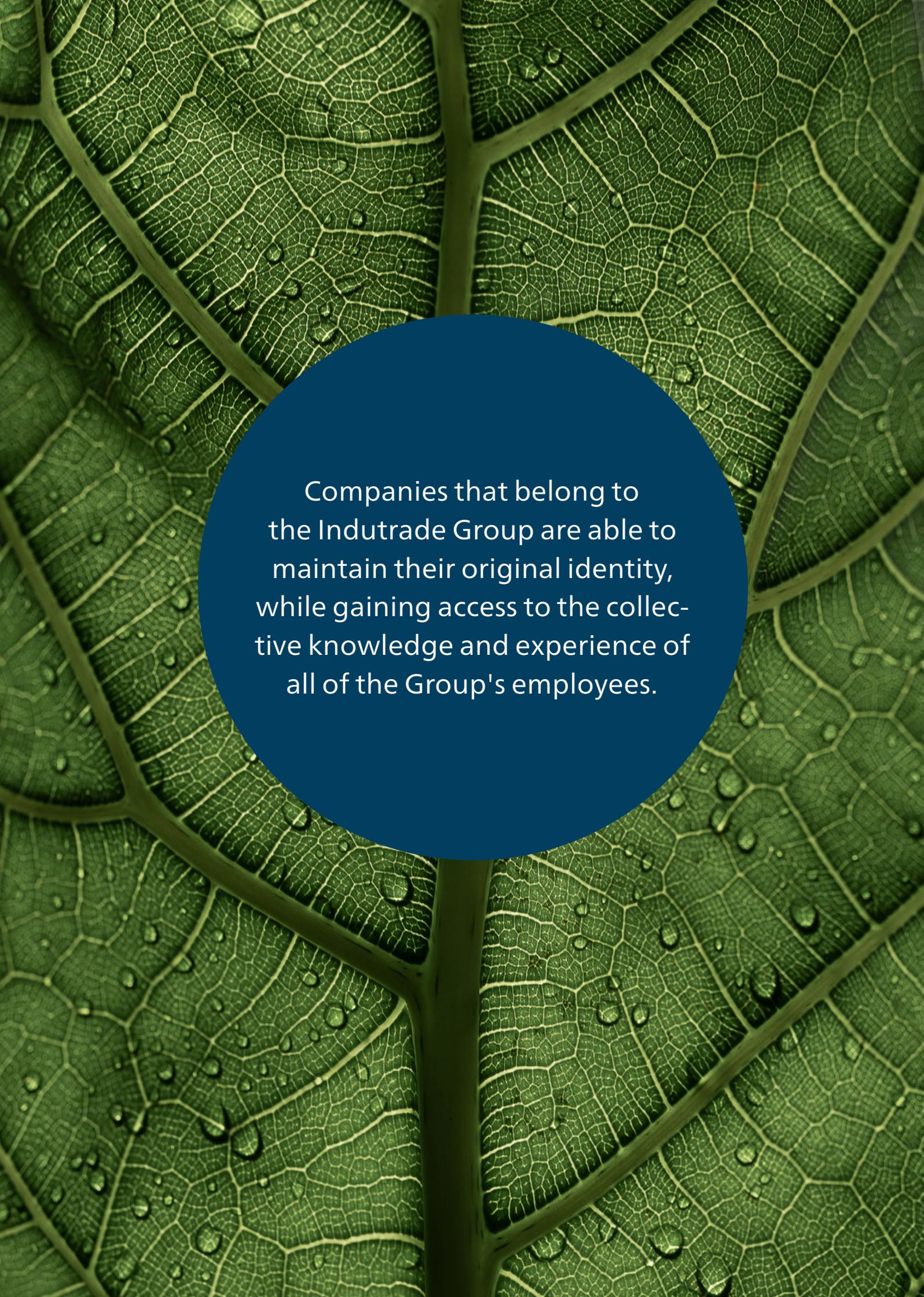
Total turnover includes the Group's total external net sales, which is defined in accordance with IFRS 15. No other revenue has been identified that meets the definition in the Taxonomy Regulation. See Note 4 for accounting principles for the Group's revenue.

Capital expenditures refers to investments for the acquisition of non-current assets during the year which are presented in Note 16, Intangible assets, excluding goodwill, Note 17 Property, plant and equipment and Note 18 Leases. The information in the notes can be found on the lines investments during the year, additions to right-of-use assets and company acquisitions. Taxonomy-eligible capital expenditures consists of the portion of the year's investments (capital expenditure) attributable to non-current assets that are used for Taxonomy-eligible economic activities, as well as the Group's investments in environmentally friendly technology.

Total operating expenditures includes costs for research and development, renovation of buildings, short-term leases (according to IFRS 16), maintenance/repair and service required for efficient daily operation of property, plant and equipment. Taxonomy-eligible operating expenditures is attributable to non-current assets used for Taxonomy-eligible economic activities, as well as the year's costs for environmentally friendly technology.

	Total, SEK million	Taxonomy-eligible activities		Taxonomy-aligned activities		Taxonomy-non-eligible activities	
		%	SEK million	%	SEK million	%	SEK million
Turnover	31,835	7.4	2,367	0	0	92.6	29,468
Capital expenditures	1,984	15.3	304	0	0	84.7	1,680
Operating expenditures	565	10.7	60	0	0	89.3	505

Complete Taxonomy tables can be found on pages 106–108.

A close-up photograph of several green leaves, likely from a plant like a fern or a similar species, showing intricate vein patterns. Numerous small, clear water droplets are scattered across the leaf surfaces, reflecting light. The overall color palette is various shades of green, from light to dark, with the water droplets adding a bright, reflective element.

Companies that belong to the Indutrade Group are able to maintain their original identity, while gaining access to the collective knowledge and experience of all of the Group's employees.

# Operations

Companies that belong to the Indutrade Group are able to maintain their original identity, while gaining access to the collective knowledge and experience of all of the Group's employees. A professional board is appointed, with relevant expertise for addressing the company's needs and challenges. The company maintains its local ties and has its own profitability responsibility, which contributes to a strong entrepreneurial spirit within the Group.

## Business Areas

Until 31 December 2023, the Group was organised into eight business areas: Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK. Companies within a business area were grouped together on the basis of either similar products or geographical area.

To strengthen the platform for our next growth phase, the Group has been reorganised with effect from 2024 into five international business areas with a clear strategic focus on different business segments and technologies. The aim of the change is to improve the basis for both organic and acquired growth, by creating further opportunities for knowledge-sharing between companies in the same market sectors and segments. Read more on the following page.

## Performance during the year

2023 proved to be a successful year for Indutrade. In spite of a troubled global and economic situation, sales rose by 18% and amounted to SEK 32 billion, with an EBITA margin of 15.0%. The market situation during 2023 varied between our companies, as they are active in different segments, industries and geographic markets. Despite this, demand remained stable and at a high level overall and order intake increased. Both order intake and sales were positively affected by strong development among companies with customers in medical technology and pharmaceuticals, but process industry, water/wastewater and the energy segment also performed well.

The result, combined with a favourable development in working capital, resulted in cash flow from operating activities increasing to a record high. Delivery disruptions reduced considerably during the year.

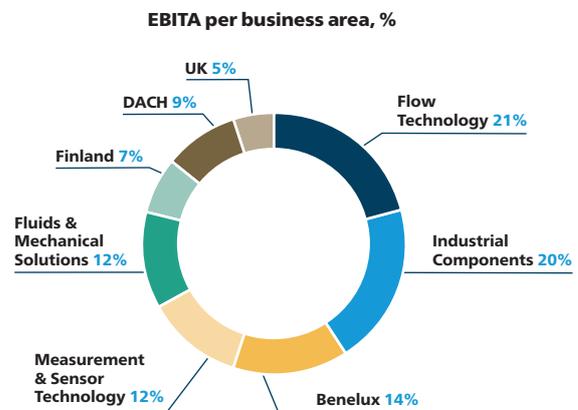
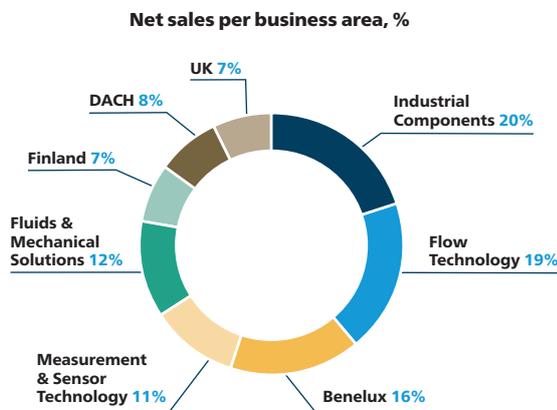
Net debt fell and the Group's financial position is strong. In addition to the launch of our new Group structure, we took a number of important steps during the year relating to our strategic focus areas. We have, for example, increased the frequency of internal network meetings and strengthened the resources within important areas such as sustainability and acquisitions. Other examples of activities include succession planning and the further development of the Group-wide training programmes. During 2023, we continued to further develop our sustainability strategy, including targets and key figures, as well as the expansion of Scope 3 reporting to cover categories where we have the greatest impact.

Nine companies were acquired during the year. The level of activity in ongoing acquisition processes is good and, when combined with our expanded acquisition resources and strong financial position, means we are well-placed for a high pace of acquisitions during 2024.

## Funding

Indutrade's funding, nearly all of which is managed by the Parent Company, consists of loans from financial institutions, corporate bonds and commercial paper programmes. Indutrade AB has a long-term credit rating of BBB- with a stable outlook from S&P Global Ratings.

During the first quarter, unsecured bonds of SEK 1,000 million were issued with a term of 5 years, and agreement was reached on a new bank loan of EUR 100 million with a term of 2.5 years, primarily for the purpose of refinancing existing bonds and for general business purposes. An extension of unutilised long-term credit facilities was also agreed in the first quarter.



## Indutrade's five business areas from 1 January 2024

### Industrial & Engineering

This business area includes both technical trading companies and companies with proprietary products. These companies sell industrial equipment, tools, filters, hydraulics, fasteners and chemical technology, mainly to the general engineering industry and the automotive industry.

### Infrastructure & Construction

This business area includes both technical trading companies and companies with proprietary products. These companies sell materials, products, tools and equipment, mainly for the infrastructure and construction sector.

### Life Science

This business area includes both technical trading companies and companies with proprietary products. These companies sell components, medical technology products including products for diagnostics, production equipment and system solutions to customers, mainly in the pharmaceutical industry, the healthcare sector and the food industry.

### Process, Energy & Water

This business area includes both technical trading companies and companies with proprietary products. These companies mainly sell flow technology products such as valves, pipes and pipe systems and pumps, as well as measurement technology and industrial equipment, to customers in the energy sector, water/wastewater and the process industry.

### Technology & Systems Solutions

This business area consists mainly of companies with proprietary products based on advanced technological solutions and own development, design and manufacturing. These companies sell measurement systems, sensors, control and regulating technology and monitoring equipment to many different industries.



## 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).

Share of sales **16%** | Share of EBITA **14%**

During the year, net sales increased by 27%, of which comparable units increased by 7%, acquisitions contributed 12% and currency movements had a positive impact of 8%. The development in sales was positive for the majority of the companies. The EBIT margin fell, primarily as a result of a weak development in profit in a couple of companies with customers within infrastructure and construction.

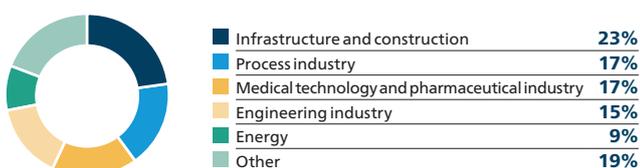
Siersema Componenten Service B.V. (Netherlands) was acquired during the year.

	2023	2022	Change, %
Net sales, SEK million	5,178	4,084	27
EBITA, SEK million	697	599	16
EBITA margin, %	13.5	14.7	
Return on capital employed, %	16	19	
Average number of employees	1,077	975	

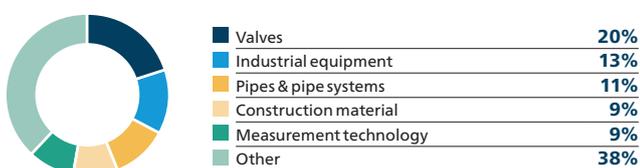
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## 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.

Share of sales **8%** | Share of EBITA **9%**

During the year, net sales increased by 26%, of which comparable units increased by 1%, acquisitions contributed 15% and currency movements had a positive impact of 10%. Over half of the companies saw a positive development in sales. The EBITA margin improved as a result of strong development in newly acquired companies and a higher gross margin for comparable units.

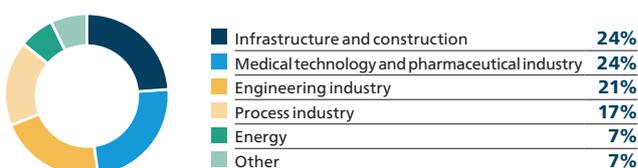
Hobe GmbH (Germany), I-tronik S.r.l. (Italy) and TSE Troller AG (Switzerland) were acquired during the year.

	2023	2022	Change, %
Net sales, SEK million	2,656	2,111	26
EBITA, SEK million	443	316	40
EBITA margin, %	16.7	15.0	
Return on capital employed, %	21	21	
Average number of employees	755	667	

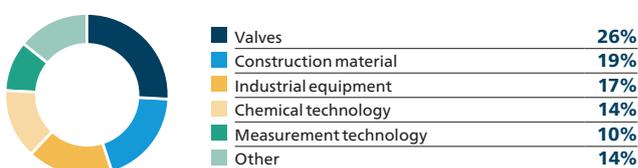
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## 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.

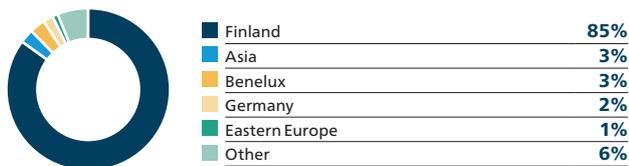
Share of sales **7%** | Share of EBITA **7%**

During the year, net sales increased by 7%, of which comparable units had an impact of -3%, acquisitions contributed 3% and currency movements had a positive impact of 7%. Most of the companies in the business area reported slightly weaker development than in previous years. The EBITA margin decreased as a result of lower sales among comparable units combined with cost inflation. However, the margin improved towards the end of the year, partly as a result of strong development in newly acquired companies.

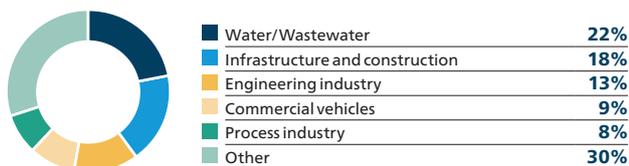
Labema Oy (Finland) was acquired during the year.

	2023	2022	Change, %
Net sales, SEK million	2,374	2,220	7
EBITA, SEK million	348	370	-6
EBITA margin, %	14.7	16.7	
Return on capital employed, %	27	33	
Average number of employees	569	543	

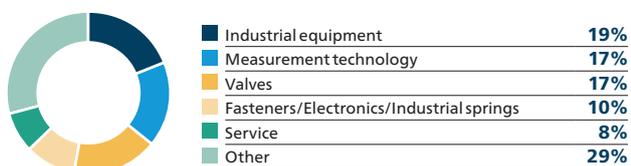
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## 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 Northern Europe.

Share of sales **19%** | Share of EBITA **21%**

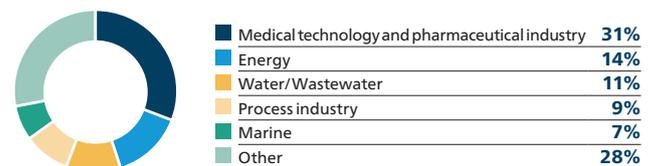
During the year, net sales increased by 12%, of which comparable units increased by 8%, acquisitions and divestments had a marginal impact, and currency movements had a positive impact of 4%. Most of the business area's companies reported positive development, partly as a result of strong development relating to customers within the medical technology and pharmaceutical segment and the process industry. The EBITA margin strengthened somewhat as a result of an improvement in gross margin in many companies.

	2023	2022	Change, %
Net sales, SEK million	6,037	5,407	12
EBITA, SEK million	1,009	882	14
EBITA margin, %	16.7	16.3	
Return on capital employed, %	32	31	
Average number of employees	1,239	1,201	

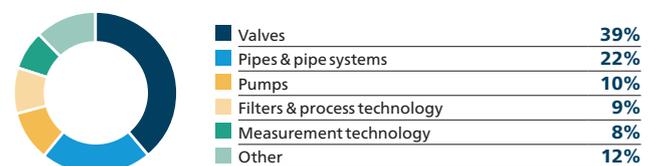
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## FLUIDS & MECHANICAL SOLUTIONS

Companies in this business area offer technological components (both hydraulic and mechanic), as well as solutions that have a high proportion of technological content, to industry, primarily in Scandinavia and Europe but also in the 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 and wastewater products and lighting. The business area has a strong market position in the Nordic countries.

Share of sales **12%** | Share of EBITA **12%**

During the year, net sales increased by 27%, of which comparable units increased by 6%, acquisitions contributed 18%, and currency movements had a positive impact of 3%. The majority of the business area's companies reported positive development, with the largest improvement in both sales and profit occurring within the medical technology and pharmaceutical and vehicle aftermarket segments.

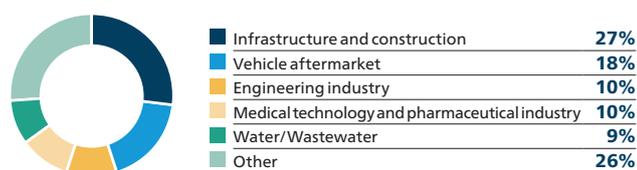
Sax Lift A/S and Safematic A/S (Denmark) were acquired during the year.

	2023	2022	Change, %
Net sales, SEK million	3,782	2,970	27
EBITA, SEK million	598	453	32
EBITA margin, %	15.8	15.3	
Return on capital employed, %	18	20	
Average number of employees	1,168	867	

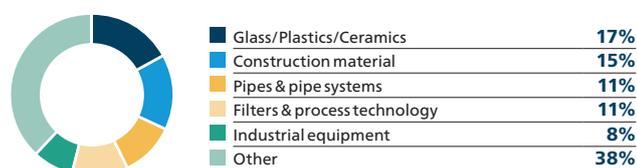
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## INDUSTRIAL COMPONENTS

Companies in this business area are mainly technical trading companies that offer a wide range of technically advanced components and systems for industrial production and maintenance, as well as medical technology equipment. The products consist mainly of consumables.

Its customers exist in the following segments: engineering, healthcare, construction and infrastructure. The product areas include hydraulics and industrial equipment, chemical technology and fasteners. The business area has a strong market position in the Nordic countries.

Share of sales **20%** | Share of EBITA **20%**

During the year, net sales increased by 15%, of which comparable units increased by 10%, acquisitions contributed 4%, and currency movements had a positive impact of 1%. Most companies within the business area improved their sales compared with the previous year, with particularly strong development taking place among companies with customers in the medical technology and pharmaceutical segment and the engineering industry. The EBITA margin remained at a high level.

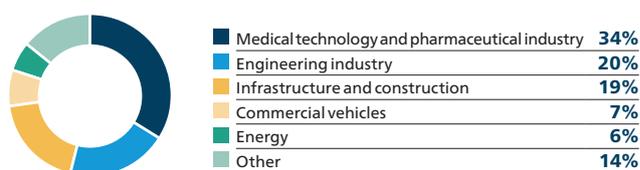
Noby AS (Norway) was acquired during the year.

	2023	2022	Change, %
Net sales, SEK million	6,185	5,396	15
EBITA, SEK million	985	867	14
EBITA margin, %	15.9	16.1	
Return on capital employed, %	27	28	
Average number of employees	1,137	1,038	

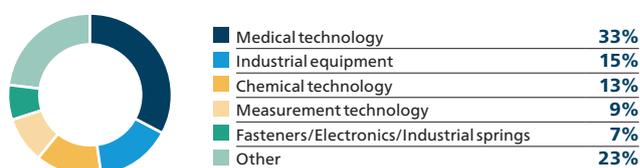
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## 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 operate globally and have the entire world as the market for their products, with established production and sales companies on six continents.

Share of sales **11%** | Share of EBITA **12%**

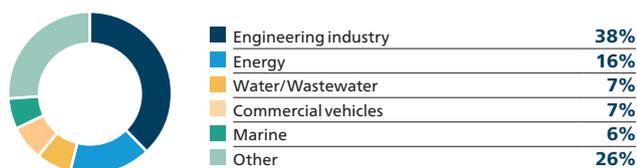
During the year, net sales increased by 21%, of which comparable units increased by 7%, acquisitions contributed 9%, and currency movements had a positive impact of 5%. Most companies showed a positive development in sales during the year, with strong development among companies within the engineering industry, among others. However, the EBITA margin decreased compared with the previous year as a result of higher cost levels and a somewhat lower gross margin in some companies.

	2023	2022	Change, %
Net sales, SEK million	3,583	2,949	21
EBITA, SEK million	585	535	9
EBITA margin, %	16.3	18.1	
Return on capital employed, %	12	16	
Average number of employees	2,304	2,174	

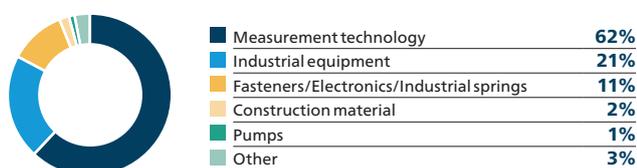
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



## UK

This business area includes companies that offer custom-manufactured niche products, design solutions, after-market 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.

Share of sales **7%** | Share of EBITA **5%**

During the year, net sales increased by 7%, of which comparable units had an impact of -1%, acquisitions contributed 2%, and currency movements had a positive impact of 6%. The majority of the companies showed somewhat weaker development in sales during the year, including the majority of customers within the marine segment and infrastructure and construction. However, the EBITA margin remained unchanged compared with the previous year, as a result of strong development in the gross margin in many companies and contributions from newly acquired companies.

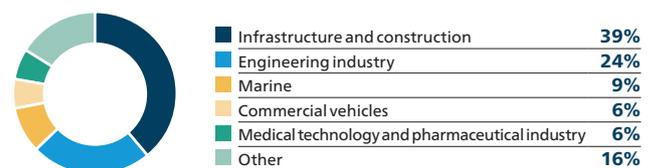
Powerpoint Engineering Ltd (Ireland) was acquired during the year.

	2023	2022	Change, %
Net sales, SEK million	2,136	1,994	7
EBITA, SEK million	248	231	7
EBITA margin, %	11.6	11.6	
Return on capital employed, %	11	11	
Average number of employees	992	998	

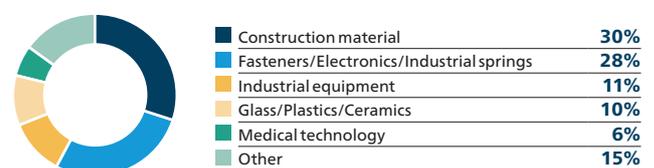
### Net sales per geographic market, %



### Net sales per customer segment, %



### Net sales per product area, %



# Other information

## Employees and organisation

The number of employees was 9,301 at the end of the period, compared with 9,128 at the start of the year. A total of 240 employees have been added during the year through acquisitions.

## Research and development

Development of proprietary products is conducted primarily by manufacturing companies, which are mainly in the Benelux, DACH, Fluids & Mechanical Solutions, Measurement & Sensor Technology and UK business areas.

## Operations subject to permit or reporting obligations

Nine of Indutrade's Swedish subsidiaries conduct operations that require permits in accordance with the Swedish Environmental Code. Ten of the foreign subsidiaries conduct operations subject to an equivalent permit or reporting obligation.

## Sustainability Report in accordance with the Annual Accounts Act.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Indutrade has elected to prepare the statutory sustainability report as a standalone document, separate from the Annual Report. The Sustainability Report was submitted to the auditor at the same time as the Annual Report. The scope of the Sustainability Report is presented on page 2.

## Future outlook

In spite of an uncertain economic situation, 2023 turned out to be a year with further growth and strong profitability. At the same time, the general uncertainty surrounding the impending quarter and the comparative financial information is challenging. Indutrade's entrepreneurial companies and balanced diversification will be a strength and continue to create the right conditions for dealing with both challenges and business opportunities. There are also strong long-term market trends, with significant investment needs in both the private and public sectors in areas such as infrastructure, energy, electrification and a growing medical technology and pharmaceutical sector. Through Indutrade's proven business model, engaged people and financial strength, the foundations are in place for further profitable growth and competitive value creation.

## Events after the balance sheet date

During the period up until 15 March, six companies were acquired and one was divested. More information is available in Note 32.

## Guidelines for compensation of senior executives

The Board of Directors proposes that the AGM adopts the following guidelines for compensation and other terms of employment for senior executives. The only change in the Board's proposal compared with the current guidelines is a clarification of the scope for senior executives to change the composition of their salary (i.e. to receive a proportion of their remuneration in the form of pension provisions, instead of cash), provided that it is cost-neutral for the company. These guidelines will apply to compensation that is agreed and changes to existing agreed compensation, after they have been adopted by the 2024 Annual General Meeting. These guidelines do not apply to compensation resolved or approved by the general meeting.

## ***The guidelines' promotion of the company's business strategy, long-term interests and sustainability***

A prerequisite for the successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability, is that Indutrade is able to recruit and retain management with high qualifications. To this end, the company must offer competitive compensation and other terms of employment, which these guidelines enable. The forms of compensation should motivate members of executive management to do their utmost in order to safeguard the interests of the shareholders. For more information about the company's business strategy, please see the company's website: <https://www.indutrade.com/about-indutrade/objectives--strategy/>.

These guidelines encompass senior executives, i.e. the CEO and other members of Group management (executive management). For employment governed by rules other than Swedish rules, appropriate adjustments may be made to comply with mandatory rules or established local practice, meeting the overall objectives of these guidelines as far as possible.

Variable cash compensation covered by these guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

## ***The types of compensation***

The total compensation shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits.

Irrespective of these guidelines, the general meeting may also resolve on, among other things, share-related or share price-related compensation (for information about ongoing incentive programmes, please see the company's website: <https://www.indutrade.com/about-indutrade/corporate-governance/remuneration/>).

The performance period with respect to criteria for awarding variable salary shall be measured over a period of one or several years. The variable cash compensation may amount to a maximum of 70% of the fixed annual salary for the CEO. For the other members of the executive management, the variable cash compensation may amount to a maximum of 50% of the fixed annual salary.

The pension terms for executive management shall be in line with the going rate in the market in respect of what applies for peer executives in the market in which the executive works, a maximum of 40% of the fixed annual salary, and should be based on defined contribution pension solutions or correspond to a public pension plan (in Sweden, the ITP plan). Variable salary paid to members of the executive management not covered by the ITP plan shall not qualify for pension benefits.

Senior executives may be given the opportunity to change the composition of their salary (i.e. to receive a proportion of their remuneration in the form of pension provisions, instead of cash), provided that it is cost-neutral for the company.

Other benefits may include, for example, life insurance, health insurance and company car. Premiums and other costs related to such benefits may amount to not more than 15% of the fixed annual salary. Awarding of non-monetary benefits shall facilitate the individuals in the execution of their duties and correspond to what can be considered reasonable in respect of practice in the market in which the respective executive is active.

#### **Termination of employment**

The notice period for a member of executive management may not exceed 12 months if the termination is initiated by the Company, and 6 months if it is initiated by the individual. Severance pay to a member of the executive management shall in aggregate not exceed 24 months' salary in the event the company serves notice, and 6 months' salary in the event the member of the executive management gives notice.

#### **Criteria for variable cash compensation**

The variable compensation shall be designed so as to reward the achievement of clear objectives, in straight-forward and transparent structures, and be linked to one or more predetermined and measurable financial criteria, such as sales growth, EBITA margin or return on operating capital/capital employed. Any non-financial criteria shall be related to sustainability. Financial targets shall constitute at least 75% of all criteria.

Once the period for measuring the satisfaction of criteria for awarding variable cash compensation expires, the outcome will be determined. The Remuneration Committee is responsible for determining the CEO's outcome, while the CEO is responsible for determining the outcome for other members of executive management. For financial objectives, the assessment shall be based on the latest financial information made public by the company, with any adjustments deemed necessary or reasonable by the Board of Directors.

The terms for variable compensation shall be designed so that the Board of Directors may, in exceptional financial circumstances, limit, refuse or recover payments of variable compensation if such a measure is deemed reasonable.

In specific cases, arrangements may be made for variable compensation to be paid on a one-off basis, provided that such compensation does not exceed an amount corresponding to 10% of the fixed annual salary and is not paid more than once each year per individual. Such compensation shall not qualify for pension benefits unless required by mandatory collective agreement provisions. Resolutions on such compensation shall be made by the Board of Directors based on a proposal from the Remuneration Committee, so far as it concerns the CEO, and by the Remuneration Committee based on a proposal from the CEO, so far as it concerns other senior executives.

No other variable cash compensation shall be paid.

#### **Salary and other employment terms for employees**

During the preparation of the Board of Directors' proposal for these compensation guidelines, salaries and other terms of employment for employees of the Company were taken into account by including information on the employees' total compensation, components of the compensation and the increase and growth rate over time in the underlying information provided to the Remuneration Committee and the Board of Directors for use in their evaluation of the reasonableness of the guidelines and their associated limitations.

#### **The decision-making process to determine, evaluate and apply the guidelines**

The Board of Directors has appointed a Remuneration Committee with the task of preparing the Board of Directors' decisions regarding proposals for guidelines for compensation to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every four years and submit it to the Annual General Meeting.

The Remuneration Committee shall also monitor and evaluate programmes for variable compensation to members of executive management, as well as the application of the guidelines in terms of compensation levels and structures. When the Board is considering and deciding on compensation-related matters, members of executive management are not present, insofar as they are affected by the matters.

#### **Derogation from the guidelines**

On occasions, the Board of Directors may decide to derogate from the guidelines adopted by the general meeting, in whole or in part, if there are special reasons for doing so in an individual case and a derogation is necessary to safeguard the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' decisions in compensation-related matters, including any decisions to derogate from the guidelines.

#### **Incentive programmes**

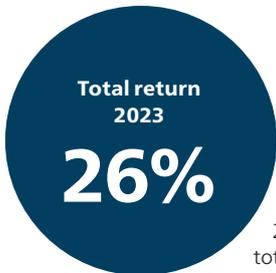
##### **LTIP 2021, 2022 and 2023**

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 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 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 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 programmes, the participant shall receive performance shares provided that their 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.

