

Interim report third quarter

1 January – 30 September 2021

Third quarter 2021

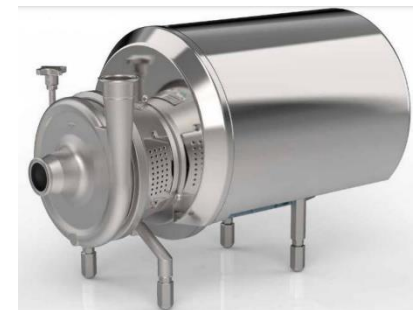
- Order intake increased by 21% to SEK 5,428 million (4,486). For comparable units, it was an increase of 14%.
- Net sales increased by 15% to SEK 5,290 million (4,599). For comparable units, it was an increase of 8%.
- EBITA increased by 18% to SEK 810 million (685), corresponding to an EBITA margin of 15.3% (14.9%).
- Profit for the quarter increased by 20% to SEK 550 million (458), and earnings per share amounted to SEK 1.51 (1.27).
- Cash flow from operating activities amounted to SEK 671 million (761).

1 January – 30 September 2021

- Order intake increased by 19% to SEK 17,181 million (14,491). For comparable units, it was an increase of 15%.
- Net sales increased by 13% to SEK 15,989 million (14,189). For comparable units, it was an increase of 9%.
- EBITA increased by 24% to SEK 2,366 million (1,903), corresponding to an EBITA margin of 14.8% (13.4%).
- Profit for the period increased by 29% to SEK 1,573 million (1,216), and earnings per share amounted to SEK 4.32 (3.36).
- Cash flow from operating activities amounted to SEK 1,952 million (1,988).

Financial Development

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Order intake	5,428	4,486	21%	17,181	14,491	19%	22,285	19,595
Net sales	5,290	4,599	15%	15,989	14,189	13%	21,017	19,217
Operating profit	716	599	20%	2,090	1,642	27%	2,714	2,266
EBITA	810	685	18%	2,366	1,903	24%	3,078	2,615
EBITA margin, %	15.3	14.9		14.8	13.4		14.6	13.6
Profit before taxes	696	573	21%	2,012	1,549	30%	2,603	2,140
Net profit	550	458	20%	1,573	1,216	29%	2,026	1,669
Earnings per share before dilution, SEK	1.51	1.27	19%	4.32	3.36	29%	5.57	4.60
Return on capital employed, %	22	19		22	19		22	19
Cash flow from operating activities	671	761	-12%	1,952	1,988	-2%	2,744	2,780
Net debt/equity ratio, %	51	61		51	61		51	56



Q3

CEO's message

A strong quarter with continued profitable growth and record-high earnings.

Third quarter

The market situation remained strong during the third quarter. Order intake amounted to SEK 5.4 billion, an increase of 14% organically, and was 3% higher than net sales. Most of the Group's companies performed well, with strong growth in all of the major customer segments, such as the engineering industry, medical technology and pharmaceuticals, infrastructure and the process industry. Organic order growth was good for all of the eight business areas. It was strongest, however, for the Industrial Components and Fluids & Mechanical Solutions business areas. Order intake for valves for power generation was also positive and it improved compared to the same period last year.

Sales increased by 8% organically and amounted to SEK 5.3 billion. The strongest performance was in the DACH and Industrial Components business areas, with broad growth and improvements from most of the companies. Net sales were also at a high level in the Flow Technology and Benelux business areas, but the growth was somewhat suppressed due to the strong comparison figures for the corresponding period last year.

Profitability developed positively for the Group and EBITA increased by 18% and amounted to SEK 810 million. The EBITA margin improved to 15.3% (14.9%), which is the highest ever. The result includes several non-recurring items, for instance related to revaluation of contingent earn-out payments which had a positive overall impact of SEK 17 (21) million. Excluding non-recurring items, the EBITA margin amounted to 15.0% (14.4%). The improvement was driven by favourable organic growth along with good profitability among the newly acquired companies. Several of the business areas strengthened their margins, with the strongest performance reported by the Fluids & Mechanical Solutions and DACH business areas.

Disturbances in supply chains became more prevalent during the quarter, along with component shortages and price increases. It impacted several companies in the form of more challenging delivery and invoicing opportunities. Companies that were most affected were those in the Measurement & Sensor Technology and Industrial Components business areas. Thanks to the quick action and successful pricing efforts of our skilled companies however, the total group effects of this have been significantly mitigated.

Cash flow has remained strong during the quarter, although lower than the corresponding period last year, primarily due to a somewhat higher level of working capital. Working capital efficiency has further improved and the Group's financial position is stable and strong, with a historically low debt/equity ratio.

Acquisitions

Thus far in 2021, we have welcomed 13 new companies to the Indutrade Group, with combined annual sales of slightly more than SEK 1 billion. During the third quarter, two acquisitions were completed. Indutrade acquired the Swedish company Atlas Industrial Print, which is a niche company working with



industrial product marking as well as the UK company, Advance Welding, which manufactures electrofusion welding equipment.

Subsequent to the end of the quarter, three additional acquisitions were completed. The Danish company, Alflow, is a niche technical trading company, offering a wide range of flow components to the pharmaceutical, food and industrial markets. The Czech company SILROC designs and produces customised components from liquid silicone rubber in injection moulding presses for many different industries, ranging from medical technology and pharmaceutical production to industrial markets. We also completed our first acquisition in Italy – Italprotec, which offers hoses, connectors, single-use products, valves, fittings and heat exchangers for handling critical fluids in industries such as pharmaceuticals, chemicals and food. An exciting milestone!

We have a solid acquisition strategy that we are continuously developing and adapting to the changes in the world around us. The companies that we acquire must not only be well run and technology-oriented, it is also important that they target customers in sectors that we have assessed as having long-term, sustainable growth potential. Because the restrictions associated with COVID-19 have lightened up in several countries, there are now more possibilities for visiting and evaluating acquisition candidates and we assess our future acquisition opportunities as favourable.

Outlook

The trend in 2021 has been positive, with very good demand that has contributed to our record-strong backlog of orders. However, the challenges in supply chains have resulted in longer delivery times and in some cases, delayed deliveries. Despite some level of uncertainty, our expectation is that the level of demand will remain good during the next quarter, but so too will the disturbances in the supply chains. Gradually, we can see that market activity among the companies is increasing as society continues to open up and the pandemic restrictions ease.

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

Bo Annvik, President and CEO

Group performance

Order intake

Demand during the third quarter remained strong and it improved compared to the same period last year. The positive trend was widespread and demand improved for all of the major customer segments, such as medical technology and pharmaceuticals, engineering, infrastructure and the process industry. The demand for valves for power generation was also good and it increased compared to the same period last year.

Order intake was 3% higher than invoicing and amounted to SEK 5,428 million (4,486), which is an increase of 21% compared to the same period last year. For comparable units, order intake increased by 14%. The acquired growth amounted to 7%, while divestments and currency movements had a marginal impact.

For comparable units, order intake improved for all business areas. The strongest performance came from the Industrial Components and Fluids & Mechanical Solutions business areas. The positive trend was widespread in both business areas and demand increased for the majority of companies and in all customer segments. For Industrial Components, the favourable performance was primarily driven by the segment for medical technology and pharmaceuticals and in the Fluids & Mechanical Solutions business area, the industrial segment was the strongest.

For the UK business area, the performance was good in general. However, the total growth for comparable units was somewhat lower because a number of companies had strong comparison figures from the same period last year.

Order intake during the period January – September amounted to SEK 17,181 million (14,491), an increase of 19%. Comparable units increased by 15%, acquisitions contributed 7%, divestments had a marginal impact and currency movements had an impact on order intake of -3%.

Net sales

Net sales increased during the third quarter by 15% compared to last year and amounted to SEK 5,290 (4,599) million. Comparable units increased by 8%, acquisitions contributed 7% and divestments and currency movements had a marginal impact.

