

ANNUAL REPORT 2021

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 conditions and personnel issues, see pages 6-7, 9 and 19-24. Environment, see pages 9 and 22-24. Human rights and anti-corruption, see pages 13, 20 and 33. Goals and strategies and Active ownership, see pages 8-13. Management of significant 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 32-34.

● DIRECTORS' REPORT

The Board of Directors and CEO of Indutrade AB (publ), reg. no. 556017-9367, hereby submit the annual report for the 2021 financial year for the Parent Company and the Group, which consists of a Directors' Report on pages 14-17, 25-29, 31-45, 48, 51-52 and 54-55, along with the financial statements and notes on pages 50-91. 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 38-45. See the Audit Report on pages 92-96.

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.

TRUSTED BY ENTREPRENEURS

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 40 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

21,715

SEK m, net sales

14.7%

EBITA margin

2,853

SEK m, cash flow from operating activities

17

completed acquisitions

2.30

SEK, proposed dividend per share

7,715

average number of employees

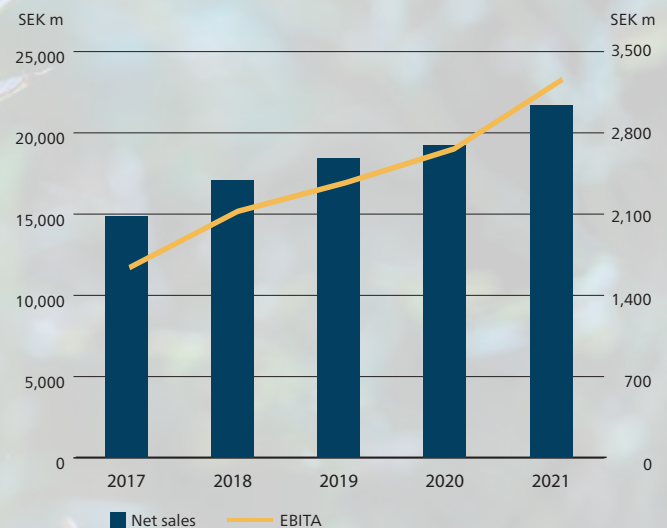
IMPORTANT EVENTS IN 2021

- Broad, strong demand with total growth in order intake of 20% and 13% for net sales. Sales increased organically in all business areas.
- Very good financial performance with a record-high EBITA margin of 14.7%.
- Stronger position in the credit markets by obtaining a long-term credit rating of BBB- with a stable outlook from S&P Global Ratings.
- Good activity in the acquisition processes, despite the spread of infection and restrictions in many countries due to covid-19. During the year, 17 value-creating acquisitions were made, one of which was the first ever in Italy.
- Further developed sustainability work that included follow-up on KPIs at all levels in the Group, training and structured networking.
- Focus on organic growth through, among other things, increased business development in the subsidiaries, competence development, knowledge-sharing and networking.
- Continued stepwise increase in acquisition capability with both strengthened resources and organisation.

KEY DATA

SEK million	2021	2020
Net sales	21,715	19,217
Operating profit	2,825	2,266
EBITA	3,202	2,615
EBITA margin, %	14.7	13.6
Profit before taxes	2,725	2,140
Net profit for the year	2,097	1,669
Earnings per share before dilution, SEK	5.76	4.60
Dividend per share, SEK (proposed 2021)	2.30	1.80
Return on capital employed, %	22	19
Cash flow from operating activities	2,853	2,780
Net debt/equity ratio, %	53	56
Average number of employees	7,715	7,349

NET SALES AND EARNINGS



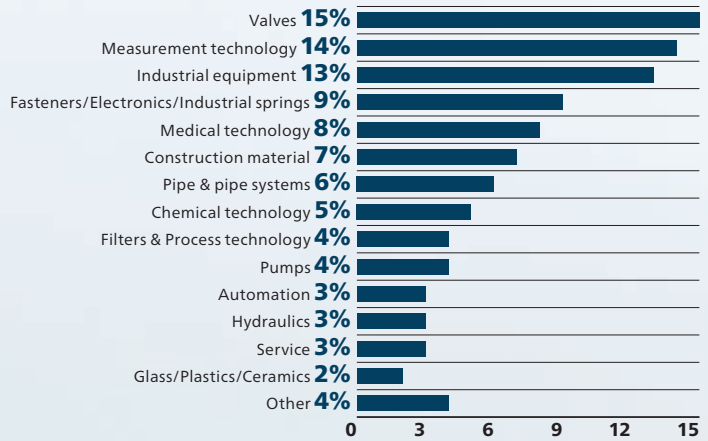
Indutrade in brief

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.