For further information, see Note 8.

# Share data

Indutrade's shares are listed on Nasdaq Stockholm and included on the Large Cap list. Indutrade's market capitalisation on 31 December 2023 was SEK 95,380 million (76,909).



Indutrade's share price rose by 24.0% during the year, from SEK 211.10 to SEK 261.80. During the same period, the Stockholm Stock Exchange rose by 15.5%, while the OMX Industrials PI sector index rose by 25.1%. Including reinvested dividends, the total return for the Indutrade share was 25.5% compared with OMXSGL, which increased by 18.8%. The highest price paid in 2023 was SEK 268.40, on 13 June, and the lowest price paid was SEK 184.30, on 26 October. During the last ten-year period, Indutrade's shares have delivered a total return of 911% including reinvested dividends. The OMXSGL Index showed a total return of 192% over the same period.

## Trading volume

Total trading volume in Indutrade shares on all marketplaces during the year was 213.2 million (395.1) shares, for a combined value of SEK 48.8 billion (81.6). This corresponds to a turnover rate of 59% (108%). An average of 849,361 (1,561,844) shares were traded on each trading day. Trading volume on the Stockholm Stock Exchange was 67.7 million (121.3) shares, corresponding to a turnover rate of 19% (33%).

During 2023, Indutrade's shares were traded on several different marketplaces, and the Stockholm Stock Exchange accounted for 32% (31%) of the total trading volume.

## Share capital

Indutrade's share capital amounted to SEK 729 million (729) on 31 December 2023, divided among 364,323,000 shares (364,323,000) with a share quota value of SEK 2 (2). All shares have equal voting power.

## Ownership structure

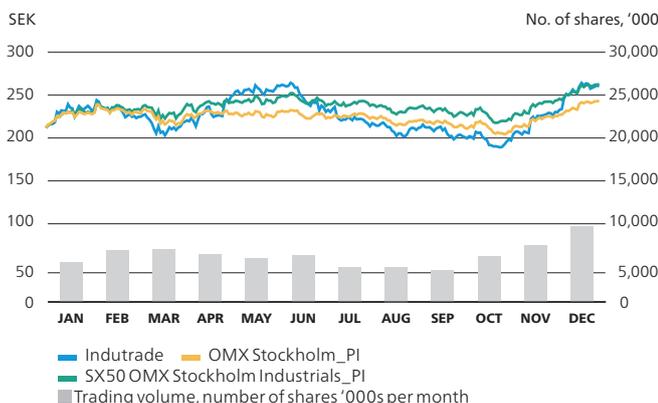
On 31 December 2023 the number of shareholders was 21,374 (21,022). At year-end, the ten largest owners controlled 65% (67%) of the capital and votes. Swedish legal entities, including institutions such as insurance companies and mutual funds, owned 62% (62%) of the capital and votes at year-end. Foreign ownership of the company was 31% (32%), with the largest holdings held by shareholders in USA, Norway, Denmark and Finland.

## Dividend and dividend policy

The Board's goal is to provide the shareholders with an attractive dividend yield and high dividend growth. The goal is that the dividend shall, over time, amount to between 30% and 50% of net profit. During the last five years, the dividend payout ratio has been an average of 37%, including the proposed dividend and not including 2019 when no dividends were distributed.

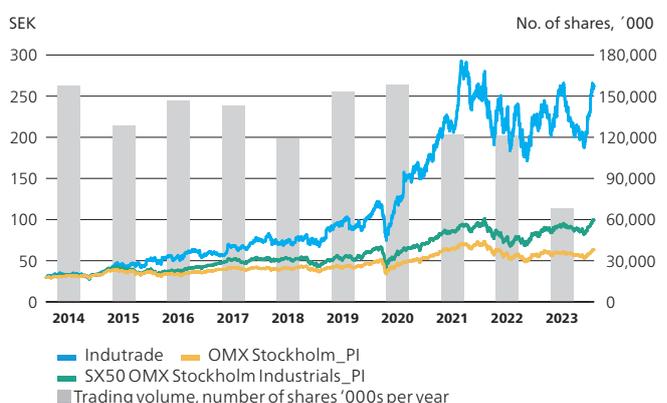


Share price trend 2023



Source: Monitor IR platform by Modular Finance AB

Share price trend 2014–2023



Source: Monitor IR platform by Modular Finance AB

## Key ratios per share

	2023	2022
Share price at 31 December, SEK	261.80	211.10
Market cap at 31 December, SEK million	95,380	76,909
Dividend, SEK	2.85 <sup>1)</sup>	2.60
Earnings per share before dilution, SEK	7.86	7.36
Earnings per share after dilution, SEK	7.86	7.36
Number of shares outstanding, '000	364,323	364,323
Average number of shares before dilution, '000	364,323	364,270
Average number of shares after dilution, '000	364,323	364,303
Number of shareholders at 31 December	21,374	21,022
Highest price paid during the financial year, SEK	268.40	280.70
Lowest price paid during the financial year, SEK	184.30	161.95
Direct yield <sup>2)</sup> , %	1.1	1.2
Equity, SEK	39.73	35.02
Cash flow from operating activities, SEK	12.33	6.51

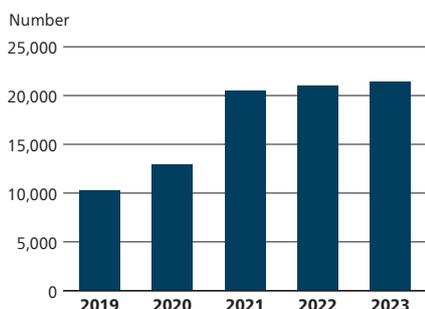
1) Proposed by the Board of Directors.

2) Dividend divided by the share price on 31 December.

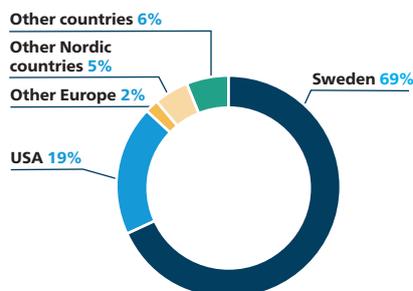
## 10 largest shareholders at 31 December 2023

	Number of shares	Share of capital and votes, %
LE Lundbergföretagen	96,840,000	26.6
AMF – Insurance and Mutual Funds	30,158,531	8.3
State Street Bank and Trust Co, W9	26,482,799	7.3
Alecta Pensionsförsäkring	16,839,906	4.6
JP Morgan Chase Bank NA	11,927,643	3.3
Swedbank Robur Fonder	11,478,890	3.2
Northern Trust Company, London Branch	11,246,035	3.1
Brown Brothers Harriman & Co., W9	11,098,875	3.0
Spiltan Fonder AB	11,032,580	3.0
Handelsbanken Fonder	11,027,830	3.0
Others	126,189,911	34.6

## Number of shareholders 2019–2023

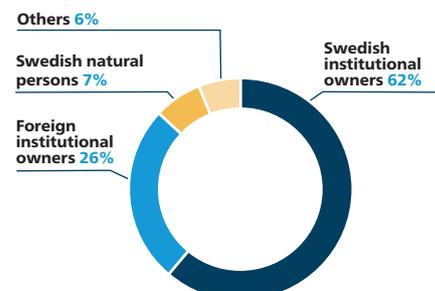


## Ownership by country, %



Source: Monitor IR platform by Modular Finance AB

## Owners by category, %



Source: Monitor IR platform by Modular Finance AB

# Risks and risk management

Indutrade is exposed to a number of risks that could impact the Group to a greater or lesser extent. Risks are defined mainly as factors that affect Indutrade's ability to achieve the Group's set goals.

Indutrade works continuously to assess and evaluate the risks to which the Group is or could be exposed. A structured review of the Group's exposure to various operational, financial and strategic risks is conducted annually with representatives from the business areas and various functions. All identified risks are quantified and ranked based on their probability and potential effect. For all risks with either a high probability or a substantial potential effect, proactive measures are specified. The conclusions from the review are presented to, and then discussed among, Group management and the Board of Directors.

Many of the risks described here could affect the Group both positively and negatively. This means that, in the event of a favourable risk development or if the Company is successful in mitigating the risk through its risk management activities, its goal achievement may be better than anticipated. In this way, risks also entail opportunities for Indutrade. Examples of this are the business climate, customer behaviours and fluctuations in market prices.

At year-end 2023, Indutrade conducted business through more than 200 companies in some 30 countries on six different continents. This diversification, combined with a large number of customers in a wide range of industries and a large number of suppliers in various technology areas, limits the business risks.

Risk review. The most material risks indicated by 

## Group risks

### Acquisitions



#### Acquisition model

Acquisitions are an essential part of the Group's business model and growth. If Indutrade does not succeed in carrying out acquisitions at the same pace as before, the Group's reputation or financial development could be jeopardized.

#### Acquisition process

It is important that the acquisition process, and the due diligence prior to every acquisition in particular, is both thorough and efficient, covering all aspects, including legal, financial and sustainability. If Indutrade is unable to maintain the quality of the acquisition process, its reputation or financial development could be jeopardized.

#### Weak development in newly acquired companies

If companies with significant problems are acquired due to an inadequate evaluation process or unforeseen events, e.g. concerning financial earning capacity or important sustainability aspects, there is a risk that the financial development of the Group will suffer.

### Corporate governance



#### Scalability

Indutrade's continued success is dependent on a well-balanced and adapted Group structure and there being sufficient resources with relevant expertise on the boards of subsidiaries, as well as at Group and business area levels, in order to support the development and monitoring of our companies.

#### Weak development in larger companies

Indutrade owns a few larger companies whose financial performance affects the Group's development to a somewhat greater extent. Problems in these companies could negatively impact the Group's financial position and earnings.

## Mitigating measures

Gradual strengthening of acquisition resources centrally and in the business areas.

Structured efforts to identify acquisition candidates via the internal network.

Stepwise expansion of the geographic scope into new countries with a similar culture and values.

Well-established acquisition process that is operated by individuals with many years of extensive experience, where companies are evaluated from a variety of perspectives, both quantitative and qualitative.

A new board is appointed in all newly acquired companies and they are immediately introduced into Indutrade's financial and sustainability-related processes.

Shared risk with the sellers through acquisition agreements with earn-out payments.

Annual review of the board composition at all companies.

Long-term competence and resource plans for all business areas and recurring development programmes.

Active board work at all subsidiaries based on a Group-wide framework.

Group-wide Code of Conduct and policies for all significant areas.

Regular training and information that is disseminated via Indutrade Portal (the Group's communications portal).

An external whistleblower system available to all of Indutrade's subsidiaries.

Monthly financial follow-up of all companies and continuous sustainability monitoring.

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## Accounting and reporting

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### Reporting errors

Significant accounting or reporting errors could impact the quality of published financial statements and eventually even lead to more monitoring by authorities and the stock exchange, as well as damage to Indutrade's reputation.

### Disruption in accounting systems

There is a risk of unexpected disruption in critical systems occurring, preventing companies from reporting their figures. This could also result in an inability to conduct certain operations over a period of time or, in the worst case, not being able to conduct them at all.

Indutrade's business model is to have many small and medium-sized companies, many of which are less complex technical trading companies. It is a model that reduces the risk of the Group being significantly impacted by errors or disruptions from any single company.

Well-established routines for financial reporting with many quality checks throughout the process.

Regular training sessions at both business area and Group level.

## IT security

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### Head office and major company hubs (groups of companies at the same location)

IT incidents at Indutrade's Head Office or one of the major company hubs could result in the loss of critical data or one or more of the IT systems becoming unusable in some way.

Special monitoring and action plans for the Head Office and major company hubs.

Digital training in IT security.

## Funding

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### Access to funding

Major disruption in the Nordic credit market or problems in the banking sector could make it difficult, impossible or significantly more expensive to fund the Group's capital needs.

Indutrade has a centralised approach to the Group's financing where, in principle, all external borrowing is handled by the Parent Company, with internal funding of the subsidiaries.

Indutrade has well-established relationships with several Nordic financial institutions, as well as an official credit rating from a globally recognized rating institute.

Striving to maintain a balanced maturity structure for the external debt, a good liquidity reserve and diversified borrowing.

Ongoing and frequent monitoring of the interest rate situation and continuous evaluation of the need to expand loans with fixed interest rates or secure interest rates with interest rate swaps.

### Interest rate risk

Interest rate risk is the risk that unfavourable changes in interest rates will have a significant impact on the Group's net financial items and earnings.

## Fraud and corruption

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### Head offices and major company hubs

Internal or external fraud attempts at the Head Office or a major company hub could result in serious financial damage or damage to Indutrade's reputation.

Group-wide Code of Conduct.

Special monitoring of IT security at the Head Office and major company hubs.

Internal control routines to prevent and discover irregularities and fraud. The routines are followed up and reviewed annually.

External whistleblower system.

## Sustainability reporting

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### Sustainability data and communication

If Indutrade lacks the ability to demonstrate overall progress in important sustainability areas or how sustainability work is carried out by the companies, there is a risk of investors and other stakeholders having less trust in Indutrade.

Group-wide framework for systematic sustainability work.

Reporting of important sustainability data from all companies with consolidation at business area and Group level.

Continuous training, workshops and network meetings on sustainability.

Continuous risk and materiality analyses at business area and Group level for a variety of sustainability areas.

The companies' sustainability work and risks are monitored and discussed each year by the respective boards.

## Risks associated with our companies

### Currency

#### Transaction and translation exposure

Currency risk is the risk of unfavourable movements in exchange rates affecting consolidated profit and equity measured in SEK:

- Transaction exposure arises as a result of the Group having incoming and outgoing payments in foreign currencies.
- Translation exposure arises as a result of the Group, via its foreign subsidiaries, having net investments in foreign currencies.

### IT security

#### Local IT incidents

Errors in the companies' IT systems could lead to operational disruption, with both financial and customer-related consequences as a result. Companies could also be exposed to disruption in operations caused by cybercrime or other intrusions into their information systems that could lead to interruptions in ongoing operations and high costs.

### Employees



#### Force majeure

A sudden disaster, such as war or a natural disaster or pandemic, could occur and endanger the lives and health of our employees in a certain country or certain place.

#### Lack of expertise

There is a risk of one or more key people leaving one of the Group companies at short notice due to stress, poor work environment, career opportunities, etc. If Indutrade is unsuccessful in recruiting a suitable replacement, it could have a negative impact on the company's financial position and earnings.

#### Diversity and inclusion

Striving to increase diversity and inclusion is a strategically important area for our companies, as research shows that diverse groups perform better than homogeneous groups. Lack of diversity can lead to less innovation and creativity, as well as a limited perspective in decision-making and a less attractive workplace.

### Fraud and corruption

#### External and internal fraud attempts

Internal and external fraud attempts linked to one or more companies could damage the company's financial performance and reputation.

## Mitigating measures

Exchange rate effects are eliminated as far as possible through currency clauses in customer contracts and by selling and purchasing in the same currency. In certain cases, forward contracts are used.

Indutrade's decentralised business model with independent subsidiaries means that only a few companies share an IT platform and infrastructure. This means that the risk of a significant financial impact for the Group in the event of an IT incident is relatively limited.

Special training in IT security

Mandatory self-evaluation of IT security that all companies carry out and report to their respective boards.

Indutrade's business model, with many small and medium-sized companies operating in a variety of industries, segments and geographic markets, reduces the aggregated Group risk for events at individual companies or locations.

Annual structured review of the board, MD and management team for all companies with regard to expertise, composition and succession planning.

Measurement and follow-up of the proportion of women on company boards, in management and in the role of MD.

Included in the due diligence process prior to acquisitions is a thorough review of the companies' key employees, aimed at identifying any need for succession planning or reliance on a specific expertise.

Requirement for regular employee surveys at all companies.

Indutrade's business model, with many small and medium-sized companies, reduces the risk that an incident at any single company will have a significant impact on the Group.

The Group-wide Code of Conduct, with a zero tolerance policy as regards bribery and corruption.

Internal control routines aimed at preventing and uncovering irregularities and fraud are monitored and reviewed on an annual basis.

Mandatory self-evaluation of IT security that all companies carry out and report to their respective boards.

External whistleblower system.

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## Legal

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### Contract disputes

There is a risk of Indutrade's companies ending up in disputes with customers, suppliers or other contractual parties concerning contractual obligations, which could result in serious financial damage or a risk of damaged reputation.



### Regulatory compliance

The scope and complexity of laws and regulations is increasing in many areas, e.g. export controls and sanctions, and Indutrade's decentralised model involves challenges in ensuring that all companies have the requisite information, expertise and support needed for regulatory compliance.

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## Market and customers

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### Recession

Indutrade's companies are dependent on customers' purchases and investments. Their operations are affected by cyclical changes in many different markets and by conditions in the global market, including geopolitical uncertainties. A deterioration in the markets where Indutrade operates could have a negative effect on the financial position and earnings.

### Customer credit risk

There is a risk that the companies' customers do not fulfil their commitments, i.e. that they fail to pay.

### Production relocation

Globalisation and/or regionalisation, as well as rapid technological development, are driving structural changes with customers. These types of changes could increase demand for the companies' products, but they could also result in a loss of customers due to mergers, closures and relocation to low-cost countries.

### Technological shifts

In many markets, technological progress and changes in customer preferences are occurring. There is a risk that companies are too slow in developing, launching and marketing new products, which could have a negative impact on demand.

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## Operational efficiency

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### Digitalisation

Digitalisation, involving greater access to information and rapid connections/interaction, creates opportunities for producers to more easily reach their end customers. This, in turn, could result in greater competition and downward pressure on prices for Indutrade's technical trading companies. Other consequences of digitalisation include more efficient production, shorter lead times and higher quality.

### Energy – access and prices

There is a risk that access to energy supply among our companies disappears or that prices increase dramatically due to, among other things, geopolitical tensions, regulations, climate change or local/global political decisions.

Indutrade's business model, with many small and medium-sized companies, reduces the risk, in many cases, that an incident at any single company will have a significant impact on the Group.

The attestation and approval rules for various types of contracts is established by each company's board.

Group-wide policy on export controls and sanctions, including requirements concerning annual risk assessments.

Web-based information and training on export controls and sanctions are available in the Indutrade Portal (the Group's communications portal).

Indutrade's business model, with a balanced diversification that comes from companies operating in many different industries, segments and geographic markets, reduces the Group's overall sensitivity to economic fluctuations and exposure to individual customers or technologies. Many of Indutrade's companies are also exposed to segments with structural growth and a high percentage of companies offer products with a recurring sales pattern.

Full operational responsibility among the companies for their businesses, including the credit risk assessment of customers and routines for payments.

Decentralised governance model, which means that the companies belonging to the Group are easily able to adapt by making fast decisions at the local level.

Indutrade's business model, with many small and medium-sized companies operating in a variety of industries, segments and geographic markets, reduces the risk that problems with individual companies create significant financial problems for the Group as a whole.

Companies in the Indutrade Group have a high level of technical expertise and a good knowledge of their customers' systems and processes, thereby adding appealing value in the supply chain.

The decentralised management model, with full operational mandate and responsibility at each company, provides good adaptability by making decisions quickly and close to the business.

Indutrade's structure with a high proportion of technical trading companies and only a few companies with more comprehensive production results in a relatively low energy requirement for the Group as a whole.

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## Suppliers

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### Disruption in the supply chain

Rapid changes in the economy and general demand, or force majeure events, could create disruption in the global supply chains when the supply of components and products differs sharply from demand.

### Dependency on key suppliers

There is a risk of individual suppliers leaving a partnership with one of Indutrade's technical trading companies to set up their own sales operations or collaborate with a different distributor. A few suppliers collaborate with several of Indutrade's companies and are thereby major, important partners for the Group as a whole.

Indutrade's structure, with many small and medium-sized companies operating in a variety of industries and geographic markets, reduces the risk that problems in any single company significantly impact the Group as a whole.

The decentralised management model, with full operational mandate and responsibility at each company, provides good adaptability by making decisions quickly and close to the business.

Part of the due diligence process regarding acquisition candidates involves a thorough review of suppliers to ensure continued stable and long-term relationships.

There is an established relationship at Group level, with a small number of major suppliers that collaborate with several Indutrade companies.

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## People and the environment

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### Climate change

Climate change in the form of global warming could lead to economic risks, such as sharply increased energy costs for Indutrade's companies. Extreme weather events and natural disasters are other examples of risks that could affect our companies and their value chains. Changes in environmental legislation, taxes and demand could affect companies' sales of products and solutions, as well as the transport of goods.

### Local sustainability issues/problems

There is a risk that sustainability-related problems arise at one or more of the Group's companies or in the value chains, for example, linked to human rights or to products which in some way would prove to have a negative impact on people or the environment. In the long run, the problems may entail costs for handling and correction and harm the reputation of the company and even the Group as a whole.

Indutrade's structure, with many small and medium-sized companies operating in a variety of industries and geographic markets, reduces the risk that problems in any single company significantly impact the Group as a whole.

All companies must carry out materiality analyses in order to identify their own material sustainability priorities, which must also be presented to, and discussed by, their board.

Continuous risk assessments at business area and Group level from different sustainability perspectives to identify Group-wide measures and companies with greater risk or in need of special support.



Indutrade's cumulative expertise, experience and structure creates the prerequisites for continued growth in the companies.

# Corporate Governance Report

Indutrade applies the Swedish Corporate Governance Code (the Code). The Code is a component of self-regulation in Swedish industry and is based on the “comply or explain” principle. This means that companies that adhere to the Code may depart from individual rules, provided that they give an explanation for each departure. Indutrade has no departures to report for the 2023 financial year. The Corporate Governance Report has been reviewed by the Company’s auditors.

## Delegation of responsibilities

Responsibility for management and control of the Group is delegated among the shareholders (via general meetings), the Board, its designated committees and the President in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Company’s Articles of Association and the Board’s internal governance documents.

## Share capital and shareholders

The share capital amounts to SEK 729 million, divided among a total of 364,323,000 shares with a share quota value of SEK 2. All shares have equal voting power. Indutrade, which was previously a wholly owned subsidiary of AB Industrivärden, was introduced on the Stockholm Stock Exchange on 5 October 2005. At year-end 2023 Indutrade had 21,374 shareholders (21,022). The ten largest shareholders controlled 65% of the share capital at year-end. Swedish legal entities, including institutions such as insurance companies and mutual funds, held 62% of the share capital and votes at year-end. Foreign ownership accounted for 31% of the share capital and votes.

One shareholder, L E Lundbergföretagen AB, with 26.6% of the share capital and votes, controlled 10% or more of the share capital and votes at year-end.

Indutrade’s shares are listed on Nasdaq Stockholm and are included on the Large Cap list.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are to provide disclosures about certain conditions that could affect opportunities to take over the company through a public offer to acquire the shares in the company. No such conditions exist in Indutrade AB.

## The Articles of Association

Indutrade is a public company whose business is to “on its own or through subsidiaries, pursue trade in connection with the import and export of machines, raw materials and finished and semi-manufactured

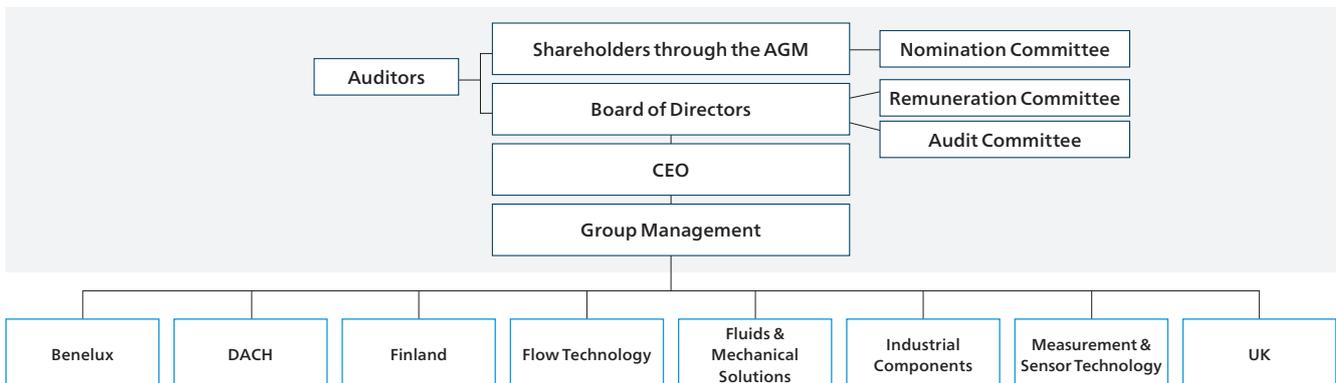
products as well as industrial necessities, including production, preferably within the plastics, mechanical and chemical industries, and activities compatible therewith.” The Board shall consist of a minimum of five and a maximum of ten elected directors. They are elected each year at the Annual General Meeting. Notice of general meetings of shareholders shall be made through advertisement in the Official Swedish Gazette (Post- och Inrikes Tidningar) and on the Company’s website within the time frame prescribed by the Swedish Companies Act. Notice of the meeting will be placed in the Swedish daily newspaper Dagens Nyheter. In votes at general meetings of shareholders, there is no limitation on the number of votes for represented shares.

## General meetings of shareholders

General meetings of shareholders are Indutrade’s highest governing body. At the Annual General Meeting (AGM), which is held within six months after the end of each financial year, the income statements and balance sheets are adopted, the dividend is set, the Board and auditors are elected (where applicable), their fees are determined, other items of legally ordained business are conducted, and decisions are made on proposals submitted by the Board and shareholders.

All shareholders who are registered in the shareholder register on a specified date and who have notified the Company in due time of their intention to participate at the general meeting are entitled to attend the meeting and vote for the total number of shares they hold. Shareholders may be represented by proxy. More information about the 2024 AGM is provided on page 114 of this Annual Report and on the Company’s website.

Notice of the AGM on 9 April 2024 was published on 1 March 2024 on Indutrade’s website and on 5 March in the Official Swedish Gazette (Post- och Inrikes Tidningar). The notice includes a proposed agenda including proposals for the dividend, election of directors, directors’ fees (broken down by the Chair and other directors), election of the auditor, the auditor’s fee, and a proposal for the establishment of a long-term incentive programme.



## External rules and regulations

Examples of external rules and regulations that affect governance of Indutrade

- The Swedish Companies Act
- Accounting laws, including the Bookkeeping Act, the Annual Accounts Act
- Nasdaq Stockholm’s Rulebook for Issuers
- Swedish Corporate Governance Code ([www.bolagsstyrning.se/koden/gallande-kod](http://www.bolagsstyrning.se/koden/gallande-kod))

## Internal rules

Examples of internal rules that affect governance of Indutrade

- The Articles of Association
- The Board’s work plan
- Instructions to the CEO
- The Code of Conduct
- Policies

## AGM 2023

The AGM on 29 March 2023 was attended by shareholders representing 72.0% of the votes and shares. Katarina Martinson was appointed to serve as AGM Chair. The Annual Report and Audit Report were presented to the AGM. Chair of the Board Katarina Martinson presented the work of the Board, the guidelines for remuneration of the management and the work of the Audit Committee and the Remuneration Committee. In addition, CEO Bo Annvik gave a presentation on Indutrade's operations during 2022 and the start of 2023.

The auditors gave an account of the audit of the Group and parts of the Audit Report for 2022.

### The 2023 AGM made the following resolutions:

- to adopt the financial statements for 2022,
- to pay a dividend of SEK 2.60 per share to the shareholders for the 2022 financial year,
- to discharge the members of the Board of Directors and the CEO from liability for the past financial year,
- to re-elect Directors Ulf Lundahl, Krister Mellvé, Lars Pettersson, Katarina Martinson, Bo Annvik, Susanna Campbell, Kerstin Lindell and Anders Jernhall,
- to elect Katarina Martinson as Chair of the Board,
- to re-elect PricewaterhouseCoopers AB as the company's auditor.
- that Indutrade shall apply compensation levels for senior executives which mainly shall consist normally of a fixed and variable portion, shall be in line with the going rate in the market, and shall be commensurate with the executives' level of expertise, responsibility and performance,
- to approve the submitted Remuneration Report for 2022,
- to set up a long-term incentive programme and hedging measures in connection therewith.

### Members of the Board of Directors

Indutrade's Board of Directors, which is elected by the AGM, consists of eight members including the CEO. No specific age limit for the board members, nor any term limit for how long a director may sit on the Board, has been set.

A presentation of the current assignments of the members of the Board can be found on pages 52–53 of this Annual Report. Mattias Karlsson, Mannheimer Swartling, is the Board's secretary. Other executives participate when necessary at Board meetings in a reporting role.

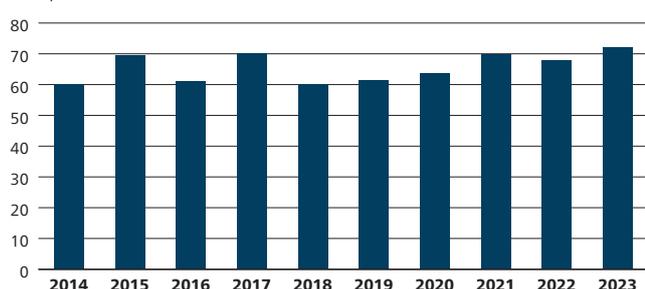
All of the directors, except for Bo Annvik, are independent in relation to Indutrade. Bo Annvik, Krister Mellvé, Ulf Lundahl, Susanna Campbell and Kerstin Lindell are the directors who are independent in relation to Indutrade's major shareholders. The Board thereby meets the requirement that at least two of the directors who are independent in relation to the Company shall also be independent in relation to the major shareholders. Only one director, Bo Annvik, has an operational role in the Company.

### The work of the Board of Directors

Each year the Board adopts a written work plan that governs the Board's work and its internal delegation of duties including the committees, decision-making procedures within the Board, meeting procedure, financial reporting and duties of the Chair. The Board has also issued instructions to the CEO. In addition, the Board has adopted numerous policies, including a Code of Conduct, a Finance Policy and an Investment Policy.

### Attendance at AGM

Votes, %



The Board is responsible for the Company's organisation and for the administration of its affairs. This entails ensuring that the organisation is suited for its purpose and designed in such a way so as to ensure satisfactory control of its bookkeeping, treasury management and financial conditions in general. In addition, the Board is responsible for ensuring that the Company has satisfactory internal control and continuously evaluates the extent to which the Company's system for internal control works. The Board is also responsible for developing and monitoring the Company's strategies by drawing up plans and setting objectives. The Board oversees and evaluates the CEO's and operative management's work on a continuous basis. This particular matter is addressed yearly without any members of the Group Management present.

In accordance with the adopted work plan, the Board holds at least five regular meetings each year, including the statutory meeting after the AGM, and on any other occasions when warranted by the situation.