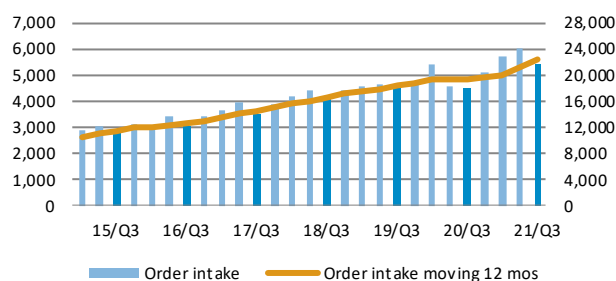
For comparable units, net sales increased for all business areas compared to the same period last year. Strongest was the performance by the DACH and Industrial Components business areas, where most companies and segments developed positively. The somewhat lower improvement for the Flow Technology and Benelux business areas was primarily attributable to strong comparison figures during the corresponding period last year.

Disturbances in the supply chains increased during the quarter, with a continuation of long delivery times and both product and component shortages as a consequence. The delivery and invoicing opportunities for companies was somewhat affected, primarily for the Measurement & Sensor Technology and Industrial Components business areas.

During the period January – September, net sales rose 13% to SEK 15,989 million (14,189). Comparable units increased by 9%, acquisitions contributed 7%, divestments had a marginal impact and currency movements had an effect on net sales of -3%.

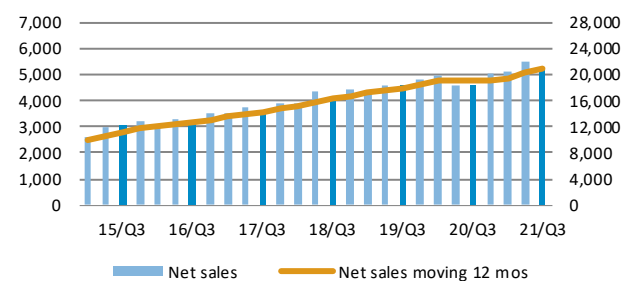
Order intake

SEK million

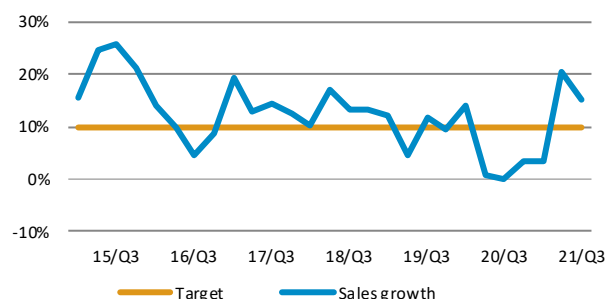


Net Sales

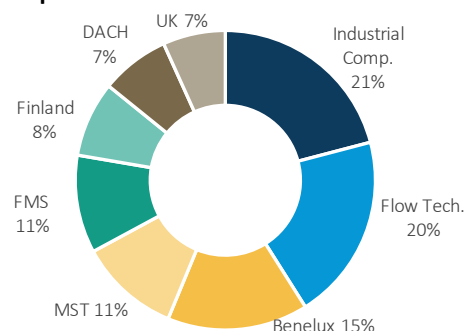
SEK million



Sales growth



Net Sales per Business Area



Q3

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 810 million (685) for the third quarter, which is an improvement of 18%. Comparable units increased by 9%, acquisitions contributed 9%, and divestments and currency movements had a marginal impact. The EBITA margin increased and amounted to 15.3% (14.9%).

The margin improvement primarily came from strong organic net sales growth in several companies, along with good profitability in newly acquired companies.

Non-recurring items had a positive impact on EBITA during the quarter of SEK 17 million (21). Excluding non-recurring items, the EBITA margin amounted to 15.0% (14.4%). Non-recurring items consisted of revaluations of contingent earn-out payments, which had a positive impact on EBITA of SEK 56 million, and amortization of goodwill which amounted to SEK -39 million.

Personnel related government support was marginal during the quarter, to be compared with the same period last year, when it amounted to 0.5% of net sales.

Despite the higher costs for components and freight, the gross margin increased during the third quarter and amounted to 35.1% (33.6%). The improvement was driven by better capacity utilization, a more favourable product mix and successful pricing efforts. For the period January – September, the gross margin was 34.7% (33.8%).

The Fluids & Mechanical Solutions and DACH business areas reported the largest improvements in EBITA margin. For both business areas, the favourable performance was primarily attributable to strong organic net sales growth.

Many companies in the UK business area also reported an improved EBITA margin. However, this was counteracted

by a less favourable product mix in some companies, which resulted in a slightly lower margin.

Net financial items during the third quarter amounted to SEK -20 million (-26). Tax on profit for the quarter was SEK -146 million (-115), corresponding to a tax charge of 21% (20%). Profit for the quarter increased by 20% to SEK 550 million (458). Earnings per share before dilution increased by 19% and amounted to SEK 1.51 (1.27).

For the period January – September, operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 2,366 million (1,903), an increase of 24%. Comparable units increased by 17%, acquisitions contributed 10%, currency fluctuations had an effect of -3% and divestments had a marginal impact. The EBITA margin increased and amounted to 14.8% (13.4%).

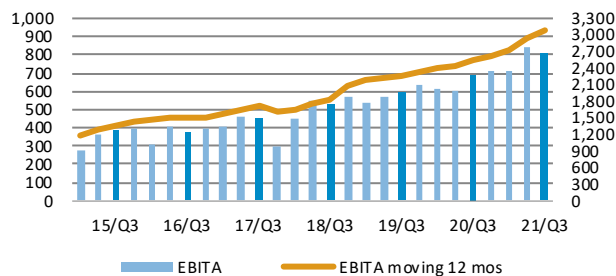
Net financial items for the period January – September amounted to SEK -78 million (-93). Tax on profit for the period was SEK -439 million (-333), corresponding to a tax charge of 22% (21%). Profit for the period increased by 29% and amounted to SEK 1,573 million (1,216). Earnings per share before dilution increased by 29% and amounted to 4.32 (3.36).

Return

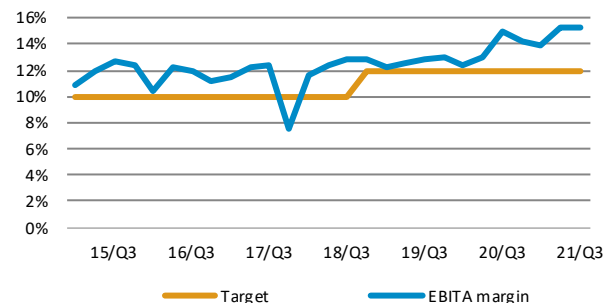
The momentum from both higher profitability and improved working capital efficiency increased the return on capital employed compared to the prior year and amounted to 22% (19%). Return on equity amounted to 23% (21%).

EBITA

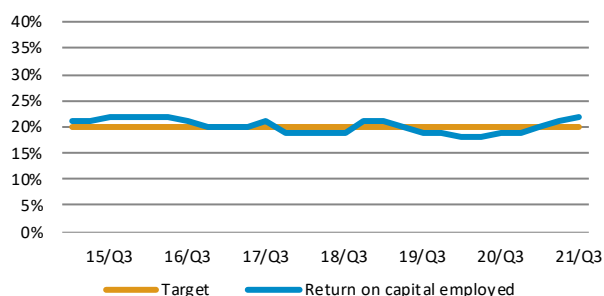
SEK million



EBITA margin

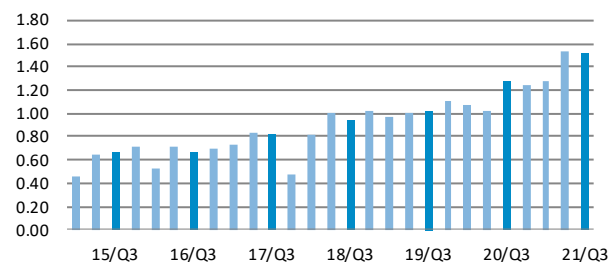


Return



Earnings per share

SEK



Business Areas

Benelux

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the energy, construction & infrastructure, and healthcare segments. Product areas include valves, hydraulic and industrial equipment, and measurement technology. The business area has strong market positions in the Benelux area (Belgium, the Netherlands and Luxembourg).