In 2023, the Board held a total of 11 meetings, including the statutory meeting. The Board conducted its work during the year in accordance with the Board's work plan. The Board focused particularly on matters pertaining to strategy, finance, acquisitions and sustainability.

As a significant part of the Board's work during the year, a number of subsidiary managing directors and business area directors gave in-depth presentations of their businesses.

All decisions made by the Board during the year were unanimous.

### The Chair's role

The Chair organises and leads the work of the Board to ensure that it is carried out in compliance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies (including the Code), and the Board's internal governance documents. The Chair monitors business activities through regular contact with the CEO and ensures that the other directors are provided with adequate information and decision-making documentation.

To ensure and improve the quality of the Board's work, an evaluation of the work it has done, along with the Board's composition, is carried out each year under the direction of the Chair of the Board. In 2023, the evaluation took place through a survey and individual interviews. The results of the evaluation were reported in writing to the Board members, who subsequently discussed it together at the Board meeting in December. The Chair of the Board also reported on the results of the evaluation at a meeting of the Nomination Committee.

The Chair represents the Company on ownership matters.

### Remuneration Committee

The Remuneration Committee draws up recommendations for decisions regarding the terms of employment for the CEO. It also addresses and conducts drafting work for issues related to compensation of the members of the Group Management team, which culminates with the submission of a recommendation for decision by the AGM.

The CEO consults with the Remuneration Committee regarding the terms of employment for other members of the Group Management.

During the year, one of the items discussed by the Remuneration Committee was a proposal for a new long-term incentive programme (LTIP) for senior executives.

The Committee held four meetings during 2023.

### Audit Committee

The Audit Committee has an oversight role with respect to the Company's risk management, governance and control, and financial reporting. The committee maintains regular contact with the Company's auditor to ensure that the Company's internal and external reporting satisfies the requirements for listed companies and to discuss the scope and focus of auditing work. The Audit Committee evaluates completed audit activities and informs the Company's nomination committee about the results of its evaluation and assists the Nomination Committee in drawing up recommendations for auditors and fees for their auditing work. In addition, the Audit Committee evaluates the efficiency of the internal control system and the Group's risk management activities. It also monitors the financial structure.

The Committee held five meetings during 2023. The auditors participated in all meetings in conjunction with planning and reporting the results of this year's audit.

## Directors' fees

In accordance with the Nomination Committee's proposal, the AGM resolved to pay a fee of SEK 890,000 for the Chair of the Board, SEK 445,000 for other Directors not employed by the Company, SEK 120,000 for the Chair of the Audit Committee, SEK 60,000 for each of the other members of the Audit Committee, and SEK 47,000 for the Chair and members of the Remuneration Committee. The total annual fees for the Board of Directors and the two committees thus amounted to SEK 3,941,000.

## Nomination Committee

At the AGM on 6 May 2023, the decision was made in favour of a standing instruction for Indutrade's Nomination Committee, which shall apply until further notice. According to this instruction, the Nomination Committee ahead of a forthcoming AGM shall consist of representatives of four of the largest shareholders in terms of votes, plus the Chair of the Board, who shall also convene the first meeting of the Nomination Committee. The member representing the largest shareholder shall be appointed as Chair of the Nomination Committee. The composition of the Nomination Committee ahead of the AGM is to be based on ownership data as per 31 August each year and is to be publicly announced not later than six months prior to the AGM. The composition of the Nomination Committee ahead of the 2023 AGM was announced on 19 September 2023, based on ownership information as per 31 August 2023.

The Nomination Committee held two minuted meetings prior to the 2024 AGM, during which, among other things, it was informed about the evaluation of the Board's work during the past year and discussed the composition of the Board. The Nomination Committee shall prepare proposals to be submitted to the Annual General Meeting for decision regarding the Chair of the Meeting, the Chair and other members of the Board, fees to the Board, remuneration and election of an auditor and principles for appointing a new Nomination Committee.

## Nomination Committee composition

Representative	Shareholder	Share of votes as per 31 Aug 2023
Claes Boustedt	L E Lundbergföretagen, Committee Chair	26.6%
Dick Bergqvist	AMF Tjänstepension and AMF Fonder	9.1%
Camilla Wirth	Alecta Tjänstepension Ömsesidigt	4.6%
Karin Eliasson	Handelsbanken Fonder	3.2%
Katarina Martinson	Chair of the Board	

The Nomination Committee has applied Rule 4.1 of the Code as a diversity policy, i.e. the Board shall have a composition that is appropriate with regard to the company's operations, development stage and other conditions, characterised by versatility and breadth regarding the competence, experience and background of the members elected by the Annual General Meeting. It must also strive to have an even gender distribution on the Board. The 2023 Annual General Meeting passed a resolution in accordance with the Nomination Committee's proposal.

Based on the results of the Board's evaluation and the current directors' availability for re-election – among other things – the Nomination Committee makes an assessment of whether the sitting board meets the requirements that will be made for the Board in view of the Company's situation and future orientation, or if the composition of expertise and experience needs to be changed.

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

A more detailed presentation of the members of the Board is provided on pages 52–53 of this Annual Report.

## Operating activities

The CEO is responsible for the administration of Indutrade's day-to-day affairs, which are managed by the Company's Group Management Team. The CEO's decision-making authority regarding investments and financing matters is governed by rules set by the Board.

## CEO

Bo Annvik has served as CEO of Indutrade AB since April 2017. He was born in 1965 and holds a M.Sc. Econ. He served as President and CEO of Haldex from 2012 to 2017 and served in executive positions for Volvo Cars during the years 1994–2002, for SKF during the years 2002–2007, and for Outokumpu during the years 2007–2011.

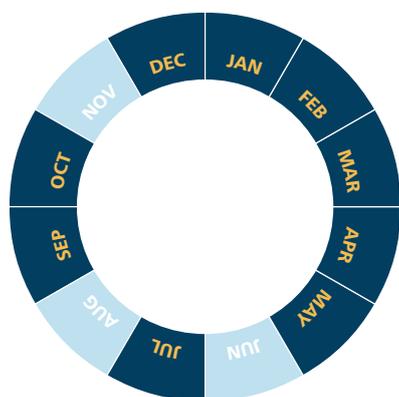
## External auditor

At the 2023 AGM, the chartered accounting firm PricewaterhouseCoopers AB ("PwC") was elected as auditor for a term extending through the 2024 Annual General Meeting. The auditors maintain regular contact with the Audit Committee and the Group Management.

The lead partner since 2020 is Anna Rosendal, Authorised Public Accountant. The auditor's fee is reported in Note 11 of this Annual Report.

Indutrade's nine-month interim report for the 2023 financial year was reviewed by the Company's auditors.

## Board meetings 2023



**JANUARY** Business, financing and acquisition issues.

**FEBRUARY** Business, financing and acquisition issues. Reports from the Audit Committee, the Remuneration Committee and the auditors. Risk management. Questions in preparation for the AGM. Year-end report. Presentation of the Finland business area.

**MARCH** Annual report, Business, financing and acquisition issues. AGM. Statutory meeting: adoption of policies, instructions for committees and CEO, decision on company signatories. Election of committee members.

**APRIL** Business, financing and acquisition issues. Interim report for the first quarter Report from the Audit Committee. LTI programme. Sustainability issues. Presentation of the Flow Technology business area.

**MAY** Presentation of the macroeconomic situation. Competitor analysis. Business, financing and acquisition issues. Structural issues. Presentation of the UK business area.

**JULY** Business, financing and acquisition issues. Report from the Audit Committee. Interim report for the second quarter.

**SEPTEMBER** Company visit to Germany. The Group's strategy. Business, financing, acquisition and sustainability issues. Financial targets. Organisational issues.

**OCTOBER** Business, financing and acquisition issues. Interim report for the third quarter. Reports from the Audit Committee and Remuneration Committee. Organisational issues. Company presentation.

**DECEMBER** Budget and targets for 2024. Business, financing and acquisition issues. Organisational issues. Reports from the Audit Committee and Remuneration Committee. Evaluation of the Board and management. Company presentation.

## Internal control over financial reporting

### Internal control over financial reporting

As prescribed by the Swedish Companies Act, the Board is responsible for internal control. This report has been prepared in accordance with the Annual Accounts Act and describes how the internal control over financial reporting is organised.

### Control environment

Effective Board work is the foundation for good internal control. The Board's work plan and the instructions for the CEO and the Board's committees ensure a clear delegation of roles and responsibilities to the benefit of effective management of risks in the Company's operations.

In addition, the Board has adopted a number of fundamental guidelines and policies designed to create the conditions for a good control environment. These include, among other things, Indutrade's Code of Conduct, Finance Policy and Investment Policy. These policies are followed up and revised as needed. The Group Management continuously draws up instructions for the Group's financial reporting which, together with the policies adopted by the Board, are included in the Group's manual of instructions and policies.

The Group has a joint reporting system that serves as the base for the Group's monthly reporting, consolidation work and monitoring of earnings performance.

### Risk assessment

The Company has implemented a structured process for assessing risks that could affect financial reporting. This is an annually recurring process and is evaluated by the Audit Committee and the Board.

Through this risk assessment it has been ascertained that the Group's structure, consisting of a large number of standalone companies of varying size that are independent from each other in various sectors and geographic markets, entails a considerable diversification of risk. The risk assessment also covered the Group's income statement and balance sheet items to identify areas in which the aggregate risk for error and the effects of these would be greatest. The areas identified consisted primarily of revenue recognition, acquisition reporting, trade receivables and inventories.

In addition, continuous risk assessment is conducted in connection with strategic planning, budgeting, forecasts and acquisition activities, aimed at – among other things – identifying events in the market or operations that could give rise to changes, e.g. in revenue streams and valuations of assets or liabilities.

### Control activities

The Indutrade Group was organised in eight business areas in 2023. In addition to a business area director, each business area management team also includes a controller function. The business area controller plays a central role in analysing and monitoring the business area's financial reporting and in ensuring compliance with Group policies by the companies in the business area. The Parent Company has additional functions for continuous analysis and monitoring of financial reporting by the Group, the business areas and subsidiaries. The Parent Company's finance department also initiates work on the annual self-assessment routine regarding internal control over financial reporting.

At the start of 2023, all companies owned by Indutrade were required to respond to a questionnaire designed to evaluate internal control based on the risk analysis. The responses were compiled and evaluated. As a complement to this work, the auditors validated parts of the respective companies' completed questionnaires. In addition to this, the controllers of the business areas and Parent Company monitor internal control through visits to a number of companies each year. Both the evaluation performed by the Company and the result of the auditors' validation were reported and discussed with the Audit Committee. Feedback is provided to the companies in the Group where a need for improved routines has been identified. The Audit committee also presented the results to the Board. The evaluation of internal control over the Group's financial reporting will serve as documentation for the subsequent years' self-assessment and work on further strengthening internal control.

### Information and communication

The Company's governing documents, consisting of policies, guidelines and manuals – to the extent that these pertain to financial reporting – are updated on a regular basis and communicated to the companies within the Group. A number of training courses and informational meetings were held during the year, both in person and in digital formats. Systems and routines have been established to provide management with reports on the results of operations and financial position in relation to set targets, among other things.

### Monitoring

The Board conducts a monthly evaluation of business development, earnings, position and cash flow using a report pack containing comments on outcomes and certain key ratios.

The Audit Committee has an oversight role regarding the Company's financial reporting, risk management, and governance and control. In addition, the Audit Committee maintains regular contact with the Company's auditors to ensure that the Company's internal and external reporting satisfies requirements made on market-listed companies and to monitor any observations that emerge from the audit.

### Risk assessment



### Internal audit

The Group has a simple operative structure consisting primarily of small and medium-sized standalone businesses that are independent of each other, with varying conditions for internal control. Compliance with governance and internal control systems that have been drawn up by the Group is checked by the company Boards of Directors and controllers on a regular basis at the business area and Parent Company levels. It is done in a variety of ways, such as special internal control visits. In addition, the controllers perform continuing analyses of the companies' reporting and financial outcomes to identify deviations and errors. Added to this is the routine for the annual self-assessment of internal control over financial reporting. In view of the above, the Board has opted not to have a dedicated internal audit function.

# Board of Directors and auditors



**Katarina Martinson**



**Susanna Campbell**



**Anders Jernhall**



**Kerstin Lindell**

<b>Position</b>	Chair since 2018 Director since 2015 Chair of the Remuneration Committee, member of the Audit Committee	Director since 2017	Director since 2018 Member of the Audit Committee	Director since 2022
	Works with asset management for Lundberg family, among others.	Own investing activities	Executive Vice President and CFO of Holmen AB.	
<b>Born</b>	1981	1973	1970	1967
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish
<b>Education</b>	M. Sc. Economics, Stockholm School of Economics	M. Sc. Economics, Stockholm School of Economics	M. Sc. Economics, Stockholm School of Economics	Honorary Doctor at LTH, PhD in Polymer Chemistry Economics. M. Sc. Engineering and Master in Business Administration.
<b>Professional experience</b>	Analyst at Handelsbanken Capital Markets, Vice President of Strategas Research Partners LLC, New York, Analysis of investment strategies investment research at ISI, International Strategy & Investment Group, New York.	President and CEO of Ratos. Various positions with McKinsey and Alfred Berg Fondkommission.	Various positions at Holmen and Citibank.	President and CEO of Bona AB, R&D Manager AkzoNobel.
<b>Other directorships</b>	Director of L E Lundbergföretagen, Fastighets AB L E Lundberg, Fidelio Capital, Industrivärden, Husqvarna, Förvaltnings AB Lunden and L E Lundberg Kapitalförvaltning.	Chair of Network of Design and Syre. Director of Kinnevik, Estrid, Northvolt and H2 Green Steel AB. Industry adviser to Vargas Holding, senior adviser to Norrsken VC.	Director of L E Lundberg Kapitalförvaltning.	Chair of Bona AB and Chamber of Commerce and Industry of Southern Sweden. Director of Nord-Lock, Inwido, Hexpol PEAB and IPCO AB.
<b>Attendance at Board meetings</b>	11/11	10/11	11/11	11/11
<b>Attendance at Audit Committee meetings</b>	5/5		5/5	
<b>Attendance at Remuneration Committee meetings</b>	4/4			
<b>Independent of Indutrade and its management</b>	Yes	Yes	Yes	Yes
<b>Independent in relation to major shareholders</b>	No	Yes	No	Yes
<b>Shareholding in Indutrade<sup>1)</sup></b>	97,240,000 <sup>2)</sup>	6,000	3,000	3,000

1) Holdings of shares in Indutrade AB are stated as at 31 December 2023 and include the holdings of related parties (both individuals and legal entities).

2) 96,840,000 shares via L E Lundbergföretagen and 400,000 shares via Katarina Martinson AB.

3) Krister Mellvé will be resigning in conjunction with the AGM on 9 April 2024.



**Ulf Lundahl**

Director since 2006  
Chair of the Audit Committee  
Member of the Remuneration Committee



**Krister Mellvé** <sup>3)</sup>

Director since 2012



**Lars Pettersson**

Director since 2013  
Member of the Remuneration Committee



**Bo Annvik**

Director since 2017  
President and CEO

1952	1949	1954	1965
Swedish	Swedish	Swedish	Swedish
Master of Laws and M. Sc. Economics	M. Sc. Business Administration and Economics	M. Sc. Engineering, Uppsala University, PhD h.c., Uppsala University	M. Sc. Business Administration and Economics
Executive Vice President and Deputy CEO of L E Lundbergföretagen, President of Östgöta Enskilda Bank, Head of Swedish operations of Danske Bank, CEO of Danske Securities.	Various executive positions at Robert Bosch Group.	President and CEO of Sandvik AB, Sandvik Materials Technology, Sandvik Tooling and Sandvik Coromant.	President and CEO of Haldex, executive positions with Volvo Cars, SKF and Outokumpu.
Chair of Fidelio Capital and the investment committee, Nordstjernen Kredit AB. Director at Holmen.	Director of Modular Management.	Director at Husqvarna, Industrivärden and L E Lundbergföretagen.	Director of AB Volvo.
11/11	11/11	11/11	11/11
5/5			
4/4		4/4	
Yes	Yes	Yes	No
Yes	Yes	No	Yes
36,000	92,500	30,000	50,061 Options: 300,000

**Auditors**

**PricewaterhouseCoopers AB  
Anna Rosendal**

Authorised Public Accountant  
Born 1975  
Lead Partner of Indutrade since 2020

Other auditing assignments for listed companies:  
Nobia and Addnode Group.

# Group Management



**Bo Annvik**



**Patrik Johnson**



**Juha Kujala**



**Per-Olow Jansson**

<b>Position</b>	President and CEO	CFO	Senior Vice President Infrastructure & Construction	Senior Vice President Process, Energy & Water
<b>Born</b>	1965	1970	1967	1961
<b>Nationality</b>	Swedish	Swedish	Finnish	Swedish
<b>Education</b>	M. Sc. Business Administration and Economics	M. Sc. Business Administration and Economics	eMBA, Technical college engineer	Technical college engineer, B. Sc. Market Economics, IFL
<b>Professional experience</b>	President and CEO of Haldex, executive positions with Volvo Cars, SKF and Outokumpu.	CFO Sandvik Machining Solutions and Seco Tools. Various management positions as controller and in accounting/finance at ABB Sweden.	CEO of Kontram Oy, CEO of Maansähkö Oy, COO and Sales Manager Kontram Oy, Export Manager Kalmar Industries Oy	BUL Flow Technology AB, MD GPA Flow System AB
<b>Number of shares</b>	50,061	2,489	32,549	56,197
<b>Number of options</b>	300,000	–	–	–



**Göte Mattsson**

Senior Vice President  
Industrial & Engineering

1955

Swedish

B. Sc. Economics,  
Management studies

President and Partner  
Industri Belos, President J  
Sörling, CFO Transvector,  
Vice President Parator

66,089

–



**Jonas Halvord**

Senior Vice President  
Acquisitions and Business  
Development

1961

Swedish

B. Sc. Economics, Technical  
college engineer

Director Mergers &  
Acquisitions SKF Group, CEO  
Provexa AB, CEO Svenska  
Skumsläcknings AB

2,489

–



**Patrik Stolpe**

Senior Vice President  
Technology & Systems  
Solutions

1965

Swedish

B. Sc. Electronics, Industrial  
Marketing

Global Segment Manager  
Xylem, President and CEO  
Lorentzen & Wettre.

25,352

–



**Joakim Skantzé**

Senior Vice President  
Life Science

1967

Swedish

M. Sc. Electrical Engineering,  
Senior Executive Programme  
London Business School

Venture Manager Traction,  
President Gnosjö Plast,  
Business Area Manager  
and Partner Schneider  
Grafiska, Senior Consultant  
Accenture.

20,489

–



**Åsa Wirsenius**

Senior Vice President Group  
People & Sustainability

1977

Swedish

M. Sc. in Human Resources  
and Organisations

People Director Belron  
UK, HR Director Carglass  
Nordics, HR positions at ICA,  
Wasa Barilla and others.

2,489

–

## Changes to Group Management

It was decided during the year to reorganise the Group into five international business areas with a clear strategic focus on different business segments and technologies. As a result of this change, the Group Management team consists of the officers presented above with effect from 1 January 2024.

The other previous members – Peter Eriksson, Susann Nyberg, Peter Rowlands, Markus Rüedin and Robert Timmer – are continuing in other senior positions in the Group.

Morgan O'Brien left the team on 31 July 2023.

## Remuneration Report 2023

This report describes how the guidelines for executive remuneration of Indutrade AB, adopted by the 2023 Annual General Meeting, were applied during 2023 ('the Remuneration Guidelines'). The report also provides information on the remuneration of the CEO and a summary of the company's outstanding share and share price-related incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules on compensation to senior executives and on incentive programmes issued by the Swedish Corporate Governance Board.

Additional information on the remuneration of senior executives can be found in Note 8 (Wages, salaries and other remuneration, and social security costs) in the Annual Report for 2023. Information about the Remuneration Committee's work during 2023 can be found in the Corporate Governance Report in the Annual Report for 2023.

Board fees are not covered in this report. These are decided each year at the AGM and reported in Note 8 of the Annual Report for 2023.

The CEO summarises the company's overall development and results in the CEO's message in the Annual Report for 2023.

### The remuneration guidelines

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of the Company's long-term interests, including its sustainability, is that Indutrade is able to recruit and retain management with high qualifications. To this end, the company must offer competitive remuneration and other terms of employment. The forms of compensation should motivate members of executive management to do their utmost in order to safeguard the interests of the shareholders. The total compensation shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits. Variable cash remuneration covered by the Remuneration Guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability. The Remuneration Guidelines are included in their entirety in this Annual Report.

In 2023, the company followed the applicable Remuneration Guidelines adopted by the AGM. No deviations from the Remuneration Guidelines have been made and neither were there any deviations from the decision process which according to the Remuneration Guidelines must be applied to establish remuneration. The auditor's report regarding the company's compliance with the Remuneration Guidelines is available on the company's website <https://www.indutrade.com/aboutindutrade/corporate-governance/remuneration/>. No remuneration has been reclaimed. In addition to remuneration covered by the Remuneration Guidelines, the AGM previously resolved to implement long-term share-related incentive plans. The plans are clearly linked to the business strategy and the company's long-term value creation by being linked to earnings development.

### Variable cash remuneration

Variable cash remuneration is linked to predetermined and measurable criteria with a clear connection to the company's financial targets. The outcome is linked to the fulfilment of established goals concerning the Group's profit before taxes and working capital efficiency for persons in Group roles. For business area managers, the outcome is linked to the relevant business area's EBITA result and working capital efficiency. The Board of Directors is responsible for making that assessment as regards the CEO. For the other members of the Group Management team, the CEO makes the assessment. The outcome for the 2023 financial year amounts to 97% (100) of the maximum outcome for the CEO and 82% (99) as an average for others in the Group management team.

### Outstanding share and share price-related incentive programmes

The main purpose of long-term incentive programmes is to create additional incentives for increased commitment and higher performance among the participants, to strengthen the opportunities to recruit and retain key people and to create a common ownership interest between the participants and the shareholders.

During 2023, Indutrade had three outstanding long-term incentive programmes for senior executives and key personnel: three performance-based share programmes (LTIP 2021, LTIP 2022 and LTIP 2023).

#### LTIP 2021, LTIP 2022 and LTIP 2023

LTIP 2021, LTIP 2022 and LTIP 2023 are performance-based share programmes for senior executives (including the CEO) and key personnel. Participation requires personal investment in Indutrade shares. These are referred to as Investment shares. For every Investment share acquired, a number of performance share rights were allotted, each of which, at the end of a 3-year vesting period, can give the holder the right to receive up to one Indutrade share. In order to be allocated those shares, the employee must remain in employment, the Investment shares must still be held and the performance requirements of the particular programme must be met.

The performance condition for LTIP 2021 is linked to compound annual growth rate (CAGR) of the earnings per share (EPS) for the Indutrade share during the performance period 2021–2023. EPS for 2020 is used as the basis for calculating CAGR. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 381 (corresponding to 200% of the volume-weighted average price paid for the Indutrade share during the last five trading days in February 2021).

The performance condition for LTIP 2022 is linked to the accumulated earnings per share (EPS) for the Indutrade share during the performance period 2022–2024. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 418 (corresponding to 200% of the volume-weighted average price paid for the Indutrade share during 17–23 February 2022).

The performance condition for LTIP 2023 is linked to the accumulated earnings per share (EPS) for the Indutrade share during the performance period 2023–2025. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 528 (corresponding to 200% of the volume-weighted average price paid for the investment shares).

The CEO acquired 3,955 Investment shares within the scope of LTIP 2021, 2,217 Investment shares within the scope of LTIP 2022 and 1,889 Investment shares within the scope of LTIP 2023. For these Investment shares, the CEO received 19,775, 13,302 and 11,334 performance share rights respectively which, after the relevant programme period has ended, may entitle him to receive the same number of Indutrade shares.

In connection with the launch of the performance-based share programmes, the Board also adopted a policy for senior executives' share ownership. The recommended share ownership over time in relation to fixed annual salary is 100% for the CEO and 50% for other members of the Group management team.

## Change in remuneration and the company's earnings during the last five financial years

	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
<b>Remuneration of the CEO <sup>1)</sup></b>					
Annual change in total remuneration (%)	32%	6%	10%	6%	0%
<b>Net profit for the year, Group</b>					
Annual change in Net profit for the year (%), Group	7%	28%	26%	13%	8%
<b>Remuneration to employees <sup>2)</sup></b>					
Annual change in total remuneration (%), Sweden	4%	5%	7%	3%	1%

1) The remuneration refers to the sum of all remuneration components as they are reported in the table below.

2) Calculated on the average number of employees in full-time equivalents in the Group's companies in Sweden. The number of employees in the Parent Company, excluding Group Management, is considered to be too small to constitute a relevant benchmark.

## Remuneration of the CEO in shares

	Programme	Number of invested shares	Number of allotted share rights	Value of allotted share rights (SEK thousand)	Number of vested shares	Number of forfeited share rights	Number of outstanding share rights	Value of vested shares (SEK thousand)
Bo Annvik	LTIP 2021	3,955	19,775	4,198 <sup>1)</sup>	–	–	19,775	–
Bo Annvik	LTIP 2022	2,217	13,302	2,999 <sup>2)</sup>	–	–	13,302	–
Bo Annvik	LTIP 2023	1,889	11,334	2,993 <sup>3)</sup>	–	–	11,334	–

1) Share price 212.30 at the programme start date of 8 June 2021 multiplied by the number of allotted share rights, on the condition of maximum performance results.

2) Share price 225.47 at the programme start date of 30 May 2022 multiplied by the number of allotted share rights, on the condition of maximum performance results.

3) Share price 264.08 at the programme start date of 5 June 2023 multiplied by the number of allotted share rights, on the condition of maximum performance results.

## Total remuneration of the CEO in 2023 <sup>1)</sup>

		Base salary <sup>2)</sup>	One-year variable remuneration <sup>3)</sup>	Multi-year variable remuneration <sup>4)</sup>	Benefits <sup>5)</sup>	Occupational pension <sup>6)</sup>	Total remuneration
Bo Annvik	Amount in SEK thousand	12,000	7,944	0	608	4,680	25,232
Bo Annvik	Share of total remuneration	48%	31%	0%	2%	19%	

1) The table shows the recognised cost for the remuneration of the CEO.

2) Base salary refers to monthly salary, holiday pay and other taxable cost reimbursements.

3) Refers to the short-term incentive programme for 2023, paid out at the start of the following year.

4) The incentive programmes LTIP 2021, LTIP 2022 and LTIP 2023, which are described above, are still ongoing. The year's recognised cost as per IFRS 2 amounted to SEK 2,662 thousand (1,788).

5) Primarily refers to double housing (housing, garage and travel home), as well as car and fuel.

6) Pension is only based on base salary.

# Proposed distribution of earnings

## The Annual General Meeting has the following funds at its disposal (SEK million)

Share premium reserve	256
Reserve for fair value	0
Retained earnings	7,974
Net profit for the year	1,989
<b>Total</b>	<b>10,219</b>

## The Board of Directors proposes the following distribution of earnings (SEK million)

Dividend of SEK 2.85 per share	1,038
To be carried forward	9,181
<b>Total</b>	<b>10,219</b>

The dividend proposed by the Board of Directors corresponds to 9% of the Parent Company's equity and 7% of the Group's equity. Indutrade's dividend policy is that the dividend shall, over time, amount to between 30% and 50% of net profit.

In light of the expected economic development, the Board is of the opinion that the proposed dividend is well-balanced with respect to the requirements that the operation's nature, scope and risks place on the capital of both the Company and the Group, and the consolidation needs, liquidity and general position of the Company and the Group, and as regards the ability to meet the Company's and the Group's future obligations.

If the dividend had been paid out at year-end, the Group's equity ratio would have been 44%. After payment of the proposed dividend, it is judged that Indutrade will continue to have a favourable financial position.

## Board's assurance

The Board of Directors and President certify that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards (IFRS) and generally accepted accounting principles and give a true and fair presentation of the Group's and Parent Company's position and result of operations. The Directors' Report for the Group and Parent Company gives a true and fair overview of the Group's and Parent Company's operations, position and result of operations and describes material risks and uncertainties facing the Parent Company and companies included in the Group.

The Group's and Parent Company's result of operations and position in general are shown in the following income statements, balance sheets, cash flow statements and notes.

Stockholm, 15 March 2024

**Katarina Martinson**  
Chair of the Board

**Susanna Campbell**  
Director

**Anders Jernhall**  
Director

**Kerstin Lindell**  
Director

**Ulf Lundahl**  
Director

**Krister Mellvé**  
Director

**Lars Pettersson**  
Director

**Bo Annvik**  
President and CEO,  
Director

Our audit report was submitted on 18 March 2024

PricewaterhouseCoopers AB

**Anna Rosendal**  
Authorised Public Accountant  
Lead Partner

# Financial statements

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9	Depreciation/amortisation	82		
10	Government assistance	82		
11	Auditors' fees	82		
12	Finance income	82		
13	Finance costs	82		
14	Profit from investments in Group companies	82		
15	Tax	83		
16	Intangible assets	85		

## Consolidated income statement

SEK million	Note	2023	2022
Net sales	3, 4	31,835	27,016
Cost of goods sold		-20,789	-17,654
<b>Gross profit</b>		<b>11,046</b>	<b>9,362</b>
Development costs		-395	-334
Selling costs		-4,616	-3,975
Administrative expenses		-1,961	-1,560
Other operating income	6	665	325
Other operating expenses	6	-581	-198
<b>Operating profit</b>	5, 8, 9, 10, 11	<b>4,158</b>	<b>3,620</b>
Finance income	12	69	44
Finance costs	13	-536	-224
<b>Profit after financial items</b>		<b>3,691</b>	<b>3,440</b>
Tax	15	-825	-759
<b>Net profit for the year</b>		<b>2,866</b>	<b>2,681</b>
<b>Profit attributable to</b>			
Owners of the parent		2,865	2,682
Non-controlling interests		1	-1
Earnings per share attributable to owners of the parent, SEK		7.86	7.36
Earnings per share after dilution, attributable to owners of the parent, SEK		7.86	7.36
Average number of shares before dilution, '000		364,323	364,270
Average number of shares after dilution, '000		364,323	364,303
Proposed dividend per share, SEK		2.85	2.60

## Consolidated statement of comprehensive income

SEK million	Note	2023	2022
<b>Net profit for the year</b>		<b>2,866</b>	<b>2,681</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value adjustment of hedging instruments	2	-17	4
Tax attributable to fair value adjustments	15	4	-1
Exchange differences for the year		-138	516
<i>Items that may not be reclassified to profit or loss</i>			
Actuarial gains/losses	25	-55	137
Tax on actuarial gains/losses	15	11	-29
<b>Other comprehensive income, net of tax</b>		<b>-195</b>	<b>627</b>
<b>Total comprehensive income for the period</b>		<b>2,671</b>	<b>3,308</b>
<b>Comprehensive income attributable to</b>			
Owners of the parent		2,670	3,309
Non-controlling interests		1	-1

## Comments on the consolidated income statement

### Order intake

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

### Net sales

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

### Operating profit, EBITA

For the full year, operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 4,769 million (4,098), an increase of 16%. Comparable units increased by 4%, acquisitions contributed 8% and currency movements had a positive impact of 4%. The EBITA margin decreased slightly and amounted to 15.0% (15.2%). The gross margin amounted to 34.7% (34.7%).