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	823	688	20%	2,488	2,059	21%	3,202	2,773
EBITA	100	89	12%	337	257	31%	440	360
EBITA margin, %	12.2	12.9		13.5	12.5		13.7	13.0

Net sales rose 20% during the third quarter to SEK 823 million (688). Comparable units had a positive effect of 1%, acquisitions contributed 20% and currency movements had an effect of -1%.

Overall, demand during the quarter was higher than the same period last year, with improvements in most of the segments. Order intake was 1% higher than invoicing.

EBITA for the quarter increased by 12% to SEK 100 million (89), corresponding to an EBITA margin of 12.2% (12.9%). Comparable units impacted EBITA negatively by 20%, acquisitions contributed positively by 32% and currency movements had a marginal impact.

The lower EBITA margin is primarily attributable to lower net sales and one-off costs for valves for power generation.

DACH

This business area includes companies that offer custom manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the construction & infrastructure, engineering, healthcare and chemical industries. Product areas include construction material, hydraulic and industrial equipment and valves. Each of the individual companies has a strong market position in the DACH area (Germany, Austria and Switzerland), and most companies are market leaders in their fields.

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	424	360	18%	1,204	1,167	3%	1,566	1,529
EBITA	63	42	50%	167	130	28%	206	169
EBITA margin, %	14.9	11.7		13.9	11.1		13.2	11.1

Net sales were 18% higher during the quarter than the same period last year and amounted to SEK 424 million (360). Comparable units increased by 20% and currency movements had an effect of -2%.

Overall, demand during the quarter was higher than during the same period last year. Most companies developed positively, particularly those in the medical technology and pharmaceuticals segment and the German engineering industry. However, order intake was 6% lower than invoicing.

EBITA increased during the quarter by 50% and amounted to SEK 63 million (42). The EBITA margin improved and amounted to 14.9% (11.7%). For comparable units, EBITA increased by 54% and currency movements had an effect of -4%.

The improved EBITA margin is primarily explained by higher net sales, higher production volume and positive revaluation effects associated with pensions.

Q3

Finland

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

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	462	394	17%	1,301	1,262	3%	1,718	1,679
EBITA	81	72	13%	202	186	9%	263	247
EBITA margin, %	17.5	18.3		15.5	14.7		15.3	14.7

Net sales were 17% higher during the quarter than the corresponding period last year and amounted to SEK 462 million (394). Comparable units increased by 12%, acquisitions contributed 7% and currency movements had an effect of -2%.

Demand improved during the quarter for most companies in the business area, although order intake was 7% lower than invoicing.

EBITA for the quarter increased by 13% to SEK 81 million (72). The EBITA margin weakened slightly compared to last year's high level and amounted to 17.5% (18.3%). Comparable units had an effect of 7%, acquisitions contributed 8% and currency movements had an effect of -2%.

The slightly weaker EBITA margin was primarily attributable to non-recurring items.

Flow Technology

Companies in this business area offer components and systems for controlling, measuring, monitoring and regulating flows. The business area includes companies that specialise in various areas of industrial flow technology. Customers are in the process industry, food and pharmaceutical industries, water/wastewater, energy and marine industries. Product areas include valves, pipes and pipe systems, measurement technology, pumps, hydraulics and industrial equipment. The business area has a strong market position especially in Sweden, but also in the Northern Europe.

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	1,045	996	5%	3,192	3,017	6%	4,246	4,071
EBITA	175	162	8%	500	453	10%	654	607
EBITA margin, %	16.7	16.3		15.7	15.0		15.4	14.9

Net sales were 5% higher during the quarter than the corresponding period last year and amounted to SEK 1,045 million (996). Comparable units increased by 1%, acquisitions contributed 4% and currency movements had a marginal impact.

Demand during the quarter was higher than the corresponding period last year, with improvements in most of the segments and companies. Order intake was 9% higher than invoicing.

EBITA for the quarter increased by 8% to SEK 175 million (162), and the EBITA margin was 16.7% (16.3%). Comparable units had an effect of 3%, acquisitions contributed 4% and currency movements had an effect of 1%.

The improved EBITA margin is primarily attributable to an improvement in net sales for comparable units.

Fluids & Mechanical Solutions

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

SEK million	2021	2020	Change	2021	2020	Change	2020/21	2020
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Moving 12 mos	Jan-Dec
Net sales	596	479	24%	1,724	1,472	17%	2,231	1,979
EBITA	105	66	59%	274	202	36%	340	268
EBITA margin, %	17.6	13.8		15.9	13.7		15.2	13.5

Net sales increased by 24% during the quarter to SEK 596 million (479). Comparable units had an effect of 14%, acquisitions contributed 11% and currency movements had an effect of -1%.

Demand during the quarter was higher than the corresponding period last year for all segments in the business area, with the strongest performance from the industrial segment. Order intake was in line with invoicing.

EBITA for the quarter increased by 59% to SEK 105 million (66), and the EBITA margin improved to 17.6% (13.8%). Comparable units had an effect of 47%, acquisitions contributed 13% and currency movements had an effect of -1%.

The improved EBITA margin came primarily from the positive organic net sales growth.

Industrial Components

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

SEK million	2021	2020	Change	2021	2020	Change	2020/21	2020
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Moving 12 mos	Jan-Dec
Net sales	1,015	842	21%	3,281	2,673	23%	4,411	3,803
EBITA	167	122	37%	549	376	46%	742	569
EBITA margin, %	16.5	14.5		16.7	14.1		16.8	15.0

Net sales rose 21% during the quarter to SEK 1,015 million (842). Comparable units increased by 16%, acquisitions contributed 5% and currency movements had a marginal impact.

Demand during the quarter was higher than the corresponding period last year, with positive order intake in all of the segments. The strongest growth came from the medical technology segment. Order intake was 3% higher than invoicing.

EBITA for the quarter increased by 37% to SEK 167 million (122), and the EBITA margin was 16.5% (14.5%). For comparable units, EBITA increased by 32%, acquisitions contributed 4% and currency movements had an effect of 1%.

The improvement in EBITA margin was primarily attributable to higher net sales for comparable units.

Q3

Measurement & Sensor Technology

Companies in this business area sell measurement instruments, measurement systems, sensors, control and regulating technology, and monitoring equipment for various industries. All of the business area's companies have proprietary products based on advanced technological solutions and own development, design and manufacturing. Its customers exist in a variety of areas, such as various types of manufacturing industries like electronics, vehicles and energy. Companies in this business area work globally and have the entire world as the market for their products, with established production and sales companies on six continents.

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	570	523	9%	1,750	1,575	11%	2,295	2,120
EBITA	104	96	8%	316	245	29%	405	334
EBITA margin, %	18.2	18.4		18.1	15.6		17.6	15.8

Net sales increased by 9% during the quarter to SEK 570 million (523). Comparable units increased by 4%, acquisitions contributed 6%, divestments had a marginal impact and currency movements had an effect of -1%.

Demand during the quarter was higher than during the corresponding period last year, with increases in the majority of the business area's segments and companies. Order intake was 9% higher than invoicing.

EBITA for the quarter increased by 8% to SEK 104 million (96). The EBITA margin amounted to 18.2% (18.4%). Comparable units affected EBITA by 2%, acquisitions contributed 8%, divestments had a marginal impact and currency movements had an effect of -2%.

The EBITA-margin remained at a high level but was somewhat affected by a weaker development in a few companies.

UK

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

SEK million	2021 Jul-Sep	2020 Jul-Sep	Change	2021 Jan-Sep	2020 Jan-Sep	Change	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	377	329	15%	1,107	1,008	10%	1,421	1,322
EBITA	43	41	5%	126	128	-2%	157	159
EBITA margin, %	11.4	12.5		11.4	12.7		11.0	12.0

Net sales increased by 15% during the quarter and amounted to SEK 377 million (329). Comparable units increased by 7%, acquisitions contributed 3% and currency movements had an effect of 5%.

Demand during the quarter was higher than the corresponding period last year. Most of the companies in the business area reported an improved business situation and order intake was 1% higher than invoicing during the quarter.

EBITA increased during the quarter by 5% and amounted to SEK 43 million (41). The EBITA margin amounted to 11.4% (12.5%). Comparable units had an effect of -2%, acquisitions contributed 3% and currency movements had an effect of 4%.