### Net financial items and profit for the year

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).

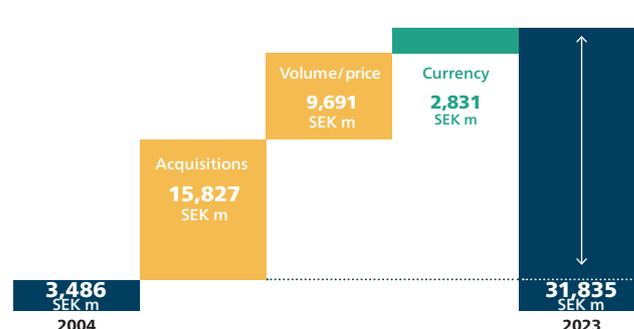
### Values for each quarter

SEK million	Jan–Mar	Apr–Jun	Jul–Sep	Oct–Dec
Net sales	8,063	8,100	7,851	7,821
EBITA	1,225	1,213	1,190	1,141
EBITA margin, %	15.2	15.0	15.2	14.6
Profit after tax	752	724	680	710
Earnings per share, SEK	2.06	1.99	1.87	1.95

### Net sales and EBITA margin



### Sales growth, SEK million



## Consolidated balance sheet

SEK million	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	16	12,625	12,057
Property, plant and equipment	17	2,960	2,811
Right-of-use assets	18	1,438	1,234
Financial assets	15, 19, 20	208	160
<b>Total non-current assets</b>		<b>17,231</b>	<b>16,262</b>
<b>Current assets</b>			
Inventories	21	5,365	5,605
Trade receivables	22	4,414	4,452
Contract assets	4	400	231
Current tax assets		152	106
Other current receivables		415	343
Prepaid expenses	23	287	274
Cash and cash equivalents	30, 31	3,012	1,589
<b>Total current assets</b>		<b>14,045</b>	<b>12,600</b>
<b>TOTAL ASSETS</b>		<b>31,276</b>	<b>28,862</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		729	729
Reserves		693	844
Retained earnings incl. net profit for the year		13,053	11,186
<b>Total equity attributable to owners of the parent</b>		<b>14,475</b>	<b>12,759</b>
Non-controlling interests		14	14
<b>Total equity</b>		<b>14,489</b>	<b>12,773</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	18, 24, 31	8,085	7,660
Other non-current liabilities		1	1
Pension obligations	25	299	243
Deferred tax liabilities	15	1,307	1,279
Other provisions	26	23	20
<b>Total non-current liabilities</b>		<b>9,715</b>	<b>9,203</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	18, 24, 31	2,375	2,266
Trade payables		1,766	1,870
Contract liabilities	4	435	331
Current tax liabilities		383	419
Other current liabilities		825	745
Accrued expenses	27	1,288	1,255
<b>Total current liabilities</b>		<b>7,072</b>	<b>6,886</b>
<b>Total liabilities</b>		<b>16,787</b>	<b>16,089</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,276</b>	<b>28,862</b>

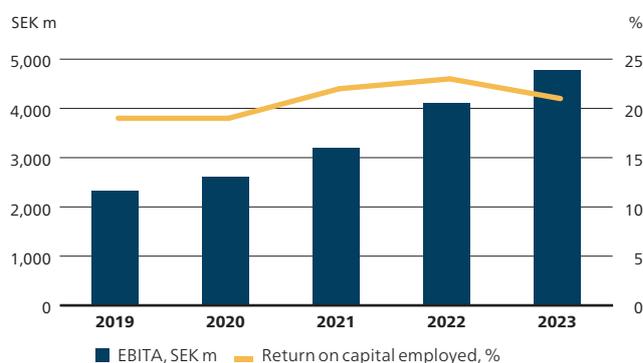
Information on pledged assets and contingent liabilities is provided in Notes 28 and 29.

### Profitability and financial position

Return on capital employed amounted to 21% (23%), and return on equity to 21% (24%).

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, there were undrawn borrowing facilities of SEK 6,235 million (4,985). Interest-bearing net debt amounted to SEK 7,747 million (8,580) at the end of the period. The decrease compared to the previous year is primarily attributable to a strong cash flow, a lower rate of acquisition and contingent consideration remeasurements. The net debt/equity ratio was 53% (67%) at the end of the period.

### EBITA and return on capital employed



## Consolidated statement of changes in equity

SEK million	Attributable to owners of the parent				Non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
<b>OPENING BALANCE, 1 JANUARY 2022</b>	<b>728</b>	<b>325</b>	<b>9,239</b>	<b>10,292</b>	<b>11</b>	<b>10,303</b>
<b>Comprehensive income</b>						
Net profit for the year	–	–	2,682	2,682	–1	2,681
<b>Other comprehensive income</b>						
Fair value adjustment of hedging instruments	–	4	–	4	–	4
Tax attributable to fair value adjustments	–	–1	–	–1	–	–1
Actuarial gains/losses	–	–	137	137	–	137
Tax on actuarial gains/losses	–	–	–29	–29	–	–29
Exchange differences for the year	–	516	–	516	0	516
<b>Total comprehensive income</b>	<b>–</b>	<b>519</b>	<b>2,790</b>	<b>3,309</b>	<b>–1</b>	<b>3,308</b>
<b>Transactions with shareholders</b>						
Acquisition of non-controlling interests	–	–	–4	–4	4	0
Sale of shares with non-controlling interests	–	–	0	0	0	0
Dividend paid for 2021	–	–	–837 <sup>1)</sup>	–837	–	–837
New share issue	1	–	10	11	–	11
Hedging of incentive programme	–	–	–44	–44	–	–44
Share-based payments	–	–	32	32	–	32
<b>Total transactions with shareholders</b>	<b>1</b>	<b>–</b>	<b>–843</b>	<b>–842</b>	<b>4</b>	<b>–838</b>
<b>CLOSING BALANCE, 31 DECEMBER 2022</b>	<b>729</b>	<b>844</b>	<b>11,186</b>	<b>12,759</b>	<b>14</b>	<b>12,773</b>
<b>OPENING BALANCE, 1 JANUARY 2023</b>	<b>729</b>	<b>844</b>	<b>11,186</b>	<b>12,759</b>	<b>14</b>	<b>12,773</b>
<b>Comprehensive income</b>						
Net profit for the year	–	–	2,865	2,865	1	2,866
<b>Other comprehensive income</b>						
Fair value adjustment of hedging instruments	–	–17	–	–17	–	–17
Tax attributable to fair value adjustments	–	4	–	4	–	4
Actuarial gains/losses	–	–	–55	–55	–	–55
Tax on actuarial gains/losses	–	–	11	11	–	11
Exchange differences for the year	–	–138	–	–138	–	–138
<b>Total comprehensive income</b>	<b>–</b>	<b>–151</b>	<b>2,821</b>	<b>2,670</b>	<b>1</b>	<b>2,671</b>
<b>Transactions with shareholders</b>						
Acquisition of non-controlling interests	–	–	–	–	–	–
Sale of shares with non-controlling interests	–	–	0	0	–1	–1
Dividend paid for 2022	–	–	–946 <sup>2)</sup>	–946	–	–946
New share issue	–	–	–	–	–	–
Hedging of incentive programme	–	–	–51	–51	–	–51
Share-based payments	–	–	43	43	–	43
<b>Total transactions with shareholders</b>	<b>–</b>	<b>–</b>	<b>–954</b>	<b>–954</b>	<b>–1</b>	<b>–955</b>
<b>CLOSING BALANCE, 31 DECEMBER 2023</b>	<b>729</b>	<b>693</b>	<b>13,053</b>	<b>14,475</b>	<b>14</b>	<b>14,489</b>

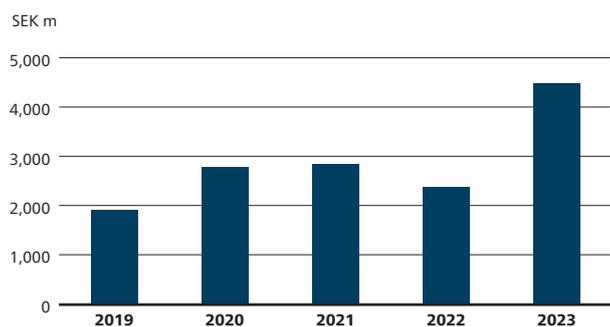
1) The dividend per share for 2021 was SEK 2.30.

2) The dividend per share for 2022 was SEK 2.60. The proposed dividend per share for 2023 is SEK 2.85.

## Consolidated statement of cash flows

SEK million	Note	2023	2022
<b>Operating activities</b>			
Operating profit		4,158	3,620
<i>Adjustment for</i>			
Depreciation/amortisation	9, 16, 17	1,565	1,258
Adjustment of contingent consideration	31	-495	-138
Net profit from sale of operations, property, plant and equipment, intangible assets and shares		443	66
Other non-cash items		66	34
Paid tax		-1,054	-764
<i>Change in working capital</i>			
Inventories		417	-1,012
Trade receivables		190	-611
Trade payables		-183	98
Other operating assets and liabilities, net		-225	-33
Interest received		59	36
Interest paid		-421	-160
Other financial items		-29	-22
<b>Cash flow from operating activities</b>		<b>4,491</b>	<b>2,372</b>
<b>Investing activities</b>			
Acquisition of subsidiaries and operations	32	-1,576	-2,828
Sales of subsidiaries and operations	32	0	2
Acquisition of property, plant and equipment	17	-519	-511
Sales of property, plant and equipment	17	18	49
Acquisition of intangible assets	16	-41	-36
Decrease in financial assets		1	7
Increase in financial assets		-11	0
<b>Cash flow from investing activities</b>		<b>-2,128</b>	<b>-3,317</b>
<b>Financing activities</b>			
Proceeds from borrowings	31	2,619	3,949
Repayment of borrowings	31	-2,110	-1,724
Reduction of lease liability	31	-495	-408
Dividend paid		-946	-837
New share issue		-	11
<b>Cash flow from financing activities</b>		<b>-932</b>	<b>991</b>
<b>Cash flow for the year</b>		<b>1,431</b>	<b>46</b>
Cash and cash equivalents at beginning of year		1,589	1,460
Exchange differences in cash and cash equivalents		-8	83
<b>Cash and cash equivalents at end of year</b>	30, 31	<b>3,012</b>	<b>1,589</b>

### Cash flow from operating activities



## Parent Company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control, analysis, communication, HR and sustainability. The Parent Company's net sales, which consist entirely of internal invoicing of services, amounted to SEK 12 million (11) during the year. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year, the Parent Company acquired shares in five companies.

The Parent Company has not made any major investments in intangible assets or property, plant and equipment. The number of employees as of 31 December was 23 (21). Receivables from Group companies and liabilities to Group companies consist mainly of lending to subsidiaries and deposits from subsidiaries.

## Income statement, Parent Company

SEK million	Note	2023	2022
Net sales		12	11
<b>Gross profit</b>		<b>12</b>	<b>11</b>
Administrative expenses	5	-171	-146
Other operating income and expenses	6	-	-
<b>Operating profit</b>	8, 9, 10, 11	<b>-159</b>	<b>-135</b>
Finance income	12	624	261
Finance costs	13	-494	-170
Profit from investments in Group companies	14	1,341	1,927
<b>Profit after financial items</b>		<b>1,312</b>	<b>1,883</b>
Group contributions received		1,248	1,148
Group contributions paid		-294	-186
Change in tax allocation reserve		-98	-112
Excess depreciation of equipment		0	0
<b>Profit before tax</b>		<b>2,168</b>	<b>2,733</b>
Tax	15	-179	-168
<b>Net profit for the year</b>		<b>1,989</b>	<b>2,565</b>

## Statement of comprehensive income, Parent Company

SEK million	Note	2023	2022
<b>Net profit for the year</b>		<b>1,989</b>	<b>2,565</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value adjustment of hedging instruments	2	-	3
Tax attributable to fair value adjustments	15	-	0
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>3</b>
<b>Total comprehensive income for the period</b>		<b>1,989</b>	<b>2,568</b>

## Balance sheet, Parent Company

SEK million	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	16	1	1
Property, plant and equipment	17	3	2
Financial assets	15, 19, 20	11,502	9,785
<b>Total non-current assets</b>		<b>11,506</b>	<b>9,788</b>
<b>Current assets</b>			
Receivables from Group companies		10,016	10,861
Other receivables		93	60
Prepaid expenses	23	26	18
Cash and cash equivalents	30	1,963	592
<b>Total current assets</b>		<b>12,098</b>	<b>11,531</b>
<b>TOTAL ASSETS</b>		<b>23,604</b>	<b>21,319</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	35	729	729
Statutory reserve		5	5
		<b>734</b>	<b>734</b>
<i>Unrestricted equity</i>			
Share premium reserve		256	256
Reserve for fair value		0	0
Retained earnings		7,974	6,401
Net profit for the year		1,989	2,565
		<b>10,219</b>	<b>9,222</b>
<b>Total equity</b>		<b>10,953</b>	<b>9,956</b>
<b>Untaxed reserves</b>			
Tax allocation reserve	36	966	867
Excess depreciation of equipment		0	0
<b>Total untaxed reserves</b>		<b>966</b>	<b>867</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	24	6,834	6,355
Pension obligations	25	39	31
Deferred tax liabilities	15	1	4
<b>Total non-current liabilities</b>		<b>6,874</b>	<b>6,390</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	24	1,578	1,536
Trade payables		9	7
Liabilities to Group companies		3,015	2,384
Other current liabilities		32	79
Current tax liabilities		67	46
Accrued expenses	27	110	54
<b>Total current liabilities</b>		<b>4,811</b>	<b>4,106</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,604</b>	<b>21,319</b>

Information on pledged assets and contingent liabilities is provided in Notes 28 and 29.

## Statement of changes in equity, Parent Company

SEK million	Share capital	Reserves	Share premium reserve	Reserve for fair value	Retained earnings	Total
<b>OPENING BALANCE, 1 JANUARY 2022</b>	<b>728</b>	<b>5</b>	<b>246</b>	<b>-3</b>	<b>7,278</b>	<b>8,254</b>
<b>Comprehensive income</b>						
Net profit for the year	-	-	-	-	2,565	2,565
<b>Other comprehensive income</b>						
Fair value adjustment of hedging instruments	-	-	-	3	-	3
Tax attributable to fair value adjustments	-	-	-	0	-	0
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2,565</b>	<b>2,568</b>
<b>Transactions with shareholders</b>						
Dividend paid for 2021	-	-	-	-	-837 <sup>1)</sup>	-837
New share issue	1	-	10	-	-	11
Hedging of incentive programme	-	-	-	-	-44	-44
Employee benefit expenses	-	-	-	-	4	4
<b>Total transactions with shareholders</b>	<b>1</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-877</b>	<b>-866</b>
<b>CLOSING BALANCE, 31 DECEMBER 2022</b>	<b>729</b>	<b>5</b>	<b>256</b>	<b>0</b>	<b>8,966</b>	<b>9,956</b>
<b>OPENING BALANCE, 1 JANUARY 2023</b>	<b>729</b>	<b>5</b>	<b>256</b>	<b>0</b>	<b>8,966</b>	<b>9,956</b>
<b>Comprehensive income</b>						
Net profit for the year	-	-	-	-	1,989	1,989
<b>Other comprehensive income</b>						
Fair value adjustment of hedging instruments	-	-	-	-	-	-
Tax attributable to fair value adjustments	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,989</b>	<b>1,989</b>
<b>Transactions with shareholders</b>						
Dividend paid for 2022	-	-	-	-	-946 <sup>2)</sup>	-946
New share issue	-	-	-	-	-	-
Hedging of incentive programme	-	-	-	-	-51	-51
Employee benefit expenses	-	-	-	-	5	5
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-992</b>	<b>-992</b>
<b>CLOSING BALANCE, 31 DECEMBER 2023</b>	<b>729</b>	<b>5</b>	<b>256</b>	<b>0</b>	<b>9,963</b>	<b>10,953</b>

1) The dividend per share for 2021 was SEK 2.30.

2) The dividend per share for 2022 was SEK 2.60. The proposed dividend per share for 2023 is SEK 2.85.

## Cash flow statement, Parent Company

SEK million	Note	2023	2022
<b>Operating activities</b>			
Operating profit		-159	-135
<i>Adjustment for</i>			
Depreciation, amortisation and impairment	9, 16, 17	1	1
Other non-cash items		7	5
Paid tax		-164	-110
<i>Change in working capital</i>			
Trade receivables		-	-
Trade payables		3	2
Other operating assets and liabilities, net		1,421	-2,030
Interest received		615	261
Interest paid		-459	-148
Group contributions received and dividend income		2,413	2,778
Other financial items		-23	-15
<b>Cash flow from operating activities</b>		<b>3,655</b>	<b>609</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	19	-2,049	-2,338
Divestment of subsidiaries	19	-	-
Acquisition of intangible assets and property, plant and equipment	16, 17	-2	-1
<b>Cash flow from investing activities</b>		<b>-2,051</b>	<b>-2,339</b>
<b>Financing activities</b>			
Proceeds from borrowings		2,595	3,917
Repayment of borrowings		-1,882	-1,258
Dividend paid		-946	-837
New share issue		-	11
<b>Cash flow from financing activities</b>		<b>-233</b>	<b>1,833</b>
<b>Cash flow for the year</b>		<b>1,371</b>	<b>103</b>
Cash and cash equivalents at beginning of year		592	489
<b>Cash and cash equivalents at end of year</b>	30	<b>1,963</b>	<b>592</b>

Unless otherwise stated, all amounts in the notes are in SEK million. Rounding-off differences may occur.

The symbols **IS** and **BS** indicate amounts in the notes that can be found in the income statement or balance sheet, respectively.

## 01 Accounting and valuation principles

### General information

The Indutrade Group manufactures, markets and sells components, systems and services with a high-tech content to industrial companies in selected niches. Business is conducted via more than 200 subsidiaries in 30 countries. Indutrade's shares are listed on Nasdaq Stockholm. Up until 31 December 2023, the Group was structured into eight business areas. As of 1 January 2024, the Group is structured into five business areas.

The Parent Company, Indutrade AB, is a limited liability company with registered office in Stockholm.

These consolidated financial statements, prepared by the Indutrade Group as of 31 December 2023, were approved by the Board of Directors for publication on 15 March 2024. The consolidated and Parent Company income statements and balance sheets will be presented for adoption by the Annual General Meeting on 9 April 2024.

General accounting principles and new standards are reported below. Other material accounting principles are reported in connection with the respective notes.

### Basis of preparation

The consolidated financial statements of the Indutrade Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union as well as with RFR 1 and the Swedish Annual Accounts Act. Assets and liabilities have been recognised at historical cost, except for remeasurement of financial assets and liabilities (including derivative instruments) measured at fair value.

Preparation of financial statements in accordance with IFRS requires the use of a number of significant accounting estimates. In addition, application of the Company's accounting principles requires management to make certain assessments. Areas that involve a high degree of assessment, or areas in which assumptions and estimates are of material significance for the consolidated financial statements, are described below in the section "Significant accounting estimates and assumptions".

### Standards, amendments and interpretations effective from 1 January 2023

There are no new IFRS or IFRIC pronouncements that have had a significant impact on the Group's result of operations and position in 2023.

No newly issued IFRS or interpretations have been applied early.

### Standards, amendments and interpretations effective from 1 January 2024

There are no new IFRS or IFRIC pronouncements that will have a significant impact on the Group's result of operations and position in 2024.

No newly issued IFRS or interpretations have been applied early.

### Basis of consolidation

The consolidated financial statements include subsidiaries over which the Group directly or indirectly has control. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method is used for reporting of the Group's business acquisitions. The consideration for the acquisition of a subsidiary comprises the fair value of the cash consideration paid and the fair value of liabilities arising from a contingent consideration agreement, i.e. the fair value of assets acquired and liabilities assumed, and goodwill arising from the acquisition. Transaction costs in connection with acquisitions are recognised directly in profit for the year as other operating expenses. In cases where contingent consideration is remeasured at fair value, this is recognised in operating profit. Identifiable assets acquired and liabilities assumed in a business acquisition are initially measured at their acquisition-date fair value.

For each acquisition, the Group decides whether to recognise non-controlling interests in the acquiree at their proportionate share of the fair value of identifiable net assets (partial goodwill method), which means that goodwill is not included, or at fair value (full goodwill method), which means that goodwill is also recognised for the non-controlling interests. Subsequent acquisitions up to 100% are reported as equity transactions.

Goodwill is initially measured at the amount by which the total consideration and non-controlling interests exceed the fair value of identifiable assets acquired and liabilities assumed.

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. Transactions with non-controlling interests are reported in equity.

### Classification

Non-current assets and non-current liabilities consist essentially of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets and current liabilities consist essentially of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

### Foreign currency translation

Items in the financial statements of each Group entity are measured in the currency used in the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Swedish kronor, which is the Parent Company's functional and presentation currency. The earnings and financial position of all Group companies that have a different functional currency from the presentation currency are translated to the Group's presentation currency as follows:

- assets and liabilities in the subsidiaries' balance sheets are translated at the closing rate,
- income and expenses in the income statements are translated at the average exchange rate for the year, and
- all exchange differences that arise are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and are translated at the exchange rate in effect on the balance sheet date.

## Financial statement

Note 1 continued

### **Transactions and balance sheet items in foreign currency**

Foreign currency transactions are translated to the functional currency at the exchange rate in effect on the transaction date. Exchange gains and losses arising on settlement of such transactions, or on translation of monetary assets and liabilities denominated in foreign currencies at the closing rate, are recognised in profit or loss. The exception is when the transactions are qualifying cash flow hedges or qualifying net investment hedges, in which case gains/losses are recognised in other comprehensive income.

Exchange differences arising on translation or realisation of operating assets/liabilities are reported as other income/expenses, while exchange differences arising on payment of financial assets/liabilities are reported as finance income/finance costs.

### **Significant accounting estimates and assumptions**

The Group makes estimates and assumptions about the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. This primarily applies to assessments of: goodwill impairment testing, the contingent consideration outcome, defined benefit pension obligations, the discount rate for leasing and the lease term. Assumptions and estimates are evaluated regularly and are based on historical experience and expectations about future events that are considered reasonable under the present circumstances.

### **Parent Company**

The Parent Company accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all EU-approved IFRS and standard interpretations to the extent possible within the scope of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit. The recommendation sets out the exemptions from and additions to IFRS that are to be applied.

In the Parent Company, investments in Group companies are accounted for using the cost method. A change in the contingent consideration liability affects the value of investments in subsidiaries. Contingent consideration is recognised in the Parent Company when it is certain or probable that the obligation will arise.

In the Parent Company, untaxed reserves are recognised inclusive of deferred tax liability, while in the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

Group contributions are recognised as appropriations on a gross basis in accordance with the alternative rule in RFR 2.

### **Derivative instruments**

Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value, both initially and in any subsequent remeasurement. The method for recognising the gain or loss on remeasurement depends on the derivative's designation. The Group designates certain derivatives as hedges of a highly probable forecast transaction (cash flow hedge). More information is provided below under Cash flow hedging.

For other derivatives, realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement in the period in which they arise. The costs and earnings impact of forward contracts used to hedge loans are reported under finance income and finance costs.

### **Cash flow hedging**

The effective portion of changes in the fair value of a derivative instrument designated as a cash flow hedge and that qualifies for hedge accounting is recognised in other comprehensive income. Changes in the value of derivatives, such as forward contracts, are recognised in the income statement on the same line and at the same point in time as the hedged item, normally as part of other operating income/expense.

Indutrade uses interest rate swaps to some extent to hedge borrowings at variable interest rates. The gain or loss attributable to the effective portion is recognised in other comprehensive income, while the ineffective portion is recognised immediately in the income statement under interest income and expenses. Amounts deferred in equity are reclassified to the income statement in the periods in which the hedged item affects profit or loss (e.g., when the forecast hedged interest payment is made). The gain or loss attributable to the effective portion of interest rate swaps is recognised in the income statement under interest income and expenses.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was previously recognised in the hedging reserve through other comprehensive income is immediately transferred to the income statement.

### **Holdings of shares and interests in unlisted companies**

This category includes non-derivative financial assets that have been designated to this category at the time of acquisition or have not been classified in any other category. These are included in non-current assets unless the Group has the intention of selling the asset within 12 months after the balance sheet date. The Group has only negligible holdings of such assets. The difference between the carrying amount and fair value is considered to be immaterial.

## 02 Risks and risk management

### **Accounting principles**

#### **Financial instruments**

The Group's main financial instruments are trade receivables, cash and cash equivalents, trade payables, borrowings, contingent consideration and derivative instruments.

#### **Trade payables**

As Indutrade's trade payables typically fall due within 6 months, they are classified as current liabilities. Trade payables are initially measured at fair value and thereafter at amortised cost.

### **Financial risks**

In the course of its business, the Indutrade Group is exposed to various types of financial risk:

- Funding risk
- Interest rate risk
- Currency risk
- Customer and counterparty risks

### **Finance policy**

Indutrade's Board of Directors sets the Company's finance policy on a yearly basis. This policy establishes the Company's financial strategy and internal delegation of responsibilities. The policy also governs such matters as how financing, liquidity management and currency risk management are to be handled within the Group as well as any restrictions that should be considered with respect to counterparties.

## Note 2 continued

**Funding risk and liquidity risk**

Funding risk is the risk that funding of the Group's capital requirement will be impeded or become more costly. To mitigate funding risk, the Group strives to maintain a balanced maturity structure, a good liquidity reserve and diversified borrowing. This creates a preparedness to take necessary alternative actions to raise capital, should this be necessary.

Indutrade manages the Group's funding needs centrally. Nearly all of the external funding is conducted by the Parent Company, which then funds the Group's subsidiaries, both in and outside Sweden, in local currency. Cash pools are established in Sweden, Finland, Norway, Denmark, Germany, the Netherlands and the UK.

To ensure long-term financing, Indutrade has revolving credit facilities of SEK 5,500 million running for two years. These facilities were unutilised at year-end.

Indutrade's agreements with the banks contain a number of financial covenants. All of the covenants were met by a good margin during the year.

Indutrade has a commercial paper programme with a framework of SEK 3,000 million.

Indutrade also has an MTN programme (Medium Term Note), which has a total lending limit of SEK 10,000 million.

The Group's interest-bearing net debt was SEK 7,747 million (8,580) at the end of the year.

The Group had SEK 3,012 million (1,589) in cash and cash equivalents and SEK 6,235 million (4,985) in unutilised overdraft facilities at the end of the year. Of the Group's interest-bearing loans, 81% of the total principal falls due for payment after 31 December 2024. For a more detailed maturity analysis, see the description of the Group's borrowings in Note 24.

The Group strives to maintain a reasonable balance between equity, debt financing and liquidity, to enable the Group to secure funding at a reasonable capital cost. The Group's goal is that the net debt/equity ratio, defined as interest-bearing liabilities less cash and cash equivalents in relation to equity, should not normally exceed 100%. The net debt/equity ratio amounted to 53% (67%) at the end of the year.

**Interest rate risk**

Interest rate risk is the risk that unfavourable changes in interest rates will have a significant impact on the Group's net financial items and earnings. At year-end, as in the previous year, most of the Group's loans had variable interest rates.

Based on the loan structure at year-end, a 1% rise in the interest rate on an annualised basis would result in a higher interest expense of approximately SEK -65 million (-54), taking into account the loan's fixed rate term. Profit after tax would be affected by SEK -52 million (-41).

The table below shows the remaining contractual terms to maturity, including interest on loans and contingent considerations. Trade payables normally have a term of less than six months.

For information on the utilisation of bank overdraft facilities, granted credit limits and contingent consideration, see also Note 24. Lease liabilities are disclosed in Note 18.

**Maturity dates for loans and contingent consideration, incl. interest**

	Group		Parent Company	
	2023	2022	2023	2022
Maturity in 2023	-	1,998	-	1,751
Maturity in 2024	2,256	2,178	1,971	1,935
Maturity in 2025	3,515	2,156	3,311	1,972
Maturity in 2026	2,078	1,956	2,064	1,942
Maturity in 2027	1,096	1,079	1,087	1,021
Maturity in 2028 or later	1,044	-	1,022	-
<b>Total borrowings incl. interest, SEK million</b>	<b>9,989</b>	<b>9,367</b>	<b>9,455</b>	<b>8,621</b>

**Currency risk**

Currency risk is the risk of unfavourable movements in exchange rates affecting the Group's earnings and equity measured in SEK:

- Transaction exposure arises as a result of the Group having incoming and outgoing payments in foreign currencies.
- Translation exposure arises as a result of the Group, via its foreign subsidiaries, having net investments in foreign currencies.

The Indutrade Group's transaction exposure arises when subsidiaries import products for sale in the domestic market and/or sell products in foreign currency. Currency effects are eliminated to the extent possible by using currency clauses in customer contracts and by buying and selling in the same currency. In certain cases, forward contracts are used. Indutrade therefore considers its transaction exposure to be limited.

The consolidated income statement includes net exchange differences of SEK 4 million (47) in operating profit and SEK 6 million (6) in net financial items.

With regard to operational transaction exposure, Indutrade had a net exposure of SEK 143 million (199) in foreign currency at 31 December 2023. See the breakdown of currencies in the following table.

**Net exposure at end of year**

Group SEK million	2023		2022	
	Local currency	SEK	Local currency	SEK
USD	8.8	89	9.2	96
EUR	3.6	40	11.3	126
DKK	15.5	23	12.3	18
NOK	9.0	9	-	-
CHF	-0.5	-6	-0.4	-5
GBP	-1.8	-23	-3.1	-39
Other currencies		11		3
<b>Total</b>		<b>143</b>		<b>199</b>

At year-end, the Group had outstanding forward contracts to reduce the currency risk associated with future cash flows. All of the contracts mature within 20 months. A market valuation of outstanding forward contracts at 31 December 2023 resulted in an unrealised loss of SEK -16 million (1) before tax, which is recognised in other comprehensive income.

## Financial statement

### Note 2 continued

#### Forward contracts

Group SEK million	2023	2022
USD	157	193
EUR	144	111
GBP	31	16
SEK	25	1
NOK	20	4
SGD	6	9
DKK	1	1
AUD	–	–
<b>Total</b>	<b>384</b>	<b>335</b>

In addition, the Parent Company has hedged outstanding receivables from subsidiaries, liabilities to subsidiaries and contingent consideration.

#### Forward contracts

Parent Company SEK million	2023	2022
EUR	1,512	2,233
GBP	1,364	2,707
CHF	888	594
USD	243	228
DKK	202	54
NOK	160	79
CZK	22	–
PLN	3	26
AUD	2	3
<b>Total</b>	<b>4,396</b>	<b>5,924</b>

All contracts mature within 26 months.

The Group is exposed to a translation risk associated with translation of the accounts of foreign subsidiaries to the Group currency, SEK. This type of currency risk is not hedged. Net investments in foreign subsidiaries at year-end are shown in the table below. Indutrade also had net investments in other currencies in both 2023 and 2022, but the amounts were not material.

#### Net investments in foreign subsidiaries

Group Net exposure in millions	2023		2022	
	Local currency	SEK	Local currency	SEK
EUR	697	7,735	607	6,752
DKK	1,433	2,133	1,195	1,788
GBP	166	2,117	170	2,145
CHF	79	949	59	661
NOK	816	806	723	765
<b>Total</b>		<b>13,740</b>		<b>12,111</b>

Indutrade estimates that the Company's translation exposure is such that a 1% change in the value of the SEK against other currencies would result in a yearly positive/negative effect (in the event of a weakening/strengthening of the SEK) corresponding to approximately SEK 244 million (203) on net sales and approximately SEK 20 million (19) on net profit. The effect on equity of a 1% change would be SEK 140 million (125).

#### Customer and counterparty risks

In the treasury management activities, credit risks arise in connection with investments of cash and cash equivalents, and counterparty risks arise in connection with the use of forward contracts. These risks are limited by working with counterparties that have been approved in accordance with the guidelines stipulated in the finance policy. These have primarily been major commercial Nordic banks.

The risk of the Group's customers failing to meet their obligations, i.e., of payment not being received from customers, constitutes a customer credit risk. Assessment of Indutrade's credit risk in commercial transactions is handled by the respective subsidiaries. The Indutrade Group does business in many countries, which entails a spread of credit risk exposure over several geographic areas. No single customer accounts for more than 3% of sales. For information on sales per geographic area, see Note 4.

Information on age analysis, loss allowance and credit losses is presented in Note 22.

#### Financial assets and liabilities

Financial instruments are measured at fair value, based on their classification in the fair value measurement hierarchy: Inputs other than quoted prices (level 2) that are observable for assets or liabilities, unobservable market data (level 3).

No transfers between level 2 and level 3 were made during the year. Contingent consideration has been discounted to present value using an interest rate that is considered a fair reflection of the acquisition-date market rate. Adjustments are not made on an ongoing basis for changes in the market interest rate, as their effects are considered immaterial. For further information about contingent consideration and loans, see Note 24.

#### Contingent consideration

	2023	2022
<b>Opening carrying amount</b>	<b>1,220</b>	<b>861</b>
Acquisitions during the year	215	659
Consideration paid	–224	–235
Reclassified via income statement	–496	–139
Interest expenses	12	14
Exchange differences	–6	60
<b>Closing carrying amount</b>	<b>721</b>	<b>1,220</b>

## Note 2 continued

## The Group's financial assets and liabilities in 2023

Measurement classification	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	Holdings of shares and interests in unlisted companies	Contingent consideration	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2		Level 3				
Other shares and interests	–	–	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
<b>Total</b>	<b>6</b>	<b>7,461</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>7,479</b>	<b>7,479</b>
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
<b>Total</b>	<b>21</b>	<b>–</b>	<b>–</b>	<b>721</b>	<b>11,505</b>	<b>12,247</b>	<b>12,289</b>

## The Group's financial assets and liabilities in 2022

Measurement classification	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	Holdings of shares and interests in unlisted companies	Contingent consideration	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2		Level 3				
Other shares and interests	–	–	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
<b>Total</b>	<b>5</b>	<b>6,065</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>6,083</b>	<b>6,083</b>
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
<b>Total</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>1,220</b>	<b>10,576</b>	<b>11,798</b>	<b>11,764</b>

## 03 Segment reporting

### Accounting principles

Segment reporting is based on internal reporting to the chief operating decision maker. For Indutrade, this means the Group CEO and the key ratios that are presented for the business areas.

Detailed information on segment revenue is provided in Note 4 Revenue from contracts with customers.

Until 31 December, the Group was organised under eight business areas, Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK, which constitute the Group's operating segments.

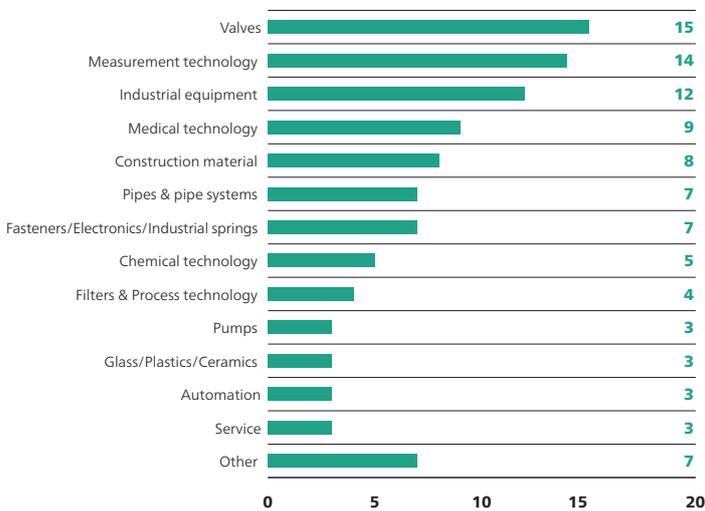
The Group's business areas operate primarily in the Nordic countries and in central and northern Europe. See the Directors' Report for a description of each business area.

According to IFRS, "Other" is the part of operations that does not constitute its own operating segment. At Indutrade, only the Parent Company is included in Other. As Indutrade AB lacks a major revenue source, the Parent Company does not constitute its own operating segment.

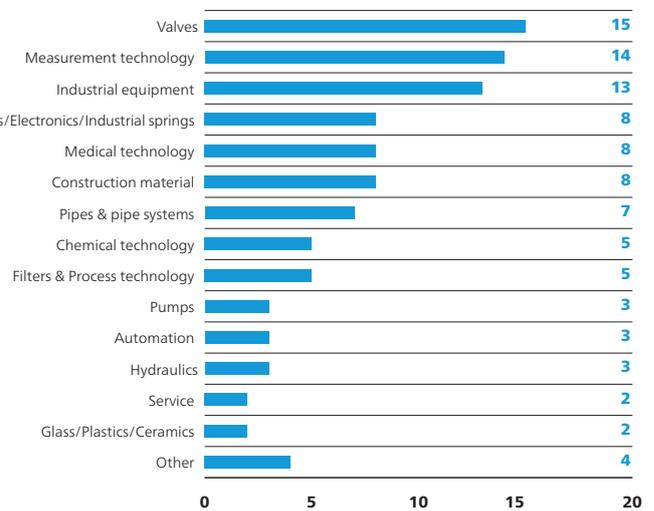
The operating segments are monitored through net sales, which include both external and internal sales. However, the scope of internal sales between the subsidiaries is very limited, which is shown in the eliminations column in the table below.

For Indutrade, the earnings measure that is monitored is EBITA. The business areas are followed up using the same accounting principles as the Group.

Sales per product area 2023, %



Sales per product area 2022, %



Note 3 continued

2023	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	PC	Elim. <sup>1)</sup>	Total
Net sales	5,178	2,656	2,374	6,037	3,782	6,185	3,583	2,136	12	-108	31,835
Operating profit	588	385	323	951	519	893	462	181	-159	15	4,158
Net financial items											-467
Tax											-825
Net profit for the period											2,866
EBITA <sup>2)</sup>	697	443	348	1,009	598	985	585	248	-159	15	4,769
EBITA margin, %	13.5	16.7	14.7	16.7	15.8	15.9	16.3	11.6			15.0
Amortisation of intangible assets	-115	-60	-31	-62	-85	-104	-133	-68	-	-1	-659
<i>of which attributable to acquisitions</i>	-109	-58	-25	-58	-79	-92	-123	-67	-	-	-611
Depreciation of property, plant and equipment	-157	-108	-87	-115	-134	-123	-102	-81	-1	2	-906
Investments in non-current assets	71	102	18	62	87	52	88	64	2	-	546

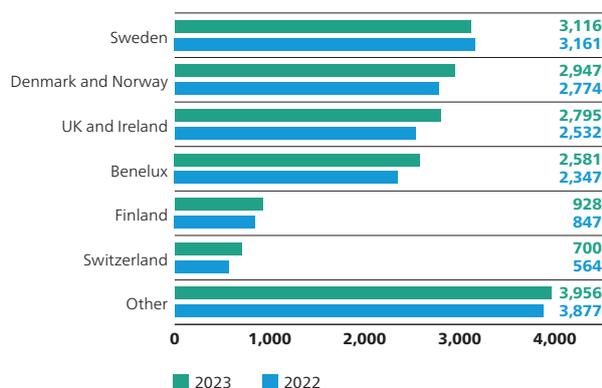
2022	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	PC	Elim. <sup>1)</sup>	Total
Net sales	4,084	2,111	2,220	5,407	2,970	5,396	2,949	1,994	11	-126	27,016
Operating profit	519	275	350	829	407	781	446	168	-135	-20	3,620
Net financial items											-180
Tax											-759
Net profit for the period											2,681
EBITA <sup>2)</sup>	599	316	370	882	453	867	535	231	-135	-20	4,098
EBITA margin, %	14.7	15.0	16.7	16.3	15.3	16.1	18.1	11.6			15.2
Amortisation of intangible assets	-85	-45	-25	-56	-50	-95	-105	-63	-	-	-524
<i>of which attributable to acquisitions</i>	-80	-41	-20	-53	-46	-86	-89	-63	-	-	-478
Depreciation of property, plant and equipment	-124	-76	-75	-102	-101	-103	-80	-72	-1	-	-734
Investments in non-current assets	70	183	29	57	58	35	71	63	-	-	566

1) Primarily elimination of intra-Group sales and intra-Group profit on inventory.

2) EBITA less depreciation/amortisation attributable to acquisitions is the same as Operating profit/loss.

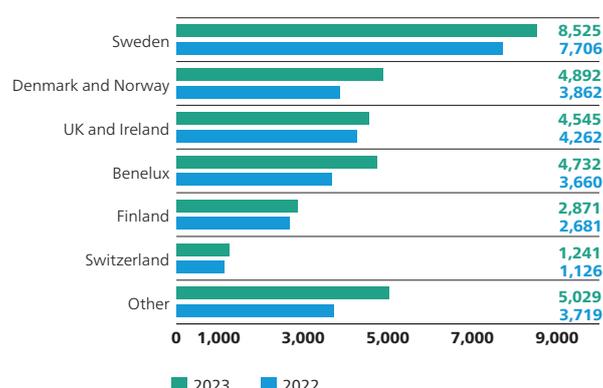
FT – Flow Technology    FMS – Fluids & Mechanical Solutions    IC – Industrial Components    MST – Measurement & Sensor Technology    PC – Parent Company & Group items

The Group's non-current assets per geographic area, SEK million



Based on where the Group's legal companies have their registered offices. Not including financial assets.

The Group's revenue per geographic area, SEK million



Based on where the Group's legal companies have their registered offices. The information on page 2 is based on where the customers are located.

## 04 Revenue from contracts with customers

### Accounting principles

Most of Indutrade's revenues consist of sales of products that are recognised as revenue at a set point in time. The sale is recognised as revenue when control of the products has been transferred, which typically takes place when the products are delivered to the customer. Delivery takes place when the products have been transported to a specific location, the risk for obsolete or misplaced products has been transferred to the customer, and the customer has either accepted the products in accordance with the contract, the time allowed for objections to the contract has expired, or the Group has objective evidence that all criteria for acceptance have been met.

Certain contracts include services, such as for installation of a product. Revenue for installations is typically recognised at a point in time, as it does not meet the criteria for revenue recognition over time. If the installation can be performed by another party, the service is reported as a separate performance obligation. If this is the case, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on an expected cost plus margin.

In a few cases, revenue is generated from service/maintenance agreements. This revenue is recognised on a straight-line basis over the term of the contract.

Volume discounts are frequently offered to customers and reduce the level of revenue. Historical data is used to estimate the expected value of the discounts, and the revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur.

A few companies work with larger projects where performance does not create an asset with an alternative use and

where the company has a right to payment for performance completed to date, such as manufacturing of a customised product. This revenue is recognised over time. Increases or decreases in estimated revenue or expenses that are attributable to changed estimates are recognised in the income statement in the period in which the circumstances that gave rise to the change became known.

For fixed-price contracts, the customer pays the agreed price on contracted payment dates. If the products or services that have been delivered exceed the payment, a contract asset is recognised. If the payments exceed the delivered services, a contract liability is recognised.

Warranties are offered and consist mostly of assurance-type warranties, i.e., the warranty does not represent a separate performance obligation and thus does not affect revenue recognition, but is instead reported as an expense and provision. The right for customers to return products exists only to a very limited extent within the Group.

The Group does not expect to have any significant contracts where the time between transfer of the products or services to the customer and payment from the customer exceeds one year. As a result, the Group does not adjust the transaction price for the effects of a significant financing component.

The Group does not have any significant assets that have arisen from costs to fulfil a contract, such as costs of obtaining a contract with customers, costs prior to entering into a contract or start-up costs.

As the Indutrade Group does not receive revenue from any single customer that amounts to 10% of the total, no associated disclosures are provided.

2023	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim.	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
<b>IS</b>	<b>5,178</b>	<b>2,656</b>	<b>2,374</b>	<b>6,037</b>	<b>3,782</b>	<b>6,185</b>	<b>3,583</b>	<b>2,136</b>	<b>-96</b>	<b>31,835</b>
Timing of revenue recognition										
- Over time	67	303	0	0	336	9	360	0	-10	1,065
- At a point in time	5,111	2,353	2,374	6,037	3,446	6,176	3,223	2,136	-86	30,770
<b>IS</b>	<b>5,178</b>	<b>2,656</b>	<b>2,374</b>	<b>6,037</b>	<b>3,782</b>	<b>6,185</b>	<b>3,583</b>	<b>2,136</b>	<b>-96</b>	<b>31,835</b>
2022	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim.	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
<b>IS</b>	<b>4,084</b>	<b>2,111</b>	<b>2,220</b>	<b>5,407</b>	<b>2,970</b>	<b>5,396</b>	<b>2,949</b>	<b>1,994</b>	<b>-115</b>	<b>27,016</b>
Timing of revenue recognition										
- Over time	52	269	0	0	249	23	223	0	-4	812
- At a point in time	4,032	1,842	2,220	5,407	2,721	5,373	2,726	1,994	-111	26,204
<b>IS</b>	<b>4,084</b>	<b>2,111</b>	<b>2,220</b>	<b>5,407</b>	<b>2,970</b>	<b>5,396</b>	<b>2,949</b>	<b>1,994</b>	<b>-115</b>	<b>27,016</b>

FT – Flow Technology

FMS – Fluids & Mechanical Solutions

IC – Industrial Components

MST – Measurement & Sensor Technology

PC – Parent Company & Group Items

## Note 4 continued

	Group	
	2023	2022
<b>Contract assets</b>		
<b>Opening carrying amount</b>	<b>231</b>	<b>166</b>
Acquisitions and divestments	15	7
New contracts and increase in existing contracts	454	250
Reclassification of contract asset to trade receivable	-303	-205
Exchange differences	3	13
<b>BS Closing carrying amount</b>	<b>400</b>	<b>231</b>

	Group	
	2023	2022
<b>Contract liabilities</b>		
<b>Opening carrying amount</b>	<b>331</b>	<b>207</b>
Acquisitions and divestments	8	26
Increase in contract liabilities during the year	239	174
Revenue recognised that was included in contract liability balance at beginning of period	-143	-91
Exchange differences	0	15
<b>BS Closing carrying amount</b>	<b>435</b>	<b>331</b>

In 2023, revenue from performance obligations satisfied in previous periods amounted to SEK 0 million (0). This type of revenue could consist of customer bonuses that did not need to be paid and changes in the estimated revenue or costs of major projects based on changed assumptions.

Remaining long-term customer contracts with performance obligations that are unsatisfied or partially unsatisfied at 31 December 2023 amount to SEK 251 million. Of this amount, SEK 207 million is expected to be recognised as revenue during the next financial year and the remainder, SEK 44 million, in 2025.

Other contracts with customers have an original expected duration of 1 year or less. In accordance with IFRS 15, disclosures of the transaction price have not been provided for these unsatisfied obligations.

## 05 Income statement classified by nature of expense

	Group		Parent Company	
	2023	2022	2023	2022
Merchandise, raw materials and consumables	-16,391	-14,019	-1	0
Employee benefit expenses	-7,079	-5,916	-107	-90
Depreciation/amortisation, Note 9, 16, 17, 18	-1,565	-1,258	-1	-1
Transport costs	-628	-535	-1	-1
Marketing costs	-255	-217	-2	-3
Property-related costs	-1,355	-1,123	-13	-10
Other costs	-488	-455	-46	-41
<b>IS Total</b>	<b>-27,761</b>	<b>-23,523</b>	<b>-171</b>	<b>-146</b>

## 06 Other operating income/expenses

	Group		Parent Company	
	2023	2022	2023	2022
<b>Other operating income</b>				
Exchange gains	145	157	-	-
Remeasurement of contingent consideration liabilities, Note 2	500	139	-	-
Gain on sale of subsidiaries/operations	0	10	-	-
Insurance and similar payments	19	3	-	-
Other	1	16	-	-
<b>IS Total</b>	<b>665</b>	<b>325</b>	<b>-</b>	<b>-</b>
<b>Other operating expenses</b>				
Exchange losses	-141	-110	-	-
Remeasurement of contingent consideration liabilities, Note 2	-5	-1	-	-
Transaction costs associated with acquisitions, Note 32	-15	-15	-	-
Loss on sale of subsidiaries/operations	0	0	-	-
Impairment of intangible assets, Note 16	-421	-72	-	-
Other	1		-	-
<b>IS Total</b>	<b>-581</b>	<b>-198</b>	<b>-</b>	<b>-</b>
<b>Other operating income/expenses, net</b>	<b>84</b>	<b>127</b>	<b>-</b>	<b>-</b>

## 07 Average number of employees

	2023		2022	
	Number of employees	Of whom women	Number of employees	Of whom women
Parent Company	21	12	20	11
Subsidiaries in Sweden	1,892	464	1,742	413
<b>Total Sweden</b>	<b>1,913</b>	<b>476</b>	<b>1,762</b>	<b>424</b>
Subsidiaries outside Sweden	7,349	1,899	6,721	1,814
<b>Total</b>	<b>9,262</b>	<b>2,375</b>	<b>8,483</b>	<b>2,238</b>

The Parent Company's Board of Directors is composed of three women and five men (three women and six men in the previous year). The subsidiaries' Boards include 45 (43) women. At 31 December 2023, the Group management consists of two women and twelve men (two women and 13 men in the previous year).

## 08 Salaries, other benefits and social security costs

### Accounting principles

#### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of employees according to a detailed formal plan without the possibility of withdrawal, or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

#### Profit-sharing and bonus plans

The Parent Company and most of the subsidiaries have bonus or profit-sharing systems based on the earnings performance of each unit. The Group recognises a liability and a cost for these programmes when it has a legal or constructive obligation to make such payments in exchange for services performed by employees and a reliable estimate of the obligation can be made. The cost is recognised in the period to which it relates.

### Share-based payments

Share-based payments refer to compensation to employees under the share savings programmes. Performance rights entitle the holder to subscribe for shares if certain targets for the business's profitability are achieved. The performance shares are reported as personnel costs (excluding social security contributions) over the vesting period, in accordance with IFRS 2 Share-based Payment, and recognised directly in equity. The recognised cost is continuously revised during the vesting period depending on how many performance shares are expected to be earned by the participants in the programme. It is based on an assessment of whether all performance targets will be met, i.e. the programme's profitability targets, and on the participants remaining in employment and retaining the investment shares. The social security contributions for the programme are expensed on an ongoing basis during the vesting period and are based on the market price for the share at each reporting date.

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

### Salaries, other benefits and social security costs

	2023			2022		
	Salaries and other benefits	Social security costs	Of which pension costs	Salaries and other benefits	Social security costs	Of which pension costs
Parent Company	66	37	15	61	29	12
Subsidiaries in Sweden	1,183	539	144	1,074	489	145
<b>Total Sweden</b>	<b>1,249</b>	<b>576</b>	<b>159</b>	<b>1,135</b>	<b>518</b>	<b>157</b>
Subsidiaries outside Sweden	4,350	768	329	3,562	618	255
<b>Total</b>	<b>5,599</b>	<b>1,344</b>	<b>488</b>	<b>4,697</b>	<b>1,136</b>	<b>412</b>

Of the Parent Company's pension costs, SEK 5 million (3) relates to the Board of Directors and the CEO. The corresponding amount for the Group is SEK 71 million (61).

### Salaries and other benefits by category of employee (senior executives and other employees)

	2023			2022		
	Company management <sup>1)</sup>	Of which bonuses and similar	Other employees	Company management <sup>1)</sup>	Of which bonuses and similar	Other employees
Parent Company	25	8	41	20	5	41
Subsidiaries in Sweden	137	21	1,046	130	22	944
<b>Total Sweden</b>	<b>162</b>	<b>29</b>	<b>1,087</b>	<b>150</b>	<b>27</b>	<b>985</b>
Subsidiaries outside Sweden	377	51	3,973	312	48	3,250
<b>Total</b>	<b>539</b>	<b>80</b>	<b>5,060</b>	<b>462</b>	<b>75</b>	<b>4,235</b>

1) Board of Directors and CEO.

### Salaries and benefits – senior executives

The Chair and members of the Board of Directors are paid a fee in accordance with a resolution by the general meeting of shareholders. The Annual General Meeting in March 2023 adopted a fee of SEK 890,000 (860,000) to the Chair of the Board. Other non-executive Board members are each paid a fee of SEK 445,000 (430,000). The Audit Committee chair is paid an additional fee of SEK 120,000 (115,000) and the other committee members each

receive SEK 60,000 (58,000). A fee of SEK 47,000 (45,000) is paid to the chair and each of the other members of the Remuneration Committee.

### Guidelines for compensation and other terms of employment for senior executives adopted by the 2023 Annual General Meeting

After adoption of the guidelines by the 2023 AGM, the guidelines will apply to compensation agreed and amendments to compensation already agreed.

## Note 8 continued

**The guidelines' promotion of the company's business strategy, long-term interests and sustainability**

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of the Company's long-term interests, including its sustainability, is that Indutrade is able to recruit and retain management with high qualifications. To this end, the Company must offer competitive compensation and other terms of employment, which these guidelines enable. The forms of compensation should motivate members of executive management to do their utmost in order to safeguard the interests of the shareholders. More information about the Company's business strategy can be found on the Company's website: <https://www.indutrade.com/about-indutrade/objectives--strategy/>.

These guidelines encompass senior executives, i.e. the CEO and other members of Group management (executive management). For employment governed by rules other than Swedish rules, appropriate adjustments may be made to comply with mandatory rules or established local practice, meeting the overall objectives of these guidelines as far as possible.

Variable cash compensation covered by these guidelines shall aim to promote the Company's business strategy and long-term interests, including its sustainability.

**The types of compensation**

The total compensation shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits.

The general meeting may also, irrespective of these guidelines, resolve on, among other things, share-based or share price-related compensation (for information about ongoing incentive programmes, see the Company's website: <https://www.indutrade.com/about-indutrade/corporate-governance/remuneration/>).

The performance period with respect to criteria for awarding variable salary shall be measured over a period of one or several years. Variable cash compensation may amount to a maximum of 50% of the fixed annual salary.

The pension terms for executive management shall be in line with the going rate in the market in respect of what applies for peer executives in the market in which the executive works, a maximum of 40% of the fixed annual salary, and should be based on defined contribution pension solutions or correspond to a public pension plan (in Sweden the ITP plan). Variable salary to members of executive management not covered by the ITP plan shall not qualify for pension benefits.

Other benefits may include, for example, life insurance, health insurance and company car. Premiums and other costs related to such benefits may amount to not more than 15% of the fixed annual salary. Awarding of non-monetary benefits shall facilitate the individuals in the execution of their duties and correspond to what can be considered reasonable in respect of practice in the market in which the respective executive is active.

**Termination of employment**

The notice period for a member of executive management may not exceed 12 months if the termination is initiated by the Company, and 6 months if it is initiated by the individual. A member of executive management's total pay during the notice period shall not exceed 24 months' salary if the Company serves notice, and 6 months' salary if the member of executive management gives notice.

**Criteria for variable cash compensation**

The variable compensation shall be designed so as to reward the achievement of clear objectives, in straight-forward and transparent structures, and be linked to one or several predetermined and measurable financial criteria, such as sales growth, EBITA margin or return on operating capital/capital employed. Any non-financial criteria shall be related to sustainability. Financial criteria shall constitute at least 75% of all criteria.

Once the period for measuring the satisfaction of criteria for awarding variable cash compensation expires, the outcome will be determined. The Remuneration Committee is responsible for determining the CEO's outcome, while the CEO is responsible for determining the outcome for other members of executive management. For financial objectives, the assessment shall be based on the latest financial information made public by the Company, with any adjustments deemed necessary or reasonable by the Board of Directors.

The terms for variable compensation shall be designed so that the Board of Directors, under exceptional financial conditions, may limit, refuse or recover payment of variable compensation if such a measure is deemed reasonable.

In specific cases, arrangements may be made on one-time variable compensation, provided that such compensation does not exceed an amount corresponding to 10% of the fixed annual salary, and is not paid more than once each year per individual. Such compensation shall not qualify for pension benefits unless required by mandatory collective agreement provisions. Resolutions on such compensation shall be made by the Board of Directors based on a proposal from the Remuneration Committee, in so far as it concerns the CEO, and by the Remuneration Committee based on a proposal from the CEO, in so far as it concerns other senior executives.

No other variable cash compensation shall be paid.

**Salary and other employment terms for employees**

In the preparation of the Board of Directors' proposal for these compensation guidelines, salaries and other terms of employment for employees of the Company have been taken into account by including information on the employees' total compensation, components of the compensation and the increase and growth rate over time in the support material provided to the Remuneration Committee and the Board of Directors for their evaluation of the reasonableness of the guidelines and their associated limitations.

**The decision-making process to determine, evaluate and apply the guidelines**

The Board of Directors has appointed a Remuneration Committee with the task of preparing the Board of Directors' decisions regarding proposal for guidelines for compensation to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year, and submit it to the Annual General Meeting.

The Remuneration Committee shall also monitor and evaluate programmes for variable compensation to members of executive management, as well as the application of the guidelines in terms of compensation levels and structures. When the Board is considering and deciding on compensation-related matters, members of executive management are not present, insofar as they are affected by the matters.

**Derogation from the guidelines**

On occasions, the Board of Directors may decide to derogate from the guidelines adopted by the general meeting, in whole or in part, if there are special reasons for doing so in an individual case and a derogation is necessary to meet the Company's long-term interest, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' decisions in compensation-related matters, including any decisions to derogate from the guidelines.

**Incentive programmes****LTIP 2021, LTIP 2022 and LTIP 2023**

LTIP 2021, LTIP 2022 and LTIP 2023 are performance-based share programmes for senior executives (including the CEO) and key personnel. Participation requires own investment in Indutrade shares. These are referred to as investment shares. For every investment share acquired, a number of performance share rights are allotted, each of which, at the end of a 3-year vesting period, can give the holder the

## Financial statement

### Note 8 continued

right to receive up to one Indutrade share. In order to be allocated those shares, the employee must remain in employment, the investment shares must still be held and the performance requirements of the particular programme must be met.

The performance condition for LTIP 2021 is linked to compound annual growth rate (CAGR) of the earnings per share (EPS) for the Indutrade share during the performance period 2021–2023. EPS for 2020 is used as the basis for calculating CAGR. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 381 (corresponding to 200% of the volume-weighted average price paid for the Indutrade share during the last five trading days in February 2021).

The performance condition for LTIP 2022 is linked to the accumulated earnings per share (EPS) for the Indutrade share during the performance period 2022–2024. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 418 (corresponding to 200% of the volume-weighted average price paid for the Indutrade share during 17–23 February 2022).

The performance condition for LTIP 2023 is linked to the accumulated earnings per share (EPS) for the Indutrade share during the per-

formance period 2023–2025. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 528 (corresponding to 200% of the volume-weighted average price paid for the investment shares).

When assessing the final outcome regarding the performance share rights, the Board shall examine whether the level of earnings is reasonable in relation to Indutrade's financial results and position, conditions in the stock market etc. and, if the Board deems that this is not the case, reduce the allotment to a lower level, as appropriate.

Within the scope of LTIP 2021, the CEO acquired 3,955 investment shares, and within the scope of LTIP 2022 and LTIP 2023, 2,217 and 1,889 investment shares respectively. For these investment shares, the CEO received 19,775, 13,302 and 11,334 performance share rights respectively which, after the relevant programme period has ended, could entitle him to receive the same number of Indutrade shares.

Within the scope of LTIP 2021, 14 other employees in the Group management team acquired 15,933 investment shares and, within the scope of LTIP 2022 and LTIP 2023, 9,310 and 7,932 investment shares respectively. For these investment shares, the individuals received 62,918, 46,550 and 39,660 performance share rights respectively.