For many companies, the EBITA margin improved. However, product mix changes in a number of companies had a negative impact and overall the EBITA margin weakened somewhat during the quarter.

Other financial information

Financial position

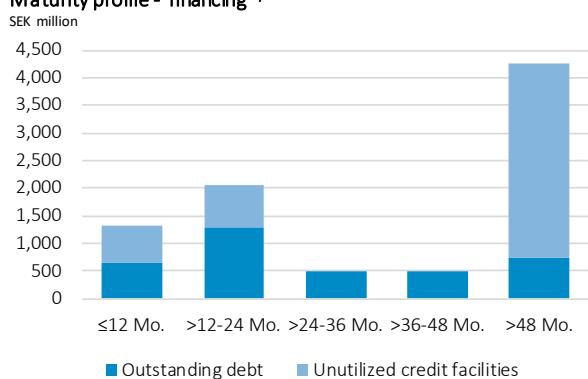
Shareholders' equity amounted to SEK 9,660 million (8,298) and the equity ratio was 48% (46%). Cash and cash equivalents amounted to SEK 930 million (832). In addition to this, the Group had unutilised credit commitments of SEK 4,927 million (3,907). Interest-bearing net debt amounted to SEK 4,958 million (5,088) at the end of the quarter. The net debt/equity ratio was 51% (61%) at the end of the period.

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

During the first quarter of 2021, Indutrade AB obtained the long-term credit rating of BBB- with stable outlook from S&P Global Ratings. During the second quarter, an unsecured bond loan of SEK 750 million with a tenor of 5.5 years was issued and long-term credit commitments of 3,500 million were extended by an additional year.

At the end of the quarter, the Parent Company's short-term borrowing amounted to SEK 642 million and long-term unutilised credit facilities amounted to SEK 4,250 million.

Maturity profile - financing ¹⁾



¹⁾ Pertains to the Parent Company, which is responsible for most of the Group's financing. Excluding leasing according to IFRS 16.

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	Pistesarjat Oy	Finland	100	25
January	Fire Proof B.V.	Benelux	70	10
February	Tecno Plast Industrieteknik GmbH	Benelux	230	80
February	Typhoon Group	Benelux	40	22
March	Efcon Water B.V.	Benelux	20	9
April	CKJ Steel A/S	Fluids & Mechanical Solutions	140	75
May	Lamisa Teknik AB	Industrial Components	23	10
June	Buhl & Bønsøe A/S	Industrial Components	40	17
July	Atlas Industrial Print AB	Fluids & Mechanical Solutions	50	34
August	Advanced Welding Group	UK	50	31
Total			763	313

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

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

Cash flow, capital expenditures and depreciation

Cash flow from operating activities amounted to SEK 671 million (761) during the third quarter. The somewhat lower cash flow was primarily attributable to higher working capital during the quarter, which was driven by increased sales. However, working capital efficiency continued to improve during the quarter.

Cash flow from operating activities during the period January – September amounted to SEK 1,952 million (1,988). Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) amounted to SEK 1,724 million (1,662).

The Group's net capital expenditures, excluding company acquisitions, amounted to SEK 228 million (326). Depreciation of property, plant and equipment amounted to SEK 479 million (445). Investments in company acquisitions amounted to SEK 666 million (569). In addition, earn-out payments for previous years' acquisitions totalled SEK 48 million (115). Divestments amounted to SEK 3 million (45).

Employees

The number of employees was 7,812 at the end of the period, compared with 7,270 at the start of the year.

Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2021.

Q3

Events after the end of the reporting period

Alflow Scandinavia A/S and SILROC CZ, a.s. were acquired on 1 October. On 22 October, Italprotec Industries S.r.l. was acquired. For more information, see page 22.

Parent company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control, analysis and communication. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 0 million (0) during the period January – September. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period January – September, the Parent Company acquired shares in three companies. The Parent Company has not made any major investments in intangible assets or in property, plant and equipment. The number of employees as of 30 September was 20 (19).

Risks and uncertainties

The Indutrade Group conducts business in some 30 countries, on six continents, via more than 200 companies. This diversification, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. Besides the risks and uncertainties described in the Indutrade Annual Report for 2020, Indutrade has assessed that no additional significant risks or uncertainties have arisen or dissipated. Risks connected to supply chain disturbances stem, in all material respects, from the risks already described in the annual report, above all pandemics. Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk.

The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed account of risks that affect the Group and Parent Company, please see the 2020 Annual Report.

Related party transactions

No transactions took place during the period between Indutrade and related parties that have significantly affected the Company's financial position or result of operations.

Accounting principles

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods have been used for the Group and Parent Company in this report as those in the most recent annual report. There are no new IFRSs or IFRIC pronouncements endorsed by the EU that are applicable for Indutrade or that had a significant impact on the Group's result of operations and position in 2021.

The AGM resolved in April 2021 to approve the Board's proposal of establishing a new long-term incentive programme (LTIP 2021), along with hedging measures associated with that. LTIP 2021 consists of performance shares and it is offered to members of the Group management team including the CEO, business area managers, the heads of subsidiaries and other key persons. In order to participate in the programme, participants must make an own investment in shares.

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 are reported directly in equity. The reported 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, that the participants remain in employment and that they retain the investment shares. The social security contributions for the programme are expensed on an ongoing basis during the vesting period.

To hedge the financial exposure, Indutrade has entered into a share swap agreement with a financial institution, through which it undertakes to deliver shares to the participants. The amount for the share acquisition according to the share swap agreement is reported 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.

Nomination Committee

Indutrade's Annual General Meeting on 6 May 2013, adopted an instruction for the Nomination Committee of Indutrade AB that applies until further notice. According to this instruction, the Nomination Committee shall be composed of representatives of four of the largest shareholders in terms of votes (owner-grouped), plus the Chairman of the Board. The member representing the largest shareholder shall serve as committee chair. In the event a member resigns from the Nomination Committee prior to the completion of its work, if the Nomination Committee finds it suitable a replacement shall be appointed from the same shareholder or, if such shareholder is no longer one of the largest shareholders, from the shareholder that is next in turn in terms of size. If the ownership conditions otherwise change significantly before the Nomination Committee's assignment has been completed, if the Nomination Committee so decides, it shall be possible to make a change in the composition of the committee in a manner deemed suitable by the Nomination Committee.

The composition of the Nomination Committee ahead of the Annual General Meeting shall be based on shareholder information from Euroclear Sweden AB's register as per the last trading day in August, and shall be announced as soon as the members are appointed, but not later than six months prior to the Annual General Meeting. No fees shall be paid to the members of the Nomination Committee. Any costs incurred for the Nomination Committee's work shall be borne by the company. The Nomination Committee's mandate period continues until the composition of the subsequent Nomination Committee has been made public.

Accordingly, the following persons have been appointed as members of the Nomination Committee: Claes Boustedt, L E Lundbergföretagen (Committee Chair), Katarina Martinson (Chairwoman of Indutrade's Board), Camilla Wirth (Alecta Pension Insurance), Dick Bergqvist (AMF Insurance and Funds) and Javiera Ragnartz (SEB Investment Management).

Indutrade's Annual General Meeting will be held on 5 April 2022, in Stockholm. Shareholders who wish to submit nominations to the Nomination Committee can do so via e-mail at valberedning@indutrade.com, or by sending them by post to Indutrade at the address provided below. In order for the Nomination Committee to be able to consider submitted nominations in a constructive manner, these should be in the committee's possession by 31 December 2021 at the latest.

Financial Calendar

- 2 February 2022:
Year-end report 1 January – 31 December 2021
- 5 April 2022:
Annual General Meeting will be held in Stockholm
- 29 April 2022:
Interim report 1 January – 31 March 2022
- 19 July 2022
Interim report 1 January – 30 June 2022
- 28 October 2022:
Interim report 1 January – 30 September 2022.

Stockholm, 28 October 2021
Indutrade AB (publ)

Bo Annvik
President and CEO

Note

The information in this report is such that Indutrade AB is obligated to make public in accordance with the EU Market Abuse Act. The information was submitted for publication by the agency of the following contact persons on 28 October 2021 at 7.30 CEST.

Further information

For further information, please contact:
Bo Annvik, President and CEO, tel.: +46 8 703 03 00, Patrik Johnson, CFO, tel.: +46 70 397 50 30

This report will be commented upon as follows:

A webcast of the report will be presented on 28 October at 9.30 a.m. (CEST) via the following link:

<https://tv.streamfabriken.com/indutrade-q3-2021>

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

SE: +46 8 505 583 53
UK: +44 333 300 92 62
USA: +1 6 467 22 49 57

Q3

Auditor's review report

Auditor's review report on interim financial information in summary (interim report), prepared in accordance with IAS 34 and Ch. 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) of Indutrade AB (publ.), corporate identity number 556017-9367, as per 30 September 2021, and the nine-month period then ended. The board of directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, 28 October 2021
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in Charge

Indutrade consolidated income statement – condensed

SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	5,290	4,599	15,989	14,189	21,017	19,217
Cost of goods sold	-3,433	-3,055	-10,433	-9,397	-13,717	-12,681
Gross profit	1,857	1,544	5,556	4,792	7,300	6,536
Development costs	-63	-47	-187	-170	-244	-227
Selling costs	-791	-707	-2,375	-2,219	-3,165	-3,009
Administrative expenses	-305	-271	-912	-850	-1,185	-1,123
Other operating income and expenses	18	80	8	89	8	89
Operating profit	716	599	2,090	1,642	2,714	2,266
Net financial items	-20	-26	-78	-93	-111	-126
Profit before taxes	696	573	2,012	1,549	2,603	2,140
Income Tax	-146	-115	-439	-333	-577	-471
Net profit for the period	550	458	1,573	1,216	2,026	1,669
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	549	459	1,572	1,217	2,024	1,669
Non-controlling interests	1	-1	1	-1	2	0
	550	458	1,573	1,216	2,026	1,669
EBITA	810	685	2,366	1,903	3,078	2,615
<i>Operating profit includes:</i>						
Amortisation of intangible assets 1)	-104	-97	-306	-294	-408	-396
<i>of which attributable to acquisitions</i>	<i>-94</i>	<i>-86</i>	<i>-276</i>	<i>-261</i>	<i>-364</i>	<i>-349</i>
Depreciation of property, plant and equipment	-160	-146	-479	-445	-634	-600
Earnings per share before dilution, SEK	1.51	1.27	4.32	3.36	5.57	4.60
Earnings per share after dilution, SEK	1.51	1.26	4.32	3.35	5.56	4.59

1) Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020/21 Moving 12 mos	2020 Jan-Dec
Net profit for the period	550	458	1,573	1,216	2,026	1,669
Other comprehensive income						
Items that can be reversed into income statement						
Fair value adjustment of hedge instruments	0	-1	1	2	3	4
Tax attributable to fair value adjustments	0	1	0	0	-1	-1
Exchange rate differences	32	-1	138	-92	-49	-279
Items that cannot be reversed into income statement						
Actuarial gains/losses	-	-	-	-	-16	-16
Tax on actuarial gains/losses	-	-	-	-	3	3
Other comprehensive income for the period, net of tax	32	-1	139	-90	-60	-289
Total comprehensive income for the period	582	457	1,712	1,126	1,966	1,380
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	581	458	1,711	1,127	1,964	1,380
Non-controlling interests	1	-1	1	-1	2	0

Q3

Indutrade consolidated balance sheet – condensed

SEK million	2021 30-Sep	2020 30-Sep	2020 31-Dec
Goodwill	4,749	4,155	4,306
Other intangible assets	2,844	2,710	2,693
Property, plant and equipment	3,250	3,101	3,106
Financial assets	221	239	228
Inventories	3,641	3,381	3,307
Trade receivables	3,524	3,093	2,925
Other receivables	776	655	639
Cash and cash equivalents	930	832	758
Total assets	19,935	18,166	17,962
Equity	9,660	8,298	8,634
Non-current interest-bearing liabilities and pension liabilities	4,644	5,041	4,450
Other non-current liabilities and provisions	810	754	770
Current interest-bearing liabilities	1,244	879	1,186
Trade payables	1,448	1,256	1,136
Other current liabilities	2,129	1,938	1,786
Total equity and liabilities	19,935	18,166	17,962

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2021 30-Sep	2020 30-Sep	2020 31-Dec
Opening equity	8,624	7,157	7,157
Total comprehensive income for the period	1,712	1,126	1,380
New issues	40	5	87
Dividend 1)	-655	-	-
Hedging of incentive programme	-77	-	-
Share-based payments	6	-	-
Closing equity	9,650	8,288	8,624
1) Dividend per share for 2020 (2019) was SEK 1,80 (-)			
<i>Equity, attributable to:</i>			
Equity holders of the parent company	9,650	8,288	8,624
Non-controlling interests	10	10	10
	9,660	8,298	8,634

Indutrade consolidated cash flow statement – condensed

SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020/21 Moving 12 mos	2020 Jan-Dec
Operating profit	716	599	2,090	1,642	2,714	2,266
Non-cash items	254	165	775	664	1,038	927
Interests and other financial items, net	-19	-19	-61	-76	-88	-103
Paid tax	-147	-94	-458	-395	-571	-508
Change in working capital	-133	110	-394	153	-349	198
Cash flow from operating activities	671	761	1,952	1,988	2,744	2,780
Net capital expenditures in non-current assets	-79	-108	-228	-326	-301	-399
Company acquisitions and divestments	-132	-229	-712	-639	-1,051	-978
Change in other financial assets	1	0	20	7	24	11
Cash flow from investing activities	-210	-337	-920	-958	-1,328	-1,366
Debt/repayment of debt, net	-973	-312	-278	-900	-785	-1,407
Dividend paid out	-	-	-655	-	-655	-
New issues	-	-	40	5	122	87
Cash flow from financing activities	-973	-312	-893	-895	-1,318	-1,320
Cash flow for the period	-512	112	139	135	98	94
Cash and cash equivalents at start of period	1,433	722	758	719	832	719
Exchange rate differences	9	-2	33	-22	0	-55
Cash and cash equivalents at end of period	930	832	930	832	930	758

Q3

Key data

Moving 12 mos	2021 30-Sep	2020 31-Dec	2020 30-Sep	2019 31-Dec	2018 31-Dec
Net sales, SEK million	21,017	19,217	19,052	18,411	16,848
Sales growth, %	10	4	6	9	13
EBITA, SEK million	3,078	2,615	2,534	2,330	2,087
EBITA margin, %	14.6	13.6	13.3	12.7	12.4
Capital employed at end of period, SEK million	14,618	13,512	13,386	13,300	10,127
Capital employed, average, SEK million	14,055	13,541	13,516	12,416	9,839
Return on capital employed, % ¹⁾	22	19	19	19	21
Equity, average, SEK million	8,919	7,899	7,556	6,715	5,715
Return on equity, % ¹⁾	23	21	21	22	24
Interest-bearing net debt at end of period, SEK million	4,958	4,878	5,088	6,130	3,909
Net debt/equity ratio, %	51	56	61	85	63
Net debt/EBITDA, times	1.3	1.5	1.6	2.1	1.7
Equity ratio, %	48	48	46	41	44
Average number of employees	7,524	7,349	7,371	7,167	6,710
Number of employees at end of period	7,812	7,270	7,246	7,357	6,778
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	5.57	4.60	4.45	4.09	3.77
Earnings per share after dilution, SEK	5.56	4.59	4.45	4.09	3.77
Equity per share, SEK	26.50	23.72	22.86	19.74	17.11
Cash flow from operating activities per share, SEK	7.55	7.66	7.50	5.30	3.75
Average number of shares before dilution, '000	363,660	362,721	362,589	362,565	362,496
Average number of shares after dilution, '000	364,061	363,320	363,096	362,754	362,529
Number of shares at the end of the period, '000	364,102	363,615	362,628	362,565	362,565

Lease liabilities and right-of-use assets according to IFRS 16 are included in the key data as of 2019. The comparative financial information has not been restated.

1) Calculated on average capital and equity.