### Compensation and other benefits, 2023

SEK thousand	Base salary/ Directors' fees	Short-term variable compensation	Long-term incentive programmes	Other benefits	Pension cost	Total
Katarina Martinson, Chair of the Board, Chair of the Remuneration Committee, Member of the Audit Committee	986					986
Bengt Kjell, Vice Chair of the Board until the 2023 AGM.	215					215
Susanna Campbell, Director	440					440
Anders Jernhall, Director, Member of the Audit Committee	499					499
Ulf Lundahl, Director, Chair of the Audit Committee, Member of the Remuneration Committee	605					605
Krister Mellvé, Director	440					440
Lars Pettersson, Director, Member of the Remuneration Committee	486					486
Kerstin Lindell, Director	440					440
Bo Anvik, CEO	12,000	7,944	– <sup>1)</sup>	608	4,680	25,232
Other senior executives (14 persons)	43,270	16,141	– <sup>1)</sup>	2,471	12,648	74,530
<b>Total</b>	<b>59,381</b>	<b>24,085</b>	<b>–</b>	<b>3,079</b>	<b>17,328</b>	<b>103,873</b>

### Compensation and other benefits, 2022

SEK thousand	Base salary/ Directors' fees	Short-term variable compensation	Long-term incentive programmes	Other benefits	Pension cost	Total
Katarina Martinson, Chair of the Board, Chair of the Remuneration Committee, Member of the Audit Committee	873					873
Bengt Kjell, Vice Chair of the Board, Member of the Remuneration Committee until the 2022 AGM.	595					595
Susanna Campbell, Director	390					390
Anders Jernhall, Director, Member of the Audit Committee	443					443
Ulf Lundahl, Director, Chair of the Audit Committee, Member of the Remuneration Committee from the 2022 AGM.	525					525
Krister Mellvé, Director	390					390
Lars Pettersson, Director, Member of the Remuneration Committee	430					430
Kerstin Lindell, Director, from the 2022 AGM	287					287
Bo Anvik, CEO	10,127	4,950	– <sup>1)</sup>	571	3,465	19,113
Other senior executives (14 persons)	40,022	18,641	– <sup>1)</sup>	2,238	9,589	70,490
<b>Total</b>	<b>54,082</b>	<b>23,591</b>	<b>–</b>	<b>2,809</b>	<b>13,054</b>	<b>93,536</b>

1) The long-term incentive programmes, LTIP 2021, LTIP 2022 and LTIP 2023, are ongoing.

The recognised cost for the CEO, as per IFRS 2, amounted to SEK 2,662 thousand (1,788) and for other senior executives, SEK 8,911 thousand (5,854).

## Note 8 continued

## Share-based payments, LTIP 2021, LTIP 2022 and LTIP 2023

Instrument	LTIP 2023 performance shares	LTIP 2022 performance shares	LTIP 2021 performance shares
Maximum number	425,000	425,000	650,000
Investment shares, number	60,745	57,500	116,735
Adjustment for dividend	No	No	No
Start date	05/06/2023	30/05/2022	08/06/2021
Vesting date	30/04/2026	30/04/2025	29/04/2024
The share's theoretical value on the start date, SEK	252.26	216.86	207.61 <sup>1)</sup>
Price on the start date, SEK	261.80	224.40	213.58 <sup>1)</sup>
Anticipated dividends <sup>2)</sup>	9.54	7.54	5.96 <sup>1)</sup>
Maximum vesting period, years	2.9	2.9	2.9
Remaining vesting period, years	2.3	1.3	0.3
Number of participants at end of year	174	152	176
Payment method	Share	Share	Share
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes

1) Eleven individuals were added to the programme on 14 December 2021. The value is a weighted average.

2) Based on analysts' overall expectations over the three-year period.

Number of shares, Group and Parent Company	LTIP 2023 performance shares	LTIP 2022 performance shares	LTIP 2021 performance shares
Outstanding at beginning of year	–	186,915	371,491
Allocated at the start	194,513	–	–
Vested	–	–	–
Forfeited	–803	–3,320	–12,377
Outstanding at end of year	193,710	183,595	359,114

Impact of share-based payments on earnings, Group and Parent Company.	LTIP 2023 performance shares	LTIP 2022 performance shares	LTIP 2021 performance shares
Costs for the year under IFRS 2 (excl. social security contributions), SEK million	9	12	22

Number of shares, Parent Company	LTIP 2023 performance shares	LTIP 2022 performance shares	LTIP 2021 performance shares
Outstanding at beginning of year	–	32,025	43,264
Allocated at the start	29,982	–	–
Vested	–	–	–
Forfeited	–	–	–
Outstanding at end of year	29,982	32,025	43,264

Impact of share-based payments on earnings, Parent Company	LTIP 2023 performance shares	LTIP 2022 performance shares	LTIP 2021 performance shares
Costs for the year under IFRS 2 (excl. social security contributions), SEK million	1	2	3

## Financial statement

### 09 Depreciation/amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are included in the following functions in the following amounts:

	Group		Parent Company	
	2023	2022	2023	2022
Cost of goods sold	1,000	794	–	–
Development costs	28	25	–	–
Selling costs	325	272	–	–
Administrative expenses	212	167	1	1
<b>Total</b>	<b>1,565</b>	<b>1,258</b>	<b>1</b>	<b>1</b>

### 10 Government assistance

#### Accounting principles

Indutrade does not normally receive government assistance. However, due to the extraordinary circumstances associated with the COVID-19 pandemic, companies belonging to the Group have obtained this type of support and it has primarily been employee-related. Such support is reported in the financial statements as a cost reduction for the items the support relates to. Recognition occurs when it is reasonably certain that the support will be received and any stated terms and conditions have been met. Most of the COVID-19 programmes were terminated at the beginning of 2021.

	Group		Parent Company	
	2023	2022	2023	2022
Short-time work allowance	–	–	–	–
Reduced employer contributions	–	0	–	–
Other assistance	–	2	–	0
<b>Total assistance</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>0</b>

No support relating to COVID-19 was received during 2023.

### 11 Auditors' fees

	Group		Parent Company	
	2023	2022	2023	2022
<b>PricewaterhouseCoopers</b>				
Audit assignment	21	19	3	3
Auditing services in addition to audit assignment	1	0	0	–
Tax advisory services	2	1	–	–
Other services	1	5	–	4
<b>Total fees, PricewaterhouseCoopers</b>	<b>25</b>	<b>25</b>	<b>3</b>	<b>7</b>
<b>Other auditing firms</b>				
Auditing fees	15	11	–	–

Other auditing firms refers to several auditing firms, none of which accounts for a significant amount in 2023 or the previous year.

Audit assignment pertains to fees for the statutory audit, i.e., such work that was necessary to issue the audit report, as well as audit consulting in connection with the audit assignment.

Fees paid to PwC Sweden for the audit assignment during the year amounted to SEK 9 million. Fees for auditing services in addition to the audit assignment amounted to SEK 0 million, and fees for tax advisory services and other services totalled SEK 0 million.

### 12 Finance income

#### Accounting principles

Finance income consists of interest income on invested funds, dividends, and gains on hedging instruments recognised in profit for the year.

Interest income is reported in accordance with the effective interest method and includes accrued interest on the balance sheet date. Dividend income is recognised when the right to payment has been determined.

	Group		Parent Company	
	2023	2022	2023	2022
Interest	63	38	618	261
Exchange differences	6	6	6	7
Other	0	0	–	–
<b>IS Total finance income</b>	<b>69</b>	<b>44</b>	<b>624</b>	<b>268</b>
<i>Of which related to Group companies:</i>				
Interest	–	–	566	231

### 13 Finance costs

#### Accounting principles

Finance costs consist of interest expense on loans and pension liabilities, effects of the reversal of contingent consideration discounted to present value, interest expense on leases, losses on hedging instruments recognised in profit for the year, and bank charges. Interest expenses are reported in accordance with the effective interest method.

	Group		Parent Company	
	2023	2022	2023	2022
Interest expenses, bank loans	–433	–148	–460	–136
Interest expenses, pension liability	–5	–3	–	–
Interest expenses, leases	–56	–36	0	0
Interest expenses, contingent consideration	–12	–14	–6	–7
<b>Total interest expenses</b>	<b>–506</b>	<b>–201</b>	<b>–466</b>	<b>–143</b>
Other	–30	–23	–28	–34
<b>IS Total finance costs</b>	<b>–536</b>	<b>–224</b>	<b>–494</b>	<b>–177</b>
<i>Of which related to Group companies:</i>				
Interest	–	–	–48	–13

### 14 Profit from investments in Group companies

Parent Company	2023	2022
Dividends from subsidiaries	1,450	1,937
Impairment of shares in subsidiaries	–109	–10
<b>IS Total</b>	<b>1,341</b>	<b>1,927</b>

# 15 Tax

## Accounting principles

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, except in cases where the tax is attributable to items that are recognised in other comprehensive income.

Current tax is tax payable or recoverable for the current year using the tax rates that have been enacted by the end of the reporting period. This also includes adjustments of current tax attributable to prior periods. Tax is calculated according to the current tax rate in the respective countries.

Deferred taxes attributable to temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases are reported in full in the consolidated accounts, while the Parent Company still reports the difference relating to machinery and equipment as an untaxed reserve.

	Group		Parent Company	
	2023	2022	2023	2022
<i>Tax expense</i>				
Current tax	-942	-798	-185	-166
Deferred tax	122	41	6	-2
Other tax	-5	-2	0	0
<b>Total</b>	<b>-825</b>	<b>-759</b>	<b>-179</b>	<b>-168</b>

The Group's tax expense amounts to 22% (22%) of its profit before tax. The difference between the recognised tax expense and anticipated tax expense (weighted average tax based on national tax rates) is explained below.

	Group		Parent Company	
	2023	2022	2023	2022
Profit before tax	3,691	3,440	2,168	2,733
Weighted average tax based on national tax rates (Group 21.9% and 21.2% respectively, Parent Company 20.6% and 20.6% respectively)	-809	-728	-447	-563
<b>Tax effect of:</b>				
Non-deductible interest expenses on contingent consideration discounted to present value	-3	-3	-1	-1
Non-deductible transaction costs for acquisitions	-3	-3	-	-
Non-taxable contingent consideration recognised as income	104	29	-	-
Non-deductible impairment of goodwill	-72	-15	-	-
Other non-deductible expenses/non-taxable income	-21	-25	269 <sup>1)</sup>	396 <sup>1)</sup>
Unrecognised tax losses carried forward	-16	-9	-	-
Use of losses carried forward for which no tax was previously recognised	7	0	-	-
Adjustment related to current tax of prior years	0	4	-	-
Change in tax rate	-7	-7	-	-
Other items	-5	-2	0	0
<b>IS Total</b>	<b>-825</b>	<b>-759</b>	<b>-179</b>	<b>-168</b>
	<b>22%</b>	<b>22%</b>	<b>8.3%</b>	<b>6.1%</b>

1) Primarily dividends from subsidiaries.

Group, 1 Jan–31 Dec 2023	Intangible assets	Property, plant and equipment	Untaxed reserves	Pension obligations	Other items	Total tax
<b>Deferred tax, net</b>						
<b>Opening carrying amount</b>	<b>-955</b>	<b>-113</b>	<b>-188</b>	<b>30</b>	<b>50</b>	<b>-1,176</b>
Deferred tax in income statement	157	1	-14	-2	-13	129
Change in tax rate affecting income statement	-7	0	-	0	0	-7
Deferred tax recognised in other comprehensive income	-	-	-	11	4	15
Deferred tax attributable to acquisitions	-137	-4	-	2	-1	-140
Exchange differences	2	1	0	1	-2	2
<b>Closing carrying amount</b>	<b>-940</b>	<b>-115</b>	<b>-202</b>	<b>42</b>	<b>38</b>	<b>-1,177</b>
<b>31 Dec 2023</b>						
<b>BS</b> Deferred tax asset	1	4	-	42	83	130
<b>BS</b> Deferred tax liability	-941	-119	-202	0	-45	-1,307
<b>Deferred tax, net</b>	<b>-940</b>	<b>-115</b>	<b>-202</b>	<b>42</b>	<b>38</b>	<b>-1,177</b>

## Financial statement

### Note 15 continued

Group, 1 Jan–31 Dec 2022	Intangible assets	Property, plant and equipment	Untaxed reserves	Pension obligations	Other items	Total tax
<b>Deferred tax, net</b>						
<b>Opening carrying amount</b>	<b>-676</b>	<b>-90</b>	<b>-170</b>	<b>56</b>	<b>72</b>	<b>-808</b>
Deferred tax in income statement	100	-4	-17	-2	-29	48
Change in tax rate affecting income statement	-9	-2	-	0	4	-7
Deferred tax recognised in other comprehensive income	-	-	-	-29	-1	-30
Deferred tax attributable to acquisitions	-321	-11	-1	-	1	-332
Exchange differences	-49	-6	0	5	3	-47
<b>Closing carrying amount</b>	<b>-955</b>	<b>-113</b>	<b>-188</b>	<b>30</b>	<b>50</b>	<b>-1,176</b>
<b>31 Dec 2022</b>						
<b>BS</b> Deferred tax asset	1	5	-	30	67	103
<b>BS</b> Deferred tax liability	-956	-118	-188	0	-17	-1,279
<b>Deferred tax, net</b>	<b>-955</b>	<b>-113</b>	<b>-188</b>	<b>30</b>	<b>50</b>	<b>-1,176</b>

Deferred tax assets and tax liabilities attributable to leased assets are recognised on a net basis in the balance sheet. On a gross basis, value of deferred tax assets is SEK 322 million and the value of deferred tax liabilities is SEK 333 million.

Loss-carryforwards for which deferred tax has been recognised amount to SEK 110 million (76), corresponding to a tax asset of SEK 29 million (22). The tax recognised for losses carried forward relates mainly to German and UK companies. The tax losses can be carried forward indefinitely. Unrecognised loss-carryforwards amount to SEK 199 million (153), corresponding to a tax asset of SEK 56 million (42). The amount is primarily attributable to companies in China, USA, Germany and Singapore. The remainder is made up of other items, which are not significant each on their own, and relates to several countries.

Substantial dividends may be recognised without withholding tax. Of the deferred tax liabilities, SEK 137 million is expected to be reversed in 2024. The calculation is based on estimated depreciation in the acquisition analysis for the coming year.

Indutrade has analysed the effects of the introduction of Pillar Two, to which the Group is subject as of 1 January 2024. The quantitative effects of the new legislation originate from a few countries and are not expected to have a significant impact on the Group. The calculations are based on the country-by-country report submitted to the Swedish Tax Agency each year, and on the 'safe harbours' within Pillar Two (simplified transitional rules relating to the years 2024–2026). However, there is still uncertainty regarding application of the rules, and Indutrade is continually evaluating its exposure to the legislation under Pillar Two. The Group has opted to apply the exemption from reporting deferred tax as a result of the effects of the new rules.

Parent Company, 1 Jan–31 Dec 2023	Pension obligations	Other items	Total tax
<b>Deferred tax, net</b>			
<b>Opening carrying amount</b>	<b>6</b>	<b>-2</b>	<b>4</b>
Deferred tax in income statement	2	5	7
Deferred tax recognised in other comprehensive income	-	0	0
<b>Closing carrying amount</b>	<b>8</b>	<b>3</b>	<b>11</b>
<b>31 Dec 2023</b>			
<b>BS</b> Deferred tax asset	8	4	12
<b>BS</b> Deferred tax liability	-	-1	-1
<b>Deferred tax, net</b>	<b>8</b>	<b>3</b>	<b>11</b>

Parent Company, 1 Jan–31 Dec 2022	Pension obligations	Other items	Total tax
<b>Deferred tax, net</b>			
<b>Opening carrying amount</b>	<b>6</b>	<b>0</b>	<b>6</b>
Deferred tax in income statement	0	-2	-2
Deferred tax recognised in other comprehensive income	-	0	0
<b>Closing carrying amount</b>	<b>6</b>	<b>-2</b>	<b>4</b>
<b>31 Dec 2022</b>			
<b>BS</b> Deferred tax asset	6	2	8
<b>BS</b> Deferred tax liability	-	-4	-4
<b>Deferred tax, net</b>	<b>6</b>	<b>-2</b>	<b>4</b>

## 16 Intangible assets

### Accounting principles

#### Goodwill

Goodwill consists of the amount by which the total consideration and non-controlling interests exceed the fair value of identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment at least annually and is recognised at cost less accumulated impairment. For impairment testing during the year, see "Impairment testing of non-financial assets" below.

#### Agencies, trademarks, customer relationships etc.

The Group's starting point for acquisitions is that agencies, customer relationships etc. and the item software, licences etc. have a finite useful life and are recognised at cost less accumulated amortisation. Trademarks may be identified in connection with major company acquisitions. Most of the trademarks that have been capitalised to date have been assessed as having an indefinite useful life and are not amortised. Instead, they are tested for impairment at least annually, as for goodwill.

For virtually all Indutrade's company acquisitions, a value is identified for purchased agencies and the customer relationships that are part of the acquisition. Since most of the acquisitions are small, it is not possible to itemise the intangible assets. According to IFRS, supplementary disclosures are to be provided for each significant intangible asset. As most of the Indutrade Group's intangible assets consist of many small sub-items, none of which constitutes an item with a material impact on the Group's earnings or position, no supplementary disclosures are provided for these smaller intangible assets.

Amortisation is applied on a straight-line basis to allocate the cost of these assets over their estimated useful lives. The following amortisation periods are used:

Agencies, customer relationships etc.	5–20 years
Trademarks	–
Software, licences etc.	5–10 years
Other intangible assets	5–20 years

### Development costs

The Group conducts certain product-specific development activities. Expenditure on development is recognised under development costs in the income statement as it arises. If the requirements for internally generated intangible assets in IAS 38 are fulfilled, the development that has been conducted is capitalised and is included in the item Other intangible assets.

### Impairment testing of non-financial assets

Goodwill and most of the trademarks have been assessed as having an indefinite useful life and are not amortised, but are instead tested for impairment at least annually. Assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In measuring value in use, future cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset. For impairment testing, assets are grouped at the lowest levels at which there are separate, identifiable cash flows (cash-generating units). For Indutrade, this means that testing is at segment level, i.e. Indutrade's business areas, with the exception of newly acquired companies with remaining contingent consideration, which are tested separately. Assets other than financial assets and goodwill for which impairment has previously been recognised are tested at each balance sheet date to determine whether a reversal should be made.

Group, 1 Jan–31 Dec 2023	Goodwill	Agencies, customer relationships etc.	Trademarks	Software, licences etc.	Other intangible assets	Total intangible assets
<b>Opening carrying amount</b>	<b>7,649</b>	<b>3,777</b>	<b>444</b>	<b>102</b>	<b>85</b>	<b>12,057</b>
Exchange differences	–19	1	3	0	–1	–16
Investments during the year	–	1	0	31	9	41
Company acquisitions	992	602	27	3	–	1,624
Sales and disposals	–	–	–	–1	–	–1
Amortisation	–	–612	–1	–26	–20	–659
Impairment losses	–351	–53	–16	–1	–	–421
Company divestments	–	–	–	–	–	–
<b>BS Closing carrying amount</b>	<b>8,271</b>	<b>3,716</b>	<b>457</b>	<b>108</b>	<b>73</b>	<b>12,625</b>
<b>31 Dec 2023</b>						
Cost	9,022	7,728	540	384	267	17,941
Accumulated amortisation and impairment	–751	–4,012	–83	–276	–194	–5,316
<b>BS Carrying amount</b>	<b>8,271</b>	<b>3,716</b>	<b>457</b>	<b>108</b>	<b>73</b>	<b>12,625</b>

## Financial statement

### Note 16 continued

Group, 1 Jan–31 Dec 2022	Goodwill	Agencies, customer relationships etc.	Trademarks	Software, licences etc.	Other intangible assets	Total intangible assets
<b>Opening carrying amount</b>	<b>5,439</b>	<b>2,798</b>	<b>347</b>	<b>92</b>	<b>94</b>	<b>8,770</b>
Exchange differences	352	199	22	5	3	581
Investments during the year	–	–	0	28	9	37
Company acquisitions	1,930	1,259	76	2	2	3,269
Sales and disposals	–	–	–	–3	–	–3
Amortisation	–	–478	–1	–22	–23	–524
Impairment losses	–72	–1	–	–	–	–73
Company divestments	–	–	–	–	–	–
<b>BS Closing carrying amount</b>	<b>7,649</b>	<b>3,777</b>	<b>444</b>	<b>102</b>	<b>85</b>	<b>12,057</b>
<b>31 Dec 2022</b>						
Cost	8,058	7,143	511	366	258	16,336
Accumulated amortisation and impairment	–409	–3,366	–67	–264	–173	–4,279
<b>BS Carrying amount</b>	<b>7,649</b>	<b>3,777</b>	<b>444</b>	<b>102</b>	<b>85</b>	<b>12,057</b>

### Goodwill impairment testing

Goodwill is not amortised continuously; instead, the value is tested for impairment annually in accordance with IAS 36. Testing was most recently conducted in December 2023.

Goodwill is allocated to cash-generating units, which for Indutrade are its operating segments. The operating segments correspond to Indutrade's business areas. The companies are organised in business areas to utilise the Group's aggregate position and strength in various customer and product segments. If it is logical from a business sense, coordination of certain support functions, such as warehousing, may be done within the business areas. Impairment testing is therefore conducted at the smallest common unit, i.e. the business area, apart from newly acquired companies with remaining contingent consideration, which are tested separately. During the period until settlement of the contingent consideration, normally 1–3 years, virtually no changes are made in a newly acquired company, as the conditions for calculating the contingent consideration are based on the company's results in existing operations. The integration with the rest of the Group is thus initially limited. The starting point for impairment testing is the contingent consideration. In the event that only part or no part of the purchase price is deemed to be paid, a detailed impairment test shall be performed for the company.

The recoverable amount has been calculated according to value in use and is based on the current estimation of cash flows for the next five years. Assumptions have been made on the gross margin, level of overheads, need for working capital and investment need. The parameters have been set to correspond to budgeted earnings for the 2024 financial year. During the rest of the five-year period, an annual growth rate of 2% (2%) has been assumed. Where greater changes are expected, the assumptions have been adapted to better correspond to these expectations. For cash flows beyond the five-

year period, the rate of growth has been assumed to correspond to the growth rate during the fifth year, ordinarily 2%.

Cash flows for cash-generating units, which correspond to operating segments (business areas), have been discounted with a weighted cost of capital that corresponds to approximately 9% (8%) after tax. The weighted cost of capital has been adapted to the prevailing level of interest rates.

Operating segments have operations in more than one country. As operational risk in cash flows is considered to be similar among the segments, the same discount rate (WACC) has been used for all segments. With respect to financial risk, the segments are active in related sectors, and their financing structures are therefore considered to be similar.

The calculation shows that value in use exceeds the carrying amount at segment level. A sensitivity analysis shows that the remaining goodwill value would continue to be upheld if the discount rate were to be raised by 1 percentage point or long-term growth were to be decreased by 1 percentage point.

For newly acquired companies that have been tested separately, an individually adapted WACC has been used, which reflects the company's specific situation and risk. Testing in 2023 resulted in goodwill impairment of SEK 351 million (64).

### Other impairment testing

Trademark impairment testing is conducted annually at segment level in accordance with the same principles and at the same point in time as for goodwill.

During the year, other intangible assets in one subsidiary were tested for impairment as a result of low earnings, which resulted in impairment of SEK 69 million.

## Note 16 continued

## Group breakdown of goodwill at segment level

	2023	2022
Benelux	1,340	1,059
DACH	788	528
Finland	412	351
Flow Technology	787	787
Fluids & Mechanical Solutions	1,080	994
Industrial Components	1,139	1,117
Measurement & Sensor Technology	1,882	2,144
UK	843	669
<b>Total</b>	<b>8,271</b>	<b>7,649</b>

## Group breakdown of trademarks at segment level

	2023	2022
Benelux	39	47
DACH	110	89
Finland	0	0
Flow Technology	11	11
Fluids & Mechanical Solutions	30	30
Industrial Components	5	5
Measurement & Sensor Technology	262	262
UK	0	0
<b>Total</b>	<b>457</b>	<b>444</b>

Parent Company	2023	2022
<i>Software and licences</i>		
<b>Opening cost</b>	<b>3</b>	<b>2</b>
Investments during the year	0	1
<b>Closing accumulated cost</b>	<b>3</b>	<b>3</b>
<b>Opening amortisation</b>	<b>-2</b>	<b>-2</b>
Amortisation for the year	0	0
<b>Closing accumulated amortisation</b>	<b>-2</b>	<b>-2</b>
<b>BS Residual value according to plan</b>	<b>1</b>	<b>1</b>

## 17 Property, plant and equipment

### Accounting principles

Property, plant and equipment are depreciated over the asset's estimated useful life. The following depreciation periods are used:

Buildings	25–40 years
Machinery	5–10 years
Equipment	3–10 years

No depreciation is calculated for land.

The assets' residual value and useful lives are tested at the end of every reporting period and are adjusted as necessary. Gains and losses on disposals of non-current assets are reported in the function in which depreciation was reported prior to their disposal or, alternatively, in other operating income and expenses.

### Impairment testing of non-financial assets

Land is judged to have an indefinite useful life and is not depreciated, but is instead tested at least annually for impairment. Assets subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In measuring value in use, future cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset. For impairment testing, assets are grouped at the lowest levels at which there are separate, identifiable cash flows (cash-generating units). For Indutrade this normally means that the testing is conducted at segment level, which corresponds to Indutrade's business areas. Assets other than financial assets and goodwill for which impairment has previously been recognised are tested at each balance sheet date to determine whether a reversal should be made.

## Financial statement

### Note 17 continued

Group, 1 Jan – 31 Dec 2023	Land and buildings	Machinery	Equipment	Construction in progress	Total property, plant and equipment
<b>Opening carrying amount</b>	<b>1,538</b>	<b>761</b>	<b>455</b>	<b>57</b>	<b>2,811</b>
Exchange differences	3	5	1	-1	8
Investments during the year	62	177	185	81	505
Company acquisitions	41	9	27	-	77
Sales and disposals	0	-4	-16	0	-20
Reclassification	0	49	5	-54	0
Depreciation	-59	-197	-148	-	-404
Impairment losses	-	-1	-15	-1	-17
<b>BS Closing carrying amount</b>	<b>1,585</b>	<b>799</b>	<b>494</b>	<b>82</b>	<b>2,960</b>
<b>31 Dec 2023</b>					
Cost	2,376	3,010	1,901	83	7,370
Accumulated depreciation and impairment	-791	-2,211	-1,407	-1	-4,410
<b>BS Carrying amount</b>	<b>1,585</b>	<b>799</b>	<b>494</b>	<b>82</b>	<b>2,960</b>

Group, 1 Jan – 31 Dec 2022	Land and buildings	Machinery	Equipment	Construction in progress	Total property, plant and equipment
<b>Opening carrying amount</b>	<b>1,315</b>	<b>612</b>	<b>355</b>	<b>39</b>	<b>2,321</b>
Exchange differences	80	36	21	2	139
Investments during the year	121	170	162	76	529
Company acquisitions	76	69	37	1	183
Sales and disposals	-19	-3	-12	0	-34
Reclassification	14	31	16	-61	-
Depreciation	-49	-153	-124	-	-326
Company divestments	-	-1	-	-	-1
<b>BS Closing carrying amount</b>	<b>1,538</b>	<b>761</b>	<b>455</b>	<b>57</b>	<b>2,811</b>
<b>31 Dec 2022</b>					
Cost	2,268	2,798	1,741	57	6,864
Accumulated depreciation and impairment	-730	-2,037	-1,286	-	-4,053
<b>BS Carrying amount</b>	<b>1,538</b>	<b>761</b>	<b>455</b>	<b>57</b>	<b>2,811</b>

Parent Company	2023	2022
<i>Equipment</i>		
<b>Opening cost</b>	<b>4</b>	<b>3</b>
Investments during the year	2	1
Sales and disposals	-	-
<b>Closing accumulated cost</b>	<b>6</b>	<b>4</b>
<b>Opening depreciation</b>	<b>-2</b>	<b>-2</b>
Depreciation for the year	-1	0
Sales and disposals	-	-
<b>Closing accumulated depreciation</b>	<b>-3</b>	<b>-2</b>
<b>BS Residual value according to plan</b>	<b>3</b>	<b>2</b>

## 18 Leases

### Accounting principles

#### **The Group's leasing activities and how these are accounted for**

Indutrade's leases are primarily for rented premises. There are also leases of machinery and cars. Leases are normally signed for fixed periods of 12 months to 12 years, with extension options. The Group has both small and medium-sized subsidiaries at many locations and in several countries. Because of that, there are many lease agreements in place, with a variety of terms and conditions. Individually, most of the leases are immaterial. The leased assets may not be used as collateral on loans.

Leases are reported as right-of-use assets, with a corresponding liability, as of the date when the leased asset is available for use by the Group. Each lease payment is apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated over the lease term so as to produce a constant periodic rate of interest in each reporting period. Right-of-use assets are depreciated on a straight-line basis over the asset's useful life or lease period, whichever is shorter.

Assets and liabilities arising from leases are initially measured at present value.

Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments)
- variable lease payments that depend on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees

Right-of-use assets are measured at cost and include the following:

- the amount of the initial measurement of the lease liability
- initial direct costs

Short-term leases and contracts where the right-of-use asset has a low value are expensed on an ongoing basis over the lease term.

Only identifiable assets are included as right-of-use assets with the associated lease liability, which means that the lease payments associated with such things as service contracts with non-identifiable assets are reported directly in the income statement.

The Group is exposed to potential future increases in variable lease payments based on an index or interest rate that is not included in the lease liability prior to them entering into force. When adjustments of lease payments based on an index or an interest rate enter into force, the lease liability is remeasured and adjusted against the right-of-use asset.

### **Interest**

The interest rate has been determined for each currency using a risk-free rate with a duration corresponding to the average term for the leases as a basis. A premium has then been added to cover the Group's and subsidiaries' assessed credit risk. An adjustment has also been made based on the type of asset.

### **Payments under residual value guarantees**

The Group initially estimates the amounts expected to be payable under residual value guarantees and reports them as part of the lease liability. The amounts are evaluated and adjusted (if necessary) at the end of each reporting period. At the end of this financial year, guaranteed residual values included in lease liabilities amounted to SEK 1.7 million (0.3).

### **Important estimates and assumptions regarding the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise an option to terminate a lease. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The lease term assessment is revised upon the occurrence of a significant event or a significant change in circumstances that affects this assessment and is within the lessee's control.

## Financial statements

### Note 18 continued

#### Right-of-use assets

Group, 1 Jan – 31 Dec 2023	Buildings	Cars	Production equipment	Other	Total right-of-use assets
<b>Opening carrying amount</b>	<b>983</b>	<b>191</b>	<b>48</b>	<b>12</b>	<b>1,234</b>
Exchange differences	-1	2	1	0	2
Additions to right-of-use assets	488	192	7	5	692
Company acquisitions	24	4	9	0	37
Leases ended	-13	-11	-1	0	-25
Depreciation <sup>1)</sup>	-343	-134	-19	-6	-502
Company divestments	-	-	-	-	-
<b>BS Closing carrying amount</b>	<b>1,138</b>	<b>244</b>	<b>45</b>	<b>11</b>	<b>1,438</b>
<b>31 Dec 2023</b>					
Cost	2,299	485	90	33	2,907
Accumulated depreciation	-1,161	-241	-45	-22	-1,469
<b>BS Carrying amount</b>	<b>1,138</b>	<b>244</b>	<b>45</b>	<b>11</b>	<b>1,438</b>

1) In the income statement, depreciation related to leases is reported for each function.

#### Right-of-use assets

Group, 1 Jan – 31 Dec 2022	Buildings	Cars	Production equipment	Other	Total right-of-use assets
<b>Opening carrying amount</b>	<b>870</b>	<b>165</b>	<b>17</b>	<b>12</b>	<b>1,064</b>
Exchange differences	44	6	1	0	51
Additions to right-of-use assets	263	131	6	6	406
Company acquisitions	101	6	36	0	143
Leases ended	-9	-11	-2	0	-22
Depreciation <sup>1)</sup>	-286	-106	-10	-6	-408
Company divestments	0	-	-	-	0
<b>BS Closing carrying amount</b>	<b>983</b>	<b>191</b>	<b>48</b>	<b>12</b>	<b>1,234</b>
<b>31 Dec 2022</b>					
Cost	1,890	422	88	31	2,431
Accumulated depreciation	-907	-231	-40	-19	-1,197
<b>BS Carrying amount</b>	<b>983</b>	<b>191</b>	<b>48</b>	<b>12</b>	<b>1,234</b>

## Note 18 continued

## Amount recognised in the income statement

	2023	2022
Depreciation of leases	-502	-408
Interest expense on lease liabilities (included in finance costs)	-56	-36
Lease expense, short-term contracts	-7	-6
Lease expense, low-value assets	-21	-18
Costs associated with variable lease payments	0	0
Revenue from subleasing of rights-of-use	-	0
<b>Total amount recognised in the income statement</b>	<b>-586</b>	<b>-468</b>

## Contractual duration for financial liabilities

	2023	2022
Maturity in 2023	-	446
Maturity in 2024	506	308
Maturity in 2025	383	212
Maturity in 2026	269	147
Maturity in 2027	160	82
Maturity in 2028 or later	324	155
<b>Total contractual cash flows</b>	<b>1,642</b>	<b>1,350</b>
Carrying amount of lease liability	1,481	1,270

## Cash flow disclosures

## Cash flow from operating activities

	2023	2022
Payments for short-term and low-value leases	-28	-24
Costs associated with variable lease payments	0	0
Interest paid	-56	-36
<b>Total cash flow from operating activities</b>	<b>-84</b>	<b>-60</b>

## Cash flow from financing activities

	2023	2022
Repayment of lease liabilities	-495	-406

## 19 Shares and interests

## The Group's holdings of shares and interests in other companies

	Domicile	Share of capital %	Share of votes %	No. shares	Carrying amount
Kytäjän Golf Oy	Finland	-	-	6	1
Veng Norge AS	Norway	30	30	330	9
Other		-	-	-	2

## Holdings of shares and interests in unlisted companies 12

For the Group's holdings of shares and interests in other companies, fair value is considered to be equal to cost. See also Note 2.

## Shares and interests

	Group		Parent Company	
	2023	2022	2023	2022
Opening cost	13	13	10,433	7,609
External acquisitions	-	-	842	2,819
External divestments/liquidations	-1	-	-	-
Shareholder contribution	-	-	1,372	22
Internal restructuring	-	-	-	-
Adjustment of estimated contingent consideration	-	-	-398	-17
Increase via company acquisition	-	-	-	-
Decrease via company divestment	-	-	-	-
Exchange differences	0	0	-	-
<b>Closing accumulated cost</b>	<b>12</b>	<b>13</b>	<b>12,249</b>	<b>10,433</b>
Opening write-ups	-	-	8	8
<b>Closing accumulated write-ups</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>
Opening impairment	0	0	-689	-679
Impairment for the year	-	-	-109	-10
<b>Closing accumulated impairment</b>	<b>0</b>	<b>0</b>	<b>-798</b>	<b>-689</b>
<b>BS Carrying amount</b>	<b>12</b>	<b>13</b>	<b>11,459</b>	<b>9,752</b>
<b>Effect on cash flow</b>				
Consideration, external acquisitions			-842	-2,819
Consideration not paid			161	581
Reversal of contingent consideration			-	-
Internal restructuring			-	-
Consideration paid for previous years' acquisitions			-74	-87
Shareholder contribution paid			-1,294	-13
<b>Total</b>			<b>-2,049</b>	<b>-2,338</b>

A complete, statutory specification has been appended to the annual report submitted to the Swedish Companies Registration Office. This specification is available from Indutrade AB on request.

## 20 Non-current receivables

	Group		Parent Company	
	2023	2022	2023	2022
<b>Opening balance</b>	<b>44</b>	<b>46</b>	<b>25</b>	<b>27</b>
Additional receivables	11	0	–	–
Repaid deposits/amortisation	–	–7	–	–6
Company acquisitions	2	0	–	–
Value change, pensions	1	0	1	0
Net reported against pension obligations	8	4	5	4
Exchange differences	0	1	–	–
<b>BS Total</b>	<b>66</b>	<b>44</b>	<b>31</b>	<b>25</b>

The Group's non-current receivables are mainly related to endowment insurance policies. The carrying amount is judged to correspond to fair value. The maturity dates for the endowment insurance policies are dependent on the date of retirement for the persons insured.

The Parent Company's non-current receivables are mainly related to endowment insurance policies.

## 21 Inventories

### Accounting principles

#### Inventories

Inventories are stated at the lower of their cost and net realisable value. Cost is calculated using the first-in first-out (FIFO) method. The cost of finished goods and work in progress consists of raw materials, direct wages, other direct costs and related indirect manufacturing costs (based on normal manufacturing capacity).

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are broken down into the following items:

Group	2023	2022
Raw materials and consumables	1,359	1,357
Products in progress	431	459
Finished products and merchandise	3,575	3,789
<b>BS Total</b>	<b>5,365</b>	<b>5,605</b>

Cost of goods sold for the Group includes impairment of inventory, totalling SEK 38 million (41).

No significant reversals of previous impairment charges were made in 2023 or 2022.

## 22 Trade receivables

### Accounting principles

#### Trade receivables

Trade receivables are related to goods sold as part of operating activities. Trade receivables are initially recognised at the transaction price and subsequently at amortised cost, since the Group holds trade receivables with the intention of receiving contractual cash flows. Credit losses are assessed based on the receivables' lifetime expected losses. The model is based on historical data and various risk scenarios. The historical loss level is adjusted according to the most likely scenario. The loss is recognised in the income statement as part of selling costs. Recoveries of previous write-offs are credited to selling costs in the income statement.

Since the Group consists of more than 200 operating companies, the item "trade receivables" is an accumulation of many smaller individual entries. This lowers the overall risk, as subsidiaries can act quickly if a customer does not pay in accordance with the terms and conditions. Because Indutrade's trade receivables typically fall due within 6 months, they are classified as current assets.

### Age analysis and loss allowance

Group	2023	2022
<b>Trade receivables</b>		
Trade receivables not yet due	3,389	3,433
Trade receivables 0–3 months past due	956	923
Trade receivables 3–6 months past due	70	95
Trade receivables more than 6 months past due	114	113
Loss allowance	–115	–112
<b>BS Total</b>	<b>4,414</b>	<b>4,452</b>
<b>Loss allowance</b>		
Loss allowance, 0–3 months past due	–42	–41
Loss allowance, 3–6 months past due	–8	–8
Loss allowance, older than 6 months	–65	–63
<b>Total</b>	<b>–115</b>	<b>–112</b>
<b>Change in loss allowance during the year</b>		
<b>Opening allowance</b>	<b>–112</b>	<b>–67</b>
Receivables written off as credit losses	10	1
Reversal of unused provisions	39	15
Loss allowance for the year	–51	–55
Company acquisitions	–1	–2
Exchange differences	0	–4
<b>Closing allowance</b>	<b>–115</b>	<b>–112</b>

For a description of risks associated with the Company's trade receivables, see Note 2.

## 23 Prepaid expenses and accrued income

	Group		Parent Company	
	2023	2022	2023	2022
Prepaid material costs	60	78	–	–
Prepaid rents	42	42	–	–
Prepaid IT/telecom costs	41	35	3	1
Prepaid insurance premiums	28	25	–	–
Prepaid property expenses	12	15	–	–
Accrued interest income	6	–	3	–
Other prepaid expenses	98	79	20	17
<b>BS Total</b>	<b>287</b>	<b>274</b>	<b>26</b>	<b>18</b>

## 24 Non-current and current interest-bearing liabilities

### Accounting principles

#### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

#### Contingent consideration

Indutrade typically uses an acquisition structure with a base consideration and a contingent consideration. Contingent consideration is normally based on the projected earnings of the acquired company over the next few years. The contingent consideration is measured at the fair value on the transaction date by calculating the present value of the likely outcome. The interest expense is thereafter allocated over the period up until the settlement date. Contingent consideration is remeasured at every reporting date. Excess or deficit amounts are recognised as income or expense under other operating income/expenses in the income statement. Contingent consideration is reported as a current liability if it is payable within 12 months from the balance sheet date.

#### Leases

A description of the accounting principles for lease liabilities can be found in Note 18 Leases.

### Note 24 continued

	Group		Parent Company	
	2023	2022	2023	2022
<b>Non-current liabilities</b>				
Lease liabilities	1,005	838	0	0
SEK-denominated loans with terms longer than 1 year	2	2	0	1
MTN loans	5,496	5,194	5,496	5,194
EUR-denominated loans with terms longer than 1 year	1,147	555	1,110	534
Loans in other currencies with terms longer than 1 year	14	92	–	–
Contingent consideration in SEK, payment due later than 1 year	23	156	–	123
Contingent consideration in EUR, payment due later than 1 year	250	556	170	320
Contingent consideration in other currencies, payment due later than 1 year	148	267	58	183
<b>BS Total</b>	<b>8,085</b>	<b>7,660</b>	<b>6,834</b>	<b>6,355</b>
<b>Current liabilities</b>				
Utilised bank overdraft facilities	48	63	–	–
Lease liabilities	476	432	0	0
MTN loans	700	760	700	760
Commercial papers	–	273	–	273
Share swap	198	119	198	119
EUR-denominated loans with terms shorter than 1 year	555	323	533	323
Loans in other currencies with terms shorter than 1 year	98	55	–	–
Contingent consideration in SEK, payment due within 1 year	71	38	59	25
Contingent consideration in EUR, payment due within 1 year	173	87	32	–
Contingent consideration in other currencies, payment due within 1 year	56	116	56	36
<b>BS Total</b>	<b>2,375</b>	<b>2,266</b>	<b>1,578</b>	<b>1,536</b>

Externally granted bank overdraft facilities amount to SEK 794 million (894) for the Group and SEK 735 million (735) for the Parent Company.

### Maturity dates for leases, non-current portion

	Group	
	2023	2022
Maturity in 2024	–	295
Maturity in 2025	355	201
Maturity in 2026	246	138
Maturity in 2027	140	73
Maturity in 2028 or later	264	131
<b>Total</b>	<b>1,005</b>	<b>838</b>

## Financial statements

### Note 24 continued

2023	Group				Parent Company	
	SEK	EUR	DKK	GBP	SEK	EUR
Maturity dates for long-term loans, SEK million						
Maturity in 2025	1,650	1,121	0	1	1,650	1,110
Maturity in 2026	1,846	10	1	1	1,846	–
Maturity in 2027	1,000	6	0	0	1,000	–
Maturity in 2028 or later	1,002	10	11	–	1,000	–
<b>Total</b>	<b>5,498</b>	<b>1,147</b>	<b>12</b>	<b>2</b>	<b>5,496</b>	<b>1,110</b>
Variable (V)/Fixed (F) interest	V&F	V&F	V&F	V&F	V&F	V

2022	Group					Parent Company	
	SEK	EUR	CNY	DKK	GBP	SEK	EUR
Maturity dates for long-term loans, SEK million							
Maturity in 2024	1,234	7	26	3	3	1,234	–
Maturity in 2025	1,116	539	2	3	2	1,116	534
Maturity in 2026	1,844	4	2	3	2	1,844	–
Maturity in 2027 or later	1,002	5	5	38	3	1,000	–
<b>Total</b>	<b>5,196</b>	<b>555</b>	<b>35</b>	<b>47</b>	<b>10</b>	<b>5,194</b>	<b>534</b>
Variable (V)/Fixed (F) interest	V&F	V&F	V	V&F	V&F	V&F	F

2023	Group						Parent Company		
	SEK	EUR	DKK	GBP	NOK	CZK	DKK	NOK	EUR
Maturity dates for long-term contingent consideration, SEK million									
Maturity in 2025	23	219	35	78	26	9	35	23	139
Maturity in 2026	–	31	–	–	–	–	–	–	31
Maturity in 2027	–	–	–	–	–	–	–	–	–
Maturity in 2028 or later	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>23</b>	<b>250</b>	<b>35</b>	<b>78</b>	<b>26</b>	<b>9</b>	<b>35</b>	<b>23</b>	<b>170</b>
Present value discount rate, %	2–3	2–4	2–3	2–4	2–4	2	2–3	2–4	2–4

2022	Group							Parent Company			
	SEK	EUR	DKK	GBP	NOK	CHF	CZK	SEK	DKK	CHF	EUR
Maturity dates for long-term contingent consideration, SEK million											
Maturity in 2024	123	419	129	–	3	–	–	123	129	–	226
Maturity in 2025	33	137	–	69	3	54	9	–	–	54	94
Maturity in 2026	–	–	–	–	–	–	–	–	–	–	–
Maturity in 2027 or later	–	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>156</b>	<b>556</b>	<b>129</b>	<b>69</b>	<b>6</b>	<b>54</b>	<b>9</b>	<b>123</b>	<b>129</b>	<b>54</b>	<b>320</b>
Present value discount rate, %	2–3	2–3	2–3	2	2	2	2	2–3	2–3	2	2–3

## 25 Pension obligations

### Accounting principles

The Group has both defined benefit and defined contribution pension plans. A defined benefit pension plan is a pension plan that specifies a level of post-retirement benefits. The Group's defined benefit plans are both funded and unfunded. For funded plans, the assets have been detached (plan assets). A defined contribution pension plan is a pension plan under which the Group makes set contributions to a separate legal entity.

The defined benefit liability recognised in the balance sheet consists of the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting the estimated future cash flows using the rate of interest for high quality corporate bonds (AA-rated), corresponding to the duration of the liability, in countries in which such a market exists (the Netherlands, the UK and Switzerland).

## Note 25 continued

For calculations of defined benefit pension obligations in Sweden, the discount rate has been set by reference to the interest rate for mortgage bonds with a duration that corresponds to the average duration of the obligations. Indutrade has determined that a deep market for high quality corporate bonds exists in Sweden. Indutrade is of the opinion that Swedish mortgage bonds issued by Swedish corporations in the financial sector are covered by the concept of corporate bonds. Based on the outstanding volume, turnover and number of issues in the mortgage bond market, it has been determined that a deep market exists for these bonds. Consequently, mortgage bonds have been used as a basis for the interest rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income after taking into account payroll tax and deferred tax.

Pension costs relating to service in current and past periods are recognised directly in profit or loss.

For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a statutory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The amounts are recognised as an expense as employees earn the benefits.

Some of the Group's defined benefit pension obligations have been financed through payment of premiums to the insurance company Alecta. Since relevant information about these cannot be obtained from Alecta, these obligations are reported as a defined contribution plan.

#### Measurement of pension obligation

In calculating the balance sheet liability for defined benefit pension plans, various assumptions have been made, as shown in the table.

The Parent Company's pension obligation consists of endowment insurance policies.

#### Defined benefit plans

In accordance with IAS 19 Employee Benefits, actuaries commissioned by Indutrade have computed the Group's pension liability and the provisions to be made on a regular basis for pensions for the Group's employees.

The pension plans include retirement pensions, disability pensions and family pensions. Calculations are done individually and are based on the employee's salary, previously earned pension benefits and the anticipated remaining service period. Apart from the PRI plan in Sweden, the Group has defined benefit plans primarily in the Netherlands, Switzerland and the UK. Switzerland has a risk-sharing system for defined benefit plans in which the risk is split between the company and the employees. The plan in the UK has been closed for new contributions. The same applies for most of the plan in the Netherlands.

#### Breakdown of net liability in SEK million

	2023	2022
PRI plan	118	94
Defined benefit plans, Netherlands, Switzerland and the UK	99	75
<b>Total defined benefit plans</b>	<b>217</b>	<b>169</b>
Other pension obligations	82	74
<b>BS Total</b>	<b>299</b>	<b>243</b>

The Group's plan assets, totalling SEK 982 million (897), for Switzerland and the Netherlands consist of investments with insurance companies, mainly in government bonds, corporate bonds and interest rate derivatives. Plan assets in the UK consist of equities and equity funds, government and corporate bonds, and liquid assets. The pension liability is a vested benefit obligation.

#### Defined contribution plans

The pension plans include retirement pensions, disability pensions and family pensions. Premiums are paid on a regular basis during the year to independent legal entities. The size of the pension premiums is based on the individual employee's salary, and the cost of the premium is recognised on a continuing basis through profit or loss.

According to a pronouncement from the Swedish Financial Reporting Board, retirement pension and family pension obligations secured through insurance with Alecta for salaried employees in Sweden are classified as multi-employer defined benefit plans. For 2023, Indutrade does not have access to information that would enable it to report this plan as a defined benefit plan, and the plan is therefore reported as a defined contribution plan. Premiums paid during the year for pension plans with Alecta amounted to SEK 39 million (39).

Premiums for 2024 are expected to be in line with 2023. Alecta's collective funding ratio was 178% (172%) in December 2023.

#### Assumptions used in actuarial computations

Group, 2023	Sweden	Netherlands	Switzerland	UK
<b>Assumptions in calculating pension obligations</b>				
Discount rate, %	3.25	3.20	1.50	4.50
Future salary increases, %	3.25	–	1.75	–
Anticipated inflation, %	2.00	–	1.75	3.40
Future pension increases, %	2.00	0.50	–	2.87
Employee turnover, %	2.00	1)	1)	–

1) Age-related.

#### Assumptions used in actuarial computations

Group, 2022	Sweden	Netherlands	Switzerland	UK
<b>Assumptions in calculating pension obligations</b>				
Discount rate, %	4.00	3.70	2.25	4.70
Future salary increases, %	3.25	2.00	1.75	–
Anticipated inflation, %	2.00	2.00	1.75	3.40
Future pension increases, %	2.00	0.50	0.00	2.90
Employee turnover, %	2.00	1)	1)	–

1) Age-related.

#### Duration

Duration, years	2023	2022
Sweden	17	16
Netherlands	16	17
Switzerland	13	13
UK	10	13

## Financial statements

### Note 25 continued

#### Sensitivity analysis for changes in significant assumptions

Impact on defined benefit obligation, SEK million	Sweden	Netherlands	Switzerland	UK
Discount rate, 0.50% increase	-9	-27	-35	-3
Discount rate, 0.50%, decrease	10	30	41	3
Salary increase, 0.50% increase	6	-	3	-

#### Amounts reported in the balance sheet

	2023	2022
Present value of funded obligations	1,081	972
Fair value of plan assets	-982	-897
	<b>99</b>	<b>75</b>
Present value of unfunded obligations	118	94
	<b>118</b>	<b>94</b>
<b>Net liability, defined benefit plans, in the balance sheet</b>	<b>217</b>	<b>169</b>

#### Remeasurement of liability in other comprehensive income

	2023	2022
Experience adjustments of defined benefit obligations	5	17
Return on plan assets, excl. interest income	-30	191
Demographic adjustments of defined benefit obligations	0	-1
Financial adjustments of defined benefit obligations	80	-344
<b>Total</b>	<b>55</b>	<b>-137</b>

	2023	2022
<b>Present value of pension obligations at beginning of year</b>	<b>1,066</b>	<b>1,257</b>
Pension costs	12	25
Redemption of pension liability	-	-
Interest expenses	32	12
Employee contributions	15	13
Pension payments	-43	-31
Actuarial gains (-)/losses (+)	85	-328
Exchange differences	32	118
<b>Present value of pension obligations at end of year</b>	<b>1,199</b>	<b>1,066</b>
Plan assets at beginning of year	897	972
Interest income	27	9
Employee contributions	15	13
Company contributions	22	22
Pension payments	-39	-27
Return on plan assets, excl. interest income	30	-191
Exchange differences	30	99
<b>Plan assets at end of year</b>	<b>982</b>	<b>897</b>
Net liability at beginning of year	169	285
Net cost recognised in income statement	17	28
Redemption of pension liability	-	-
Pension payments	-4	-4
Company contributions	-22	-22
Actuarial gains (-)/losses (+)	55	-137
Exchange differences in foreign plans	2	19
<b>Net liability at end of year</b>	<b>217</b>	<b>169</b>

Amounts recognised in income statement, Group	2023			2022		
	Defined benefit plans	Defined contribution plans	Total	Defined benefit plans	Defined contribution plans	Total
Costs relating to service in current and past periods	12	471	483	25	384	409
Interest on obligation	32	-	32	12	-	12
Return on plan assets	-27	-	-27	-9	-	-9
<b>Net cost in income statement</b>	<b>17</b>	<b>471</b>	<b>488</b>	<b>28</b>	<b>384</b>	<b>412</b>
included in selling costs	12	331	343	25	276	301
included in administrative expenses	0	140	140	0	108	108
included in financial items	5	-	5	3	-	3

Anticipated company contributions to defined benefit pension plans in 2024 amount to SEK 23 million.

## 26 Other provisions

### Accounting principles

Future obligations for guarantee commitments are based on outlays for similar costs during the financial year or calculated costs for the respective obligations.

	Group		Parent Company	
	2023	2022	2023	2022
Guarantee commitments	23	20	–	–
<b>Total non-current provisions</b>	<b>23</b>	<b>20</b>	<b>–</b>	<b>–</b>

		Guarantee commitments
<b>Opening balance, 1 January 2023</b>		<b>20</b>
Guarantee commitments in acquired companies		2
Change in guarantee commitments for the year		1
<b>BS</b>	<b>Closing balance, 31 December 2023</b>	<b>23</b>

## 27 Accrued expenses

	Group		Parent Company	
	2023	2022	2023	2022
Accrued holiday pay	319	292	7	6
Other payroll costs	405	434	17	13
Accrued social security costs	130	121	16	11
Accrued expenses for purchase of materials	95	136	–	–
Customer bonuses and discounts	91	92	–	–
Accrued audit and consulting fees	56	61	3	2
Accrued finance costs	67	23	66	21
Other	125	96	1	1
<b>BS Total</b>	<b>1,288</b>	<b>1,255</b>	<b>110</b>	<b>54</b>

## 28 Pledged assets

	Group		Parent Company	
	2023	2022	2023	2022
<b>For own liabilities:</b>				
Property mortgages	103	125	–	–
Floating charges	54	80	–	–
Assets subject to liens	302 <sup>1)</sup>	251	32 <sup>2)</sup>	–
Blocked funds	7	10	–	–
<b>Total</b>	<b>466</b>	<b>466</b>	<b>32</b>	<b>–</b>

1) Primarily leases on cars.

2) Primarily endowment insurance policies.

## 29 Contingent liabilities

	Group		Parent Company	
	2023	2022	2023	2022
Guarantees pledged for subsidiaries' PRI liabilities	–	–	84	76
Guarantees pledged for the benefit of subsidiaries	–	–	104	81
Contingent liabilities for own PRI liabilities	2	2	–	–
<b>Total</b>	<b>2</b>	<b>2</b>	<b>188</b>	<b>157</b>

## 30 Cash and cash equivalents

### Accounting principles

Cash and cash equivalents include short-term investments with maturities of less than three months, and cash and bank balances. Drawn bank overdraft facilities are recognised under current interest-bearing liabilities in the balance sheet.

Cash and cash equivalents in the balance sheet and statement of cash flows consist of:

	Group		Parent Company	
	2023	2022	2023	2022
Cash and bank balances	2,758	1,585	1,713	592
Short-term investments	254	4	250	–
<b>BS Total</b>	<b>3,012</b>	<b>1,589</b>	<b>1,963</b>	<b>592</b>

## 31 Cash flow

	1 Jan 2023	Items affecting cash flow	Non-cash movements								31 Dec 2023
			Acquisitions	Divestments	Interest	Transfer from non-current to current	Translation difference	Adjustment in income statement	New borrowings	Fair value	
Current interest-bearing liabilities	1,593	-1,429	81	-	-	1,285	69	-	-	-	1,599
Non-current interest-bearing liabilities	5,843	1,938	40	-	-	-1,285	124	-	-	-	6,660
Lease liabilities	1,270	-495	37	-26	-	-	3	-	692	-	1,481
<b>Total, excl. contingent consideration</b>	<b>8,706</b>	<b>14</b>	<b>158</b>	<b>-26</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>-</b>	<b>692</b>	<b>-</b>	<b>9,740</b>
Contingent consideration <sup>1)</sup>	1,220	-225	-	-	12	-	-6	-495	215	-	721
<b>Total interest-bearing liabilities</b>	<b>9,926</b>	<b>-211</b>	<b>158</b>	<b>-26</b>	<b>12</b>	<b>-</b>	<b>190</b>	<b>-495</b>	<b>907</b>	<b>-</b>	<b>10,461</b>
1) Items affecting cash flow are reported in investing activities.											
Financial assets used for hedging purposes <sup>2)</sup>	-1	-	-	-	-	-	-	-	27	-	26
Short-term investments	4	250	-	-	-	-	0	-	-	-	254
Cash and bank balances	1,585	1,181	-	-	-	-	-8	-	-	-	2,758
<b>Total cash and bank balances</b>	<b>1,589</b>	<b>1,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,012</b>

2) For liabilities reported in financing activities.

	1 Jan 2022	Items affecting cash flow	Non-cash movements								31 Dec 2022
			Acquisitions	Divestments	Interest	Transfer from non-current to current	Translation difference	Adjustment in income statement	New borrowings	Fair value	
Current interest-bearing liabilities	804	-574	52	-	-	1,300	11	-	-	-	1,593
Non-current interest-bearing liabilities	3,835	2,799	51	-	-	-1,300	458	-	-	-	5,843
Lease liabilities	1,099	-408	141	-23	-	-	55	-	406	-	1,270
<b>Total, excl. contingent consideration</b>	<b>5,738</b>	<b>1,817</b>	<b>244</b>	<b>-23</b>	<b>-</b>	<b>-</b>	<b>525</b>	<b>-</b>	<b>406</b>	<b>-</b>	<b>8,706</b>
Contingent consideration <sup>1)</sup>	861	-235	-	-	14	-	60	-139	659	-	1,220
<b>Total interest-bearing liabilities</b>	<b>6,599</b>	<b>1,582</b>	<b>244</b>	<b>-23</b>	<b>14</b>	<b>-</b>	<b>585</b>	<b>-139</b>	<b>1,065</b>	<b>-</b>	<b>9,926</b>
1) Items affecting cash flow are reported in investing activities.											
Financial assets used for hedging purposes <sup>2)</sup>	-12	-	-	-	-	-	-	-	11	-	-1
Short-term investments	4	0	-	-	-	-	0	-	-	-	4
Cash and bank balances	1,456	46	-	-	-	-	83	-	-	-	1,585
<b>Total cash and bank balances</b>	<b>1,460</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,589</b>

2) For liabilities reported in financing activities.

## 32 Acquisitions and divestments of subsidiaries

### Acquisitions 2023

All shares have been acquired in Sax Lift A/S (Denmark), Hobe GmbH (Germany), Siersema Componenten 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 Componenten 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 industry.

### DACH

On 10 January, Hobe GmbH (Germany) was acquired, with annual sales of SEK 80 million. Hobe manufactures 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 a specialist 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 coating dies made of stainless steel 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 high-quality 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 that offers premium security products and systems and 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 that specialises in electrical safety and test equipment for use in high- and medium-voltage applications, to protect operators from electrical hazards.

### Effects of acquisitions completed in 2023 and 2022

SEK million	2023		2022	
	Net sales	EBITA	Net sales	EBITA
<b>Business area</b>				
Benelux	497	70	147	34
DACH	324	90	128	22
Finland	57	4	120	21
Flow Technology	21	4	148	21
Fluids & Mechanical Solutions	544	53	249	47
Industrial Components	217	34	264	48
Measurement & Sensor Technology	277	51	227	32
UK	45	6	360	51
<b>Effect on Group</b>	<b>1,982</b>	<b>312</b>	<b>1,643</b>	<b>276</b>
Acquisitions carried out in 2021			997	177
Acquisitions carried out in 2022	1,176	180	646	99
Acquisitions carried out in 2023	806	132	–	–
<b>Effect on Group</b>	<b>1,982</b>	<b>312</b>	<b>1,643</b>	<b>276</b>

The table above shows the net sales and EBITA of the acquired companies since the acquisition date, which are included in the Group's earnings for each period. If all acquired units had been consolidated as from 1 January 2023, net sales for the year would have amounted to SEK 32,200 million, and EBITA would have totalled SEK 4,808 million.

## Financial statements

Note 32 continued

### Acquired assets

#### Preliminary purchase price allocations

SEK million	2023	2022
Purchase price, incl. contingent consideration	1,725	3,445
of which contingent consideration	215	659

Acquired assets	2023			2022		
	Carrying amount	Fair value adjustment	Fair value	Carrying amount	Fair value adjustment	Fair value
Goodwill	47	945	992	38	1,892	1,930
Agencies, trademarks, customer relationships, licences etc.	30	602	632	4	1,335	1,339
Property, plant and equipment	58	19	77	203	–	203
Financial assets	4	–	4	1	–	1
Inventories	192	–	192	320	–	320
Other current assets <sup>1)</sup>	189	–	189	272	–	272
Cash and cash equivalents	159	–	159	242	–	242
Deferred tax liability	–1	–139	–140	–11	–321	–332
Provisions incl. pension obligations	–	–	–	0	–	0
Other operating liabilities	–381	1	–380	–530	–	–530
Non-controlling interests	–	–	–	0	–	0
	<b>297</b>	<b>1,428</b>	<b>1,725</b>	<b>539</b>	<b>2,906</b>	<b>3,445</b>

1) Primarily trade receivables.

Since disclosures about the individual acquisitions are insignificant, they are provided here in aggregate form. The cost of customer relationships and agencies is recognised in the balance sheet under agencies, trademarks, customer relationships, licences etc. Agencies, customer relationships, licences etc. are amortised over 5 to 20 years, while the majority of trademarks are assumed to have an indefinite life. Trademarks are included at a value of SEK 28 million (78). Goodwill is justified by the good profitability and personnel included in the acquired companies.