Business area performance

	2021	2020	2021	2020	2020/21	2020
Net sales, SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Benelux	823	688	2,488	2,059	3,202	2,773
DACH	424	360	1,204	1,167	1,566	1,529
Finland	462	394	1,301	1,262	1,718	1,679
Flow Technology	1,045	996	3,192	3,017	4,246	4,071
Fluids & Mechanical Solutions	596	479	1,724	1,472	2,231	1,979
Industrial Components	1,015	842	3,281	2,673	4,411	3,803
Measurement & Sensor Technology	570	523	1,750	1,575	2,295	2,120
UK	377	329	1,107	1,008	1,421	1,322
Parent company and Group items	-22	-12	-58	-44	-73	-59
Total	5,290	4,599	15,989	14,189	21,017	19,217
	2021	2020	2021	2020	2020/21	2020
EBITA, SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Benelux	100	89	337	257	440	360
DACH	63	42	167	130	206	169
Finland	81	72	202	186	263	247
Flow Technology	175	162	500	453	654	607
Fluids & Mechanical Solutions	105	66	274	202	340	268
Industrial Components	167	122	549	376	742	569
Measurement & Sensor Technology	104	96	316	245	405	334
UK	43	41	126	128	157	159
Parent company and Group items	-28	-5	-105	-74	-129	-98
Total	810	685	2,366	1,903	3,078	2,615
	2021	2020	2021	2020	2020/21	2020
EBITA margin, %	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Benelux	12.2	12.9	13.5	12.5	13.7	13.0
DACH	14.9	11.7	13.9	11.1	13.2	11.1
Finland	17.5	18.3	15.5	14.7	15.3	14.7
Flow Technology	16.7	16.3	15.7	15.0	15.4	14.9
Fluids & Mechanical Solutions	17.6	13.8	15.9	13.7	15.2	13.5
Industrial Components	16.5	14.5	16.7	14.1	16.8	15.0
Measurement & Sensor Technology	18.2	18.4	18.1	15.6	17.6	15.8
UK	11.4	12.5	11.4	12.7	11.0	12.0
Total	15.3	14.9	14.8	13.4	14.6	13.6

Q3

Business area performance per quarter

Net sales, SEK million	2021			2020			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	823	864	801	714	688	695	676
DACH	424	409	371	362	360	394	413
Finland	462	453	386	417	394	432	436
Flow Technology	1,045	1,144	1,003	1,054	996	976	1,045
Fluids & Mechanical Solutions	596	603	525	507	479	481	512
Industrial Components	1,015	1,113	1,153	1,130	842	862	969
Measurement & Sensor Technology	570	610	570	545	523	495	557
UK	377	375	355	314	329	294	385
Parent company and Group items	-22	-19	-17	-15	-12	-15	-17
Total	5,290	5,552	5,147	5,028	4,599	4,614	4,976

EBITA, SEK million	2021			2020			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	100	122	115	103	89	85	83
DACH	63	59	45	39	42	43	45
Finland	81	76	45	61	72	66	48
Flow Technology	175	185	140	154	162	151	140
Fluids & Mechanical Solutions	105	96	73	66	66	73	63
Industrial Components	167	196	186	193	122	130	124
Measurement & Sensor Technology	104	113	99	89	96	58	91
UK	43	45	38	31	41	37	50
Parent company and Group items	-28	-49	-28	-24	-5	-41	-28
Total	810	843	713	712	685	602	616

EBITA margin, %	2021			2020			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	12.2	14.1	14.4	14.4	12.9	12.2	12.3
DACH	14.9	14.4	12.1	10.8	11.7	10.9	10.9
Finland	17.5	16.8	11.7	14.6	18.3	15.3	11.0
Flow Technology	16.7	16.2	14.0	14.6	16.3	15.5	13.4
Fluids & Mechanical Solutions	17.6	15.9	13.9	13.0	13.8	15.2	12.3
Industrial Components	16.5	17.6	16.1	17.1	14.5	15.1	12.8
Measurement & Sensor Technology	18.2	18.5	17.4	16.3	18.4	11.7	16.3
UK	11.4	12.0	10.7	9.9	12.5	12.6	13.0
Total	15.3	15.2	13.9	14.2	14.9	13.0	12.4

Disaggregation of revenue

Net sales per geographic market

2021

Jul-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	14	3	426	571	418	888	128	28	-9	2,467
Other Europe	695	401	27	377	150	117	178	306	-8	2,243
Americas	50	14	7	4	20	7	176	22	-3	297
Asia	54	6	2	79	6	1	72	15	-1	234
Other	10	0	0	14	2	2	16	6	-1	49
	823	424	462	1,045	596	1,015	570	377	-22	5,290

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	11	74	0	0	31	9	41	0	0	166
Point in time	812	350	462	1,045	565	1,006	529	377	-22	5,124
	823	424	462	1,045	596	1,015	570	377	-22	5,290

2020

Jul-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	12	2	366	565	329	739	117	21	-5	2,146
Other Europe	526	343	25	357	122	91	169	273	-5	1,901
Americas	83	8	1	1	23	9	164	16	-1	304
Asia	65	5	2	37	4	3	59	16	0	191
Other	2	2	0	36	1	0	14	3	-1	57
	688	360	394	996	479	842	523	329	-12	4,599

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	0	60	0	0	0	12	56	0	0	128
Point in time	688	300	394	996	479	830	467	329	-12	4,471
	688	360	394	996	479	842	523	329	-12	4,599

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Q3

Disaggregation of revenue – continued

Net sales per geographic market

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

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

2020										
Jan-Sep, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Nordic countries	60	8	1,165	1,759	1,051	2,345	381	71	-20	6,820
Other Europe	1,546	1,106	77	1,077	336	291	538	814	-19	5,766
Americas	235	28	14	21	62	27	464	60	-3	908
Asia	202	19	5	94	19	8	154	53	-1	553
Other	16	6	1	66	4	2	38	10	-1	142
	2,059	1,167	1,262	3,017	1,472	2,673	1,575	1,008	-44	14,189

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim.¹⁾	Total
Over time	0	226	0	0	0	20	130	0	-1	375
Point in time	2,059	941	1,262	3,017	1,472	2,653	1,445	1,008	-43	13,814
	2,059	1,167	1,262	3,017	1,472	2,673	1,575	1,008	-44	14,189

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Acquisitions

Acquisitions 2021

All of the shares were acquired in the following companies: Pistesarjat Oy (Finland), Fire Proof B.V. (Netherlands), Tecno Plast Industrietechnik GmbH (Germany), Typhoon Group (Netherlands), Efccon Water B.V. (Netherlands), CKJ Steel A/S (Denmark), Lamisa Teknik AB (Sweden), Buhl & Bønsøe A/S (Denmark), Atlas Industrial Print AB (Sweden) and Advance Welding Group (UK).

Benelux

On 29 January, Fire Proof B.V. (Netherlands) was acquired, with annual sales of SEK 70 million. The company is specialised in passive fire protection for buildings.

On 12 February, Tecno Plast Industrietechnik GmbH (Germany) was acquired, with annual sales of SEK 230 million. Tecno Plast offers single-use tubing sets, PTFE and silicone hoses.

On 15 February, Typhoon Group (Netherlands) was acquired, with annual sales of SEK 40 million. The company is a highly focused supplier in stirring and mixing systems.

On 4 March, Efccon Water B. V. (Netherlands) was acquired, with annual sales of SEK 20 million. Efccon Water is specialised in products and measurement instrumentation for wastewater sampling systems.

Finland

On 4 January, Pistesarjat Oy (Finland) was acquired, with annual sales of SEK 100 million. It is a technical trading company offering heating & frost protection cable systems, fire-resistant cables and data cable systems.

Fluids & Mechanical Solutions

On 29 April, CKJ Steel A/S (Denmark) was acquired, with annual sales of SEK 140 million. The company is an engineering and manufacturing company offering process equipment and technical advice to the Danish pharmaceutical and biotechnology industries.

On 1 July, Atlas Industrial Print AB (Sweden) was acquired, with annual sales of SEK 50 million. The company offers different types of product labelling to various Swedish industries such as medical technology, energy, electronics and the engineering industry.

Industrial Components

On 7 May, Lamisa Teknik AB (Sweden) was acquired, with annual sales of SEK 23 million. The company offers various types of seals to Swedish industry.

On 9 June, Buhl & Bønsøe A/S (Denmark) was acquired, with annual sales of SEK 40 million. It is a specialised technical trading company offering measurement instruments and solutions for professional use.

UK

On 3 August, Advance Welding Group (UK) was acquired, with annual sales of SEK 50 million. The company designs and manufactures electrofusion welding equipment for utility companies in the gas, fresh water, wastewater and telecom industries.

Acquired assets and liabilities in 2021

Preliminary purchase price allocations

SEK million

<i>Preliminary purchase price allocations</i>			
SEK million			
Purchase price, incl. contingent earn-out payment totalling SEK 137 million			
			917
	Book value	Fair value adjustment	Fair value
Acquired assets and liabilities			
Goodwill	0	378	378
Agencies, trademarks, customer relations, licences, etc.	5	348	353
Property, plant and equipment	73	-	73
Financial assets	2	-	2
Inventories	117	-	117
Other current assets 1)	118	-	118
Cash and cash equivalents	112	-	112
Deferred tax liability	-8	-75	-83
Provisions including pension liabilities	-23	-	-23
Other operating liabilities	-130	-	-130
	266	651	917

1) Mainly trade receivables

Q3

Agencies, customer relationships, licences, etc. will be amortised over a period of 5–20 years, while trademarks are assumed to have indefinite useful life. Trademarks are included at a value of SEK 29 million (0).

Indutrade typically uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. 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 137 million (168). The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 150 million (192). If the conditions are not met, the outcome can be in the range of SEK 0–150 million.

Transaction costs during the period totalled SEK 10 million (7) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated during the period in the amount of SEK 64 million (214). The effect is reported under Other income and expenses in the amount of SEK 62 million (208) and under Net financial items in the amount of SEK 2 million (6).

The acquisition calculations for Hofa B.V. and UK Gas Technologies Ltd, which were acquired during the third quarter of 2020, have now been finalized. No significant adjustments have been made to the calculations. For other acquisitions, the acquisition calculations are preliminary. Indutrade regards the calculations as preliminary during the time that uncertainty exists with respect to, for example, the outcome of guarantees in the acquisition agreements concerning inventories and trade receivables.

Cash flow impact

SEK million	
Purchase price, incl. contingent earn-out payments	917
Purchase price not paid out	-139
Cash and cash equivalents in acquired companies	-112
Payments pertaining to previous years' acquisitions	48
Total cash flow impact	714

Effects of acquisitions carried out in 2020 and 2021

SEK million Business area	Net sales		EBITA	
	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep
Benelux	137	391	28	83
DACH	-	4	-	0
Finland	26	75	6	14
Flow Technology	36	165	7	33
Fluids & Mechanical Solutions	51	69	8	10
Industrial Components	44	130	5	20
Measurement & Sensor Technology	30	88	8	25
UK	8	8	1	1
Effect on Group	332	930	63	186
Acquisitions carried out in 2020	101	437	18	95
Acquisitions carried out in 2021	231	493	45	91
Effect on Group	332	930	63	186

If all acquired units had been consolidated as from 1 January 2021, net sales for the year would have amounted to SEK 16,152 million, and EBITA would have totalled SEK 2,395 million.

Divestments 2021

On 15 June, the partly-owned subsidiary, Bomac Elektronik AB, with annual sales of SEK 7 million, was divested. The capital gain amounted to SEK 0 million.

On 30 September, the wholly owned subsidiary, Flintec Brasil Ltda, was divested. The company was dormant. The capital gain amounted to SEK 0 million.

Acquisitions after the end of the reporting period

On 1 October, Alflow Scandinavia A/S (Denmark) was acquired, with annual sales of SEK 140 million. Alflow is a technical trading company, offering flow components to the pharmaceutical, food and industrial markets.

On 1 October, also SILROC CZ, a.s. (Czech Republic) was acquired, with annual sales of SEK 35 million. SILROC is a manufacturing company, designing and producing customised parts and components from liquid silicone rubber in injection moulding presses.

On 22 October, Italprotec Industries S.r.l. (Italy) was acquired, with annual sales of SEK 100 million. Italprotec is a manufacturer and technical trader of engineered industrial products for handling of critical fluids.

Share data

At the end of the interim period the share capital amounted to SEK 728 million

Number of shares at the beginning of the year	363,615,000
Number of newly subscribed shares	486,600
Total number of shares outstanding after new issues	364,101,600

LTI 2017

In April 2017 the Annual General Meeting of Indutrade AB resolved to introduce a long-term incentive programme (LTI 2017) comprising a combined maximum of 704,000 warrants in two series for senior executives and other key persons in the Indutrade Group. Shares can be subscribed during specially stipulated subscription periods through Friday, 20 May 2022.

After the bonus issue in December 2020, each warrant entitles the holder to subscribe for three shares. The exercise price for series I has been recalculated to SEK 81.60 per share and for series II to SEK 92.30 per share.

LTIP 2021

At the AGM in April 2021, it was resolved to establish a new incentive programme, LTIP 2021. The programme covers approximately 235 employees and is directed at senior executives and other key persons. LTIP 2021 requires own investment and it consists of performance shares. The scope of the programme is, at most, 650,000 shares in Indutrade, which corresponds to approximately 0.18% of all shares and votes.

The participant shall receive performance shares provided that the employment is not terminated, the investment shares have been retained and the performance target has been fulfilled. This is based on the accumulated average annual growth rate (CAGR) of earnings per share during the performance period.

Outstanding incentive programmes

Outstanding programme	Number of investment shares	Corresponding maximum number of performance shares	Proportion of total shares	Vesting period
LTIP 2021	112,249	359,776	0.1%	Programme launch June 2021 – interim report publication first quarter 2024

Outstanding programme	Number of warrants	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Initial exercise price, SEK	Adjusted exercise price, SEK	Number of exercised warrants	Corresponding number of shares	Expiration period
2017/2022, Series I	526,000	1,578,000	0.4%	15.0	244.9	81.6	455,200	1,365,600	27 April 2020 – 20 May 2022
2017/2022, Series II	60,000	180,000	0.0%	13.4	276.8	92.3	57,000	171,000	27 April 2020 – 20 May 2022

Dilutive effects

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020/21 Moving 12 mos	2020 Jan-Dec
Average number of shares before dilution, '000	364,102	362,628	363,847	362,595	363,660	362,721
Number of shares that incur a dilutive effect due to incentive programme, '000	153	753	301	561	401	599
Average number of shares after dilution, '000	364,255	363,381	364,148	363,156	364,061	363,320
Dilutive effect, %	0.04	0.21	0.08	0.15	0.11	0.17
Number of shares at end of the period, '000	364,102	362,628	364,102	362,628	364,102	363,615

Q3

Financial assets and liabilities

30 Sep 2021 SEK million	Interest rate swaps and currency forward contracts in hedge accounting		Amortised cost	Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2	Level 3						
Valuation classification								
Other shares and participations	-	-		14	-	-	14	14
Trade receivables	-	3,524		-	-	-	3,524	3,524
Other receivables	3	27		-	-	-	30	30
Cash and cash equivalents	-	930		-	-	-	930	930
Total	3	4,481		14	-	-	4,498	4,498
Non-current interest-bearing liabilities	-	-		-	397	3,824	4,221	4,237
Current interest-bearing liabilities	-	-		-	209	1,035	1,244	1,244
Trade payables	-	-		-	-	1,448	1,448	1,448
Other liabilities	4	-		-	-	-	4	4
Total	4	-		-	606	6,307	6,917	6,933

31 Dec 2020 SEK million	Interest rate swaps and currency forward contracts in hedge accounting		Amortised cost	Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2	Level 3						
Valuation classification								
Other shares and participations	-	-		12	-	-	12	12
Trade receivables	-	2,925		-	-	-	2,925	2,925
Other receivables	7	49		-	-	-	56	56
Cash and cash equivalents	-	758		-	-	-	758	758
Total	7	3,732		12	-	-	3,751	3,751
Non-current interest-bearing liabilities	-	-		-	462	3,588	4,050	4,057
Current interest-bearing liabilities	-	-		-	87	1,099	1,186	1,186
Trade payables	-	-		-	-	1,136	1,136	1,136
Other liabilities	10	-		-	-	-	10	10
Total	10	-		-	549	5,823	6,382	6,389

Financial instruments are measured at fair value, based on the classification of the fair value hierarchy: other observable data for assets and liabilities than quoted prices [level 2], non-observable market data [level 3].