Indutrade typically uses an acquisition structure with a base consideration and a contingent consideration. Initially, the contingent consideration is measured at the present value of the likely outcome, which for the acquisitions made during the year amounts to SEK 215 million (659). The contingent consideration payments are due within three years and could amount to a maximum of SEK 260 million (737). If the conditions are not met, the outcome could be in the range of SEK 0–260 million (0–737).

Transaction costs for the acquisitions carried out during the year totalled SEK 15 million (15) and are included in Other operating expenses in the income statement. Contingent consideration payments have been restated in the amount of SEK 512 million (142). The effect is reported under Other operating income/expenses in the amount of SEK 495 million (138) and under Net financial items in the amount of SEK 17 million (4).

The purchase price allocation calculations for the companies acquired up to the end of December 2022 have now been finalised. No significant adjustments have been made to the calculations. For other acquisitions, the purchase price allocation 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	2023	2022
Purchase price, incl. contingent consideration	1,725	3,445
Consideration not paid	–215	–662
Cash and cash equivalents in acquired companies	–159	–242
Consideration paid for previous years' acquisitions	225	287
<b>Total cash flow impact</b>	<b>1,576</b>	<b>2,828</b>

### Acquisitions and divestments after the end of the reporting period

In January, all 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 specialised technical trading company within 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 specialised technical trading company within bespoke products for motion control and software for automation control.

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 technology industry.

On 2 February, ATLINE ApS was acquired, with annual sales of SEK 60 million. ATLINE is a leading development and manufacturing partner of robotised production equipment for the animal feed industry.

On 5 March, Matriks AS was acquired, with annual sales of SEK 205 million. Matriks is a technical trading company specialising in analytical instruments, systems and consumables for chemical and biochemical laboratories.

On 11 March, Hemomatik AB was acquired, with annual sales of SEK 65 million. Hemomatik is a leading technical trading company specialised in sensors for automation, control, measurement, and positioning.

### 33 Related party transactions

Intra-Group purchases and sales were limited in extent. Deposits to and borrowings from Group companies have been made on an arm's length basis.

The Indutrade Group's related parties consist mainly of senior executives. Disclosures of transactions with these related parties are provided in Note 8, Salaries, other benefits and social security costs.

### 34 Events after the balance sheet date

During January-March 2024, six company acquisitions were completed and one subsidiary was divested. For further information, see Note 32.

In other respects, no significant events for the Group have occurred after the end of the reporting period.

### 35 Disclosures about the Parent Company

Indutrade AB, reg. no. 556017-9367, is the Parent Company of the Group. The Company is a Swedish limited liability company with registered office in Stockholm, Sweden. Address:

#### Indutrade AB

Box 6044

SE-164 06 Kista

Sweden Tel: +46 (0)8 703 03 00

Website: [www.indutrade.se](http://www.indutrade.se)

The share capital on 31 December 2023 consisted of 364,323,000 shares with a share quota value of SEK 2, making a total of SEK 729 million.

At the Annual General Meeting on 9 April 2024, a dividend of SEK 2.85 per share, totalling SEK 1,038 million, will be proposed for the 2023 financial year. The proposed dividend has not been reported as a liability in these financial statements.

### 36 Tax allocation reserves

		Parent Company	
		2023	2022
	Provision 2017		142
	Provision 2018	120	120
	Provision 2019	120	120
	Provision 2020	75	75
	Provision 2021	190	190
	Provision 2022	220	220
	Provision 2023	241	
<b>BS</b>	<b>Total</b>	<b>966</b>	<b>867</b>

# Audit Report

## Unofficial translation

To the general meeting of the shareholders of Indutrade AB (publ), corporate identity number 556017-9367

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Indutrade AB (publ) for the year 2023 except for the corporate governance statement on pages 48–55 and sustainability report on pages 7–15, 21–30, 42–46 and 106–108. The annual accounts and consolidated accounts of the company are included on pages 16–17, 32–39, 42–55, 58 and 60–101 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 48–55 and the sustainability report on pages 7–15, 21–30, 42–46 and 106–108. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Indutrade markets and sells components, systems, and services with high-tech content in selected niches to the industry. The Group consists of more than 200 companies in 30 countries and has a clearly defined acquisition strategy. The Group mainly consists of individually small entities with respect to the Group as a total. The most significant balance sheet items are inventories and accounts receivables.

In order to ensure that we in our audit of the consolidated accounts have a common focus on important areas, and to ensure that we obtain sufficient coverage of the Group's net sales, the Group audit team has assigned the entities included in the Group audit different scopes. Through this scope of our work, we as Group auditors obtain enough coverage from subsidiaries in Group audit scope when we issue this Auditors' report. In addition, local statutory audit procedures are performed for all legal entities within the Group subject to such requirements according to local law.

The strongly decentralized governance model adopted by Indutrade, means local management in the individual subsidiaries have important responsibilities in terms of establishing and maintaining proper internal controls. Within the Indutrade Group there is an annual process for self-assessment whereby the companies respond to an internal controls questionnaire. Answers are summarized and evaluated by the parent company's finance department and business area controllers. In addition, we perform as part of our audit a testing of the implementation of a selection of controls. On Group level we audit areas such as impairment of goodwill, actuarial reports for significant pension plans and acquisition balances.

Our audit is carried out continuously during the year. We reported our main observations to group management, the audit committee and the board. The interim report for the third quarter was subject to a review.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

#### Valuation of inventories

Inventories is a significant item in the consolidated balance sheet. As per December 31, 2023, inventory amounts to SEK 5,4 billion. The existence and valuation of inventories are important factors to consider. The obsolescence provisions are to some extent affected by management's judgments.

Refer to the Annual Report Note 21 Inventories for more information.

#### **How our audit addressed the key audit matter**

In our audit we have, among other procedures, mapped and assessed the companies' inventory processes including routines for valuation and assessment of obsolescence in order to gain an understanding of risks and controls. We have also participated in stock-taking and performed audit procedures of pricing of articles in stock. Considering the company's operations, system support, inventory turnover and other relevant factors we have tested the obsolescence models in the subsidiaries against Indutrade's accounting principles. We have traced the disclosures information included in Note 21 Inventories to the accounting records and other supporting documentation and ensured that they are in line with the disclosure requirements in IAS 2 Inventory.

#### **Valuation of Earn out liabilities**

Indutrade's acquisition strategy typically entails a base consideration plus a contingent earn-out payment. Contingent earn-out payment is typically based on the estimated earnings of the acquired company over the next few years. Contingent earn-out payments are remeasured at every reporting date and thus subject to management judgements and estimates. The fair value determination related to business combinations, including the valuation of contingent considerations, involves a high degree of management judgment as it is based on the Company's own assumptions.

Refer to the Annual Report Note 32 Acquisitions and divestments of subsidiaries for more information.

#### **How our audit addressed the key audit matter**

Through our audit, we have, among other procedures, obtained and reviewed contracts for significant acquisitions including earn-out consideration clauses. We have evaluated and reviewed management's valuations and judgments with regard to earn-out provisions and the effects from revaluations. We have also followed up and reviewed the disclosures in Note 32 Acquisitions and divestments of subsidiaries.

#### **Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–6, 18–20, 31, 40–41, 47, 59 and 109–116 and the statutory sustainability report on pages 7–15, 21–30, 42–46 and 106–108 and remuneration report on pages 56–57. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent

with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Director's and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

# Report on other legal and regulatory requirements

## The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Indutrade AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and

the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts [and consolidated accounts] in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for Indutrade AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Indutrade AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are

appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the ESEF report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, statement of financial position, equity changes, cash flow analysis and notes in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 48–55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97, was appointed auditor of Indutrade AB (publ) by the general meeting of the shareholders on 29 March 2023 and has been the company's auditor since 1994.

## Auditor's report on the statutory sustainability report

**To the general meeting of the shareholders in Indutrade AB (publ), corporate identity number 556017-9367**

### Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 7–15, 21–30, 42–46, and 106–108 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm, 18 March 2024  
PricewaterhouseCoopers AB

**Anna Rosendal**  
Authorised Public Accountant  
Lead partner

# Taxonomy

## Turnover

Financial year 2023		2023		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)						Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022										
Economic Activities	Code	Turnover	Proportion of Turnover, year 2023	Climate Change Mitigation		Climate Change Adaptation		Water	Pollution		Circular Economy		Biodiversity	Climate Change Mitigation		Climate Change Adaptation		Water	Pollution		Circular Economy	Biodiversity	Minimum Safeguards	Category enabling activity	Category transitional activity	
				MSEK	%	Yes/No	N/EL		Yes/No	N/EL	Yes/No	N/EL		Yes/No	N/EL	Yes/No	N/EL		Yes/No	N/EL						Yes/No
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																										
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																										
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Of which Enabling</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E		
	<b>Of which Transitional</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		T	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																										
				EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL														
	Manufacture of energy efficiency equipment for buildings	CCM 3.5	67	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL														0.3%
	Manufacture of other low carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-														0.1%
	Manufacture of electrical and electronic equipment	CE 1.2	1,893	6.0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL														-
	Water supply	WTR 2.1	6	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL														-
	Urban waste water treatment	WTR 2.2	150	0.5%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL														-
	Manufacturing of aircraft	CCM 3.21	75	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL														-
	Provision of IT/OT data-driven solutions	CE 4.1	111	0.3%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL														-
	Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	40	0.1%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL														-
	Repair, refurbishment and remanufacturing	CE 5.1	25	0.1%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL														-
	<b>Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		2,367	7.4%	0.4%	-	0.6%	-	6.4%	-																0.4%
	<b>A. Turnover of Taxonomy eligible activities (A1+A2)</b>		2,367	7.4%	0.4%	-	0.6%	-	6.4%	-																0.4%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																										
	<b>Turnover of Taxonomy-non-eligible activities (B)</b>		29,468	92.6%																						
	<b>Total A+B</b>		31,835	100.0%																						

## Capital expenditures

Financial year 2023		2023		Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022		Category enabling activity	Category transitional activity										
Economic Activities	Code	CapEx	Proportion of CapEx, year 2023	Climate Change Mitigation		Climate Change Adaptation		Water	Pollution		Circular Economy		Biodiversity	Climate Change Mitigation		Climate Change Adaptation		Water	Pollution		Circular Economy		Biodiversity	Minimum Safeguards Yes/No	%	E	T		
		MSEK	%	Yes/No	N/EL	Yes/No	N/EL	Yes/No	N/EL	Yes/No	N/EL	Yes/No	N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																													
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																													
<b>Capital expenditures of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																													
<b>Of which Enabling</b>																													
<b>Of which Transitional</b>																													
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																													
				EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL															
Manufacture of energy efficiency equipment for buildings	CCM 3.5	3	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Manufacture of other low carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-																
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	192	9.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	7	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	3	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	16	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Acquisition and ownership of buildings	CCM 7.7	55	2.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Manufacture of electrical and electronic equipment	CE 1.2	25	1.2%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL																
Water supply	WTR 2.1	-	0.0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Urban waste water treatment	WTR 2.2	-	0.0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Manufacturing of aircraft	CCM 3.21	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Provision of IT/OT data-driven solutions	CE 4.1	1	0.1%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL																
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	-	0.0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL																
Repair, refurbishment and remanufacturing	CE 5.1	0	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL																
<b>Capital expenditures of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>304</b>	<b>15.3%</b>	<b>14%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>1.3%</b>	<b>-</b>																<b>0.3%</b>				
<b>A. Capital expenditures of Taxonomy eligible activities (A1+A2)</b>		<b>304</b>	<b>15.3%</b>	<b>14.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>1.3%</b>	<b>-</b>																<b>0.3%</b>				
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																													
<b>Capital expenditures of Taxonomy-non-eligible activities</b>		<b>1,680</b>	<b>84.7%</b>																										
<b>Total A+B</b>		<b>1,984</b>	<b>100.0%</b>																										



# Multi-year overview and definitions

## Condensed income statements

SEK million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net sales	31,835	27,016	21,715	19,217	18,411	16,848	14,847	12,955	11,881	9,746
Cost of goods sold	-20,789	-17,654	-14,106	-12,681	-12,126	-11,099	-9,881	-8,607	-7,847	-6,464
Development costs	-395	-334	-258	-227	-217	-204	-178	-156	-133	-107
Selling costs	-4,616	-3,975	-3,279	-3,009	-2,990	-2,737	-2,463	-2,179	-2,044	-1,708
Administrative expenses	-1,961	-1,560	-1,231	-1,123	-1,103	-991	-893	-791	-635	-535
Other operating income/expenses	84	127	-16	89	41	8	-52	50	13	49
Operating profit	4,158	3,620	2,825	2,266	2,016	1,825	1,380	1,272	1,235	981
Finance income and costs	-467	-180	-100	-126	-124	-75	-70	-78	-98	-86
Profit after financial items	3,691	3,440	2,725	2,140	1,892	1,750	1,310	1,194	1,137	895
Tax	-825	-759	-628	-471	-409	-382	-280	-258	-243	-192
Net profit for the year	2,866	2,681	2,097	1,669	1,483	1,368	1,030	936	894	703
EBITA	4,769	4,098	3,202	2,615	2,330	2,087	1,613	1,484	1,427	1,134
EBITA margin, %	15.0	15.2	14.7	13.6	12.7	12.4	10.9	11.5	12.0	11.6

## Condensed balance sheets

SEK million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Assets</b>										
Goodwill	8,271	7,649	5,439	4,306	4,031	3,170	2,845	2,388	1,942	1,572
Other intangible assets	4,354	4,408	3,331	2,693	2,672	2,169	2,102	1,879	1,636	1,445
Property, plant and equipment	4,398	4,045	3,385	3,106	3,002	1,736	1,618	1,451	1,117	971
Financial assets	208	160	204	228	182	158	139	117	101	87
Inventories	5,365	5,605	4,010	3,307	3,400	2,834	2,517	2,249	1,931	1,617
Trade receivables	4,414	4,452	3,458	2,925	3,025	2,877	2,469	2,292	1,995	1,702
Other receivables	1,254	954	713	639	513	418	412	345	300	336
Cash and cash equivalents	3,012	1,589	1,460	758	719	708	464	332	339	357
<b>Total assets</b>	<b>31,276</b>	<b>28,862</b>	<b>22,000</b>	<b>17,962</b>	<b>17,544</b>	<b>14,070</b>	<b>12,566</b>	<b>11,053</b>	<b>9,361</b>	<b>8,087</b>
<b>Liabilities and equity</b>										
Equity	14,489	12,773	10,303	8,634	7,170	6,218	5,168	4,399	3,707	3,162
Non-current interest-bearing liabilities, incl. pension liabilities	8,384	7,903	5,536	4,450	4,707	2,811	1,569	2,274	1,260	1,216
Other non-current liabilities and provisions	1,331	1,300	976	770	720	619	600	563	480	412
Current interest-bearing liabilities	2,375	2,266	1,413	1,186	2,142	1,806	2,724	1,686	2,028	1,635
Trade payables	1,766	1,870	1,597	1,136	1,237	1,168	1,081	968	848	763
Other current liabilities	2,931	2,750	2,175	1,786	1,568	1,448	1,424	1,163	1,038	899
<b>Total liabilities and equity</b>	<b>31,276</b>	<b>28,862</b>	<b>22,000</b>	<b>17,962</b>	<b>17,544</b>	<b>14,070</b>	<b>12,566</b>	<b>11,053</b>	<b>9,361</b>	<b>8,087</b>

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

## Condensed cash flow statements

SEK million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash flow from operating activities before changes in working capital	4,292	3,930	3,195	2,582	2,271	1,821	1,514	1,318	1,315	970
Changes in working capital	199	-1,558	-342	198	-349	-461	40	-111	-239	-66
<b>Cash flow from operating activities</b>	<b>4,491</b>	<b>2,372</b>	<b>2,853</b>	<b>2,780</b>	<b>1,922</b>	<b>1,360</b>	<b>1,554</b>	<b>1,207</b>	<b>1,076</b>	<b>904</b>
Net investments in non-current assets	-542	-498	-357	-399	-403	-299	-236	-320	-221	-124
Company acquisitions and divestments	-1,576	-2,826	-1,660	-978	-1,484	-586	-1,007	-1,164	-878	-585
Change in other financial assets	-10	7	17	11	3	0	1	8	-1	3
<b>Cash flow from investing activities</b>	<b>-2,128</b>	<b>-3,317</b>	<b>-2,000</b>	<b>-1,366</b>	<b>-1,884</b>	<b>-885</b>	<b>-1,242</b>	<b>-1,476</b>	<b>-1,100</b>	<b>-706</b>
Net borrowing	14	1,817	407	-1,407	541	225	116	620	303	165
Dividend paid	-946	-837	-655	-	-544	-453	-384	-360	-310	-282
Payment for issued warrants	-	-	-	-	-	0	8	-	-	-
New share issue	-	11	48	87	-	7	95	-	-	-
<b>Cash flow from financing activities</b>	<b>-932</b>	<b>991</b>	<b>-200</b>	<b>-1,320</b>	<b>-3</b>	<b>-221</b>	<b>-165</b>	<b>260</b>	<b>-7</b>	<b>-117</b>
<b>Cash flow for the period</b>	<b>1,431</b>	<b>46</b>	<b>653</b>	<b>94</b>	<b>35</b>	<b>254</b>	<b>147</b>	<b>-9</b>	<b>-31</b>	<b>81</b>
Cash and cash equivalents at beginning of year	1,589	1,460	758	719	708	464	332	339	357	261
Exchange differences	-8	83	49	-55	-24	-10	-15	2	13	15
<b>Cash and cash equivalents at end of year</b>	<b>3,012</b>	<b>1,589</b>	<b>1,460</b>	<b>758</b>	<b>719</b>	<b>708</b>	<b>464</b>	<b>332</b>	<b>339</b>	<b>357</b>

## Financial key figures

SEK million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Non-current interest-bearing liabilities	8,384	7,903	5,536	4,450	4,707	2,811	1,569	2,274	1,260	1,216
Current interest-bearing liabilities	2,375	2,266	1,413	1,186	2,142	1,806	2,724	1,686	2,028	1,635
Cash and cash equivalents	-3,012	-1,589	-1,460	-758	-719	-708	-464	-332	-339	-357
<b>Interest-bearing net debt</b>	<b>7,747</b>	<b>8,580</b>	<b>5,489</b>	<b>4,878</b>	<b>6,130</b>	<b>3,909</b>	<b>3,829</b>	<b>3,628</b>	<b>2,949</b>	<b>2,494</b>
Net debt/equity ratio, %	53	67	53	56	85	63	74	82	80	79
Interest coverage ratio, times	8.4	18.2	27.3	21.0	17.2	25.1	21.1	16.5	14.6	12.2
Equity ratio, %	46	44	47	48	41	44	41	40	40	39
Net debt/EBITDA, times	1.4	1.8	1.4	1.5	2.1	1.7	2.1	2.2	1.8	1.9
<b>Return measures</b>										
Capital employed, average, SEK million	23,102	18,111	14,516	13,541	12,416	9,839	8,444	7,491	6,537	5,324
Return on capital employed, %	21	23	22	19	19	21	19	20	22	21
Equity, average, SEK million	13,759	11,272	9,297	7,899	6,715	5,715	4,746	3,976	3,440	2,818
Return on equity, %	21	24	23	21	22	24	22	24	26	25
<b>Number of employees</b>										
Average number of employees	9,262	8,483	7,715	7,349	7,167	6,710	6,156	5,495	4,978	4,418
Number of employees at year-end	9,301	9,128	8,185	7,270	7,357	6,778	6,545	5,705	5,107	4,578

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

## Key figures – shares<sup>1)</sup>

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Share price at 31 December, SEK	261.80	211.10	277.2	176.2	111.7	68.5	74.5	61	53.4	34.7
Market cap at 31 December, SEK million	95,380	76,909	100,953	64,069	40,511	24,848	27,011	21,960	19,220	12,480
Dividend, SEK	2.85 <sup>2)</sup>	2.60 <sup>2)</sup>	2.30	1.80	–	1.50	1.25	1.07	1.00	0.86
Earnings before dilution, SEK	7.86	7.36	5.76	4.60	4.09	3.77	2.85	2.60	2.48	1.96
Earnings after dilution, SEK	7.86	7.36	5.75	4.59	4.09	3.77	2.84	2.59	2.48	1.96
Number of shares outstanding, '000	364,323	364,323	364,188	363,615	362,565	362,565	362,397	360,000	360,000	360,000
Average number of shares before dilution, '000	364,323	364,270	363,921	362,721	362,565	362,496	361,371	360,000	360,000	360,000
Average number of shares after dilution, '000	364,323	364,303	364,180	363,320	362,754	362,529	361,851	360,753	360,282	360,000
Number of shareholders at 31 December	21,374	21,022	20,533	12,880	10,287	9,553	9,816	10,518	7,965	5,970
Highest price paid during the financial year, SEK	268.40	280.70	295	179.9	112.8	83.1	77.7	63.7	54.3	35.5
Lowest price paid during the financial year, SEK	184.30	161.95	164.6	73.7	67.6	67.3	55.7	45.4	34.5	26.8
Dividend yield <sup>3)</sup> , %	1.1	1.2	0.8	1.0	–	2.2	1.7	1.7	1.9	2.5
Equity, SEK	39.73	35.02	28.26	23.72	19.74	17.11	14.21	12.19	10.29	8.78
Cash flow from operating activities, SEK	12.33	6.51	7.84	7.66	5.30	3.75	4.30	3.35	2.99	2.51

1) A 2:1 bonus issue was executed during December 2020. All comparative figures have been restated for the new number of shares.

2) The Board's proposal for 2023.

3) Dividend divided by the share price on 31 December.

## Definitions

In this annual report, Indutrade presents alternative performance measures (APMs), which complement the financial measures defined under IFRS. Indutrade believes that these performance measures provide valuable information to readers, as they contribute to assessment of the Group'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 these alternative performance measures in the same way, they are not always comparable. They should therefore not be regarded as a substitute for the key figures defined under IFRS. Presented below are definitions of Indutrade's key financial measures, of which most are APMs.

### Capital employed

Equity plus interest-bearing net debt.

### 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.

### 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.

### EBITA

Operating profit before amortisation of intangible assets arising in connection with company acquisitions (Earnings Before Interest, Taxes 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, Taxes, Depreciation and Amortisation).

### Equity per share

Equity attributable to owners of the parent divided by the number of shares outstanding.

### Equity ratio

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 contingent consideration for acquisitions, less cash and cash equivalents.

### Interest coverage ratio

Operating profit/loss plus interest income divided by interest expenses.

### Net investments

Purchases less sales of intangible assets and 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 equity.

### Net debt/EBITDA

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

### Return on capital employed

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

### Return on equity

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

# Quarterly overview

## Net sales

SEK million	2023					2022				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	5,178	1,155	1,256	1,362	1,405	4,084	1,153	1,012	970	949
DACH	2,656	663	683	684	626	2,111	534	552	521	504
Finland	2,374	641	614	569	550	2,220	605	565	545	505
Flow Technology	6,037	1,359	1,514	1,557	1,607	5,407	1,370	1,387	1,385	1,265
Fluids & Mechanical Solutions	3,782	944	916	980	942	2,970	781	714	753	722
Industrial Components	6,185	1,652	1,472	1,552	1,509	5,396	1,514	1,270	1,342	1,270
Measurement & Sensor Technology	3,583	925	876	871	911	2,949	821	749	692	687
UK	2,126	503	546	546	541	1,994	480	490	504	520
Parent company and Group items	-96	-21	-26	-21	-28	-115	-30	-32	-29	-24
	<b>31,835</b>	<b>7,821</b>	<b>7,851</b>	<b>8,100</b>	<b>8,063</b>	<b>27,016</b>	<b>7,228</b>	<b>6,707</b>	<b>6,683</b>	<b>6,398</b>

## EBITA

SEK million	2023					2022				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	697	116	155	197	229	599	167	139	155	138
DACH	443	135	110	107	91	316	80	88	78	70
Finland	348	104	100	72	72	370	96	105	96	73
Flow Technology	1,009	193	264	268	284	882	222	224	236	200
Fluids & Mechanical Solutions	598	149	151	154	144	453	116	108	116	113
Industrial Components	985	251	250	241	243	867	227	204	218	218
Measurement & Sensor Technology	585	154	150	124	157	535	142	134	128	131
UK	248	62	55	66	65	231	51	53	59	68
Parent company and Group items	-144	-23	-45	-16	-60	-155	-20	-20	-63	-52
	<b>4,769</b>	<b>1,141</b>	<b>1,190</b>	<b>1,213</b>	<b>1,225</b>	<b>4,098</b>	<b>1,081</b>	<b>1,035</b>	<b>1,023</b>	<b>959</b>

## EBITA margin

%	2023					2022				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	13.5	10.0	12.3	14.5	16.3	14.7	14.5	13.7	16.0	14.5
DACH	16.7	20.4	16.1	15.6	14.5	15.0	15.0	15.9	15.0	13.9
Finland	14.7	16.2	16.3	12.7	13.1	16.7	15.9	18.6	17.6	14.5
Flow Technology	16.7	14.2	17.4	17.2	17.7	16.3	16.2	16.1	17.0	15.8
Fluids & Mechanical Solutions	15.8	15.8	16.5	15.7	15.3	15.3	14.9	15.1	15.4	15.7
Industrial Components	15.9	15.2	17.0	15.5	16.1	16.1	15.0	16.1	16.2	17.2
Measurement & Sensor Technology	16.3	16.6	17.1	14.2	17.2	18.1	17.3	17.9	18.5	19.1
UK	11.6	12.3	10.1	12.1	12.0	11.6	10.6	10.8	11.7	13.1
	<b>15.0</b>	<b>14.6</b>	<b>15.2</b>	<b>15.0</b>	<b>15.2</b>	<b>15.2</b>	<b>15.0</b>	<b>15.4</b>	<b>15.3</b>	<b>15.0</b>

# Pro forma new Group structure

## 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
<b>Total</b>	<b>31,835</b>	<b>7,821</b>	<b>7,851</b>	<b>8,100</b>	<b>8,063</b>	<b>27,016</b>	<b>7,228</b>	<b>6,707</b>	<b>6,683</b>	<b>6,398</b>

## 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
<b>Total</b>	<b>4,769</b>	<b>1,141</b>	<b>1,190</b>	<b>1,213</b>	<b>1,225</b>	<b>4,098</b>	<b>1,081</b>	<b>1,035</b>	<b>1,023</b>	<b>959</b>

## 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
<b>Total</b>	<b>15.0</b>	<b>14.6</b>	<b>15.2</b>	<b>15.0</b>	<b>15.2</b>	<b>15.2</b>	<b>15.0</b>	<b>15.4</b>	<b>15.3</b>	<b>15.0</b>

# Annual General Meeting and reporting dates

## Annual General Meeting

### Time and place

Indutrade Aktiebolag (publ) (reg. no. 556017–9367) will hold its AGM on Tuesday, 9 April 2024, at IVA Conference Center, Grev Turegatan 16, Stockholm, Sweden.

The Board of Directors has decided that shareholders may exercise their voting rights at the Annual General Meeting also by postal voting in accordance with the provisions of Indutrade's Articles of Association.

### Right to participate and notice of participation

A person who wishes to attend the meeting venue in person or by proxy must:

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances on Thursday, 28 March 2024; and
- give notice of participation no later than Wednesday, 3 April 2024, via Indutrade's website [www.indutrade.com](http://www.indutrade.com) or <https://anmalan.vpc.se/euroclearproxy>, by post to Indutrade Aktiebolag, "AGM", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, by e-mail to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com) or by phone +46 8 401 43 12 (Monday–Friday 9 a.m. to 4 p.m.). The notification must state the shareholder's name, personal identification number/corporate registration number, address, phone number, and the number of any assistants (no more than two).

If a shareholder is represented by proxy, a written and dated power of attorney signed by the shareholder shall be issued for the proxy. Proxy forms are available on the Company's website, [www.indutrade.com](http://www.indutrade.com). A power of attorney is valid for one year from its issue date or such longer time period as set out in the power of attorney, however, no more than five years. If the shareholder is a legal entity, a registration certificate or corresponding authorisation document must be enclosed. In order to facilitate registration at the Meeting, the power of attorney, registration certificate and other authorisation documents should be sent to the Company at the address stated above in connection with the notice of participation.

In order to be entitled to participate in the Meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Meeting, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of the record date, Thursday, 28 March 2024. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such time in advance as decided by the nominee. Voting rights registrations made by the nominee no later than Wednesday, 3 April 2024 will be taken into account in the presentation of the share register.

## Participation by postal voting

A person who wishes to participate in the Annual General Meeting by postal voting must:

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances on Thursday, 28 March 2024; and
- give notice of participation no later than Wednesday, 3 April 2024, by casting its postal vote in accordance with the instructions below so that the postal vote is received by Euroclear Sweden AB no later than that day.

Shareholders wishing to attend the meeting venue in person or by proxy must give notice in accordance with a) above. Hence, a notice of participation only through postal voting is not sufficient for a shareholder who wishes to attend the meeting venue.

A special form shall be used for postal voting. The form is available on the Company's website, [www.indutrade.com](http://www.indutrade.com). The completed and signed postal voting form must be received by Euroclear Sweden AB no later than Wednesday, 3 April 2024. The form can be sent by post to Indutrade Aktiebolag, "AGM", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, or by e-mail to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com). Shareholders may also cast their postal votes electronically through verification with BankID in accordance with instructions at <https://anmalan.vpc.se/euroclearproxy>.

Shareholders may not provide special instructions or conditions to the postal voting form. If so, the postal vote in its entirety is invalid. Further instructions and conditions are included in the postal voting form.

If a shareholder submits its postal vote by proxy, a written and dated power of attorney signed by the shareholder shall be enclosed with the postal voting form. Proxy forms are available on the Company's website, [www.indutrade.com](http://www.indutrade.com). A power of attorney is valid for one year from its issue date or such longer time period as set out in the power of attorney, however, no more than five years. If the shareholder is a legal entity, a registration certificate or corresponding authorisation document must be enclosed with the form.

## Dividend

The Board proposes a dividend of SEK 2.85 per share.

The proposed record date for the dividend is Thursday, 11 April 2024. Provided that the Annual General Meeting resolves in accordance with the proposal, dividends are expected to be distributed by Euroclear Sweden AB on Tuesday, 16 April 2024.

## Reporting dates

### Interim reports

1 January–31 March 2024	25 April 2024
1 January–30 June 2024	18 July 2024
1 January–30 September 2024	25 October 2024

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