No transfers were made between levels 2 and 3 during the period. Contingent earn-out payments have been discounted to present value using an interest rate that is judged to be in line with the market rate at the time of acquisition. Adjustments are not made on a regular basis for changes in the market interest rate since the effects of these are judged to be negligible.

Contingent earn-out payments SEK million	2021	2020
	30-Sep	31-Dec
Opening book value	549	565
Acquisitions during the year	146	319
Consideration paid	-46	-104
Reclassified via income statement	-62	-213
Interest expenses	6	5
Exchange rate differences	13	-23
Closing book value	606	549

Parent company income statement – condensed

SEK million	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020/21 Moving 12 mos	2020 Jan-Dec
Net sales	0	0	0	0	8	8
Gross profit	0	0	0	0	8	8
Administrative expenses	-30	-25	-95	-84	-128	-117
Operating profit	-30	-25	-95	-84	-120	-109
Financial income/expenses	18	15	53	8	66	21
Profit from participation in Group companies	-	79	1,288	888	1,294	894
Profit after financial items	-12	69	1,246	812	1,240	806
Appropriations	-	-	-	-	403	403
Income Tax	2	2	8	15	-78	-71
Net profit for the period	-10	71	1,254	827	1,565	1,138
Amortisation/depreciation of intangible assets and property, plant and equipment	0	-1	0	-1	0	-1

Parent company balance sheet – condensed

SEK million	2021 30-Sep	2020 30-Sep	2020 31-Dec
Intangible assets	0	0	0
Property, plant and equipment	1	1	1
Financial assets	6,501	6,143	6,253
Current receivables	7,356	6,582	6,861
Cash and cash equivalents	6	82	0
Total assets	13,864	12,808	13,115
Equity	7,653	6,695	7,088
Untaxed reserves	675	673	675
Non-current interest-bearing liabilities and pension liabilities	3,135	3,689	2,913
Other non-current liabilities and provisions	0	5	0
Current interest-bearing liabilities	2,321	1,635	2,286
Current non-interest-bearing liabilities	80	111	153
Total equity and liabilities	13,864	12,808	13,115

Q3

Definitions

Alternative Performance Measures

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

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

Earnings per share before dilution

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

Earnings per share after dilution

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

EBITA

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

EBITA-margin

EBITA divided by net sales.

EBITDA

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

Equity per share

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

Equity ratio

Shareholders' equity divided by total assets.

Gross margin

Gross profit divided by net sales.

Interest-bearing net debt

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

Net capital expenditures

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

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Net debt/EBITDA

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

Capital employed

Shareholders' equity plus interest-bearing net debt.

Return on equity

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

Return on capital employed

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

Indutrade in brief

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

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

The Group is structured into eight business areas: Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK.

The Group's financial targets are that:

Sales growth

- Average sales growth shall amount to a minimum of 10% per year over a business cycle. Growth is to be achieved organically as well as through acquisitions.

EBITA margin

- The EBITA margin shall amount to a minimum of 12% per year over a business cycle.

Return on capital employed

- The return on capital employed shall be a minimum of 20% per year on average over a business cycle.

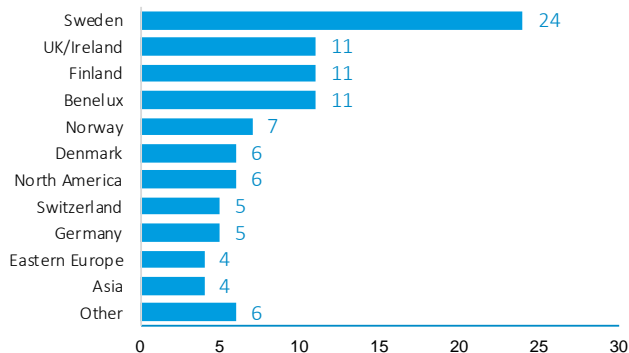
Net debt/equity ratio

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

Dividend payout ratio

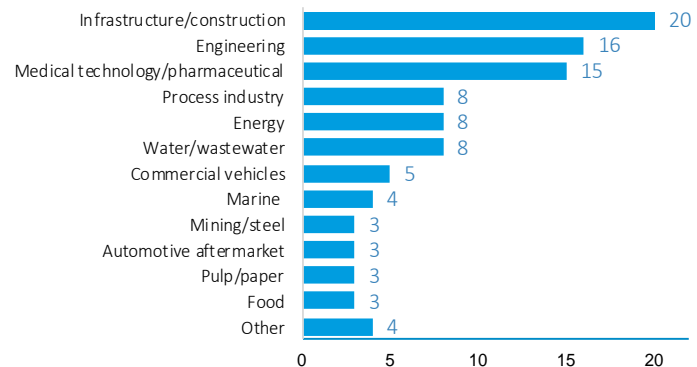
- The dividend payout ratio shall range from 30% to 50% of net profit.

Net sales per market, % ¹⁾



¹⁾Financial year 2020

Net sales per customer segment, % ¹⁾



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

Indutrade AB (publ.)

Reg.nr. 556017-9367. Box 6044, SE-164 06 Kista. Visiting address: Raseborgsgatan 9. Tel: +46 8 703 03 00
www.indutrade.com

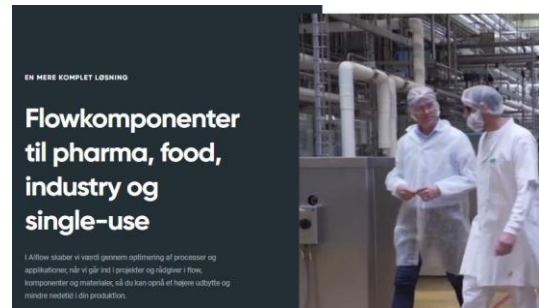
Q3

Acquisition of the Danish company, Alflow Scandinavia A/S

Alflow is a niche technical trading company, offering a wide range of flow components to the pharmaceutical, food and industrial markets. The company has 32 employees and annual sales of approximately SEK 140 million.

“We are very satisfied with the acquisition of Alflow, further enhancing and expanding our reach within the flow technology segment, including the rapidly growing single-use market to the pharmaceutical industry. The company is well-managed with extensive expertise in its niche and we value the close customer relationships,” says Bo Annvik, President and CEO of Indutrade.

The closing took place on 1 October and the company is included in Indutrade’s Flow Technology business area.



Skill development and knowledge transfer

One of the most important prerequisites for maintaining a long-term approach in our companies is to ensure we have the right expertise within the Group. For Indutrade’s subsidiaries this is largely a matter of making full use of the expertise that already exists internally. It is done both through continuing education for key individuals and by sharing knowledge and experiences within the Group.

Through Indutrade Academy, Indutrade offers an in-house leadership programme that provides training in areas such as leadership and sales. We share experiences, knowledge and best practice through networks, trainings and the internal communications platform, Indutrade Portal. Many subsidiaries face the same challenges and the solutions are relevant to most of them, which, in practice, provides the companies belonging to the Group with more resources and insights.



Welcome SILROC CZ – a Czech specialist manufacturer in silicone moulding

In October, Indutrade acquired the Czech company, SILROC, which develops and manufactures customised parts and components from liquid silicone rubber in injection moulding presses. The silicone’s characteristics such as low thermal conductivity, minimal chemical reactivity, as well as microbiological growth resistance, makes SILROC’s components and products value-adding for a wide variety of industries.

Customer segments range from medical technology and pharmaceutical manufacturing to industrial markets. The comprehensive offering includes, for example, products for hospital equipment such as tube sets, single-use assemblies in SILROC’s own clean-room production, as well as customised components for powder coating processes. To serve the mainly international customers, SILROC has 70 employees at the production site in Tanvald, Czech Republic and a sales branch office in Penzberg, Germany.