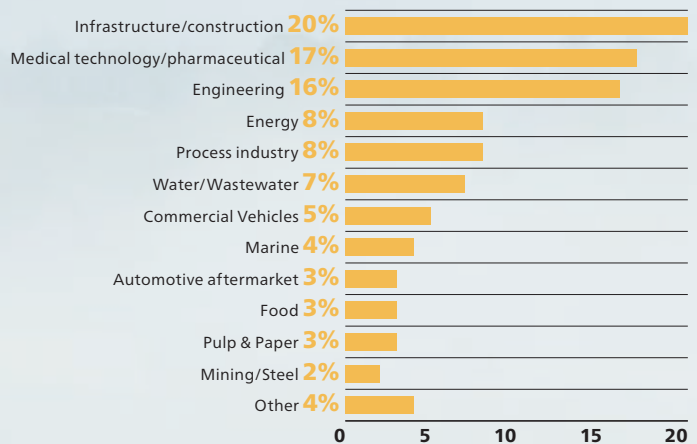
Net sales per product area



For whom

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

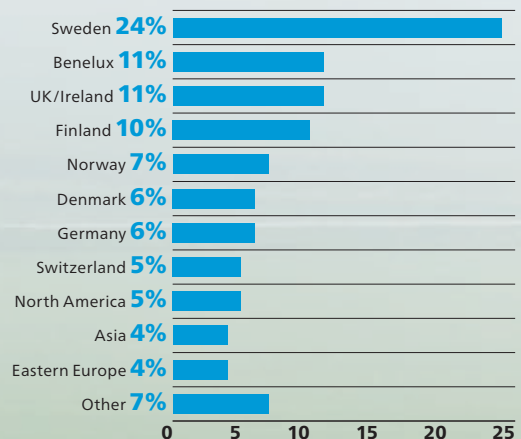
Net sales per customer segment



Where

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

Net sales per market¹⁾



¹⁾ Based on customers' residence.

Four reasons to invest in Indutrade

1

Sustainable growth

- Average annual sales growth of 11% since stock market listing in 2005
- 1,542% 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 geographic expansion

2

Stable profitability and strong cash flow

- Historically stable profitability
- Average EBITA margin of 12.9% during last five years
- Average return on capital employed of 20% during last five years
- Strong operating cash flow generated over the years
- High average dividend, 40% 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 47% at year-end 2021

3

Attractive market position and risk profile

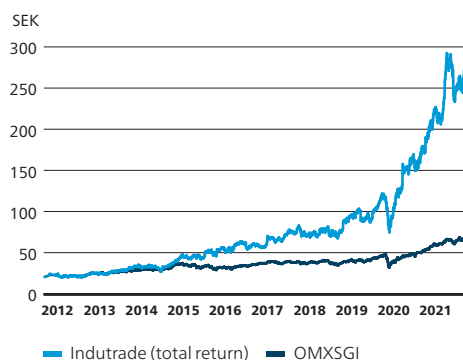
- Leading position in selected, niche segments
- Focus on high quality and technically advanced products for customers with recurring need
- Diversified and stable customer & supplier base
- Stable long-term relationships with leading suppliers

4

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 2012 – 2021



Source: Monitor IR platform by Modular Finance AB

Earnings and dividend per share



CEO's message 2021

2021 was a successful year for Indutrade. Despite the ongoing pandemic and challenges associated with disruptions in supply chains, our performance was exceptional, with growth in all business areas and record-high earnings. We completed 17 value-creating company acquisitions and further developed our strategic platform so that we can continue achieving sustainable, profitable growth. I would like to thank all of our employees for their enormous dedication and professionalism during yet another year of much uncertainty and many challenges.

Successful year

In 2021, the Indutrade model once again demonstrates its strength and resilience. Our diversified structure, with more than 200 companies in many sectors and geographic markets provides us with good risk diversification, which creates the prerequisites for stability. Furthermore, Indutrade's decentralised model gives companies full flexibility and authority to make decisions adapted to the local conditions. We saw its strength reflected in how our companies skilfully managed the challenges and uncertainty stemming from the pandemic.

Demand during the year was strong in most customer segments and for most of the Group's companies. Sales increased by 13% organically and amounted to SEK 21.7 billion. Organically, it was an increase of 8% compared to a stable 2020, with growth in all of the business areas. Despite the high comparison figures from last year, momentum remained strong in the customer segment for medical technology and pharmaceuticals. There were also good developments in our other major customer segments, such as infrastructure, engineering and the process industry.

Our companies were, however, faced with many challenges, such as disruptions in supply chains, component shortages, rising supplier prices, pandemic restrictions and higher sickness absence, but was dealt with it in an exemplary way. The overall effect on the Group was thus limited. The EBITA margin reached a new record level of 14.7%.

Working capital efficiency significantly improved during the year and contributed to a strong cash flow from operating activities of SEK 2.9 billion. The Group's financial position remains stable and strong, which is reflected in our long-term credit rating of BBB- with a stable outlook from S&P Global Ratings. All things together it provides us with an excellent foundation for continuing to make value-creating investments in our companies and new acquisitions.

Growth with balanced risk

Delivering sustainable, profitable growth has been Indutrade's main goal since its inception more than 40 years ago. With decentrali-

sation in focus we do this by acquiring and developing well-run, profitable technical and industrial companies and offering them stable, long-term ownership. Our proven, historically successful business model offers driven entrepreneurs the ability to maintain their independence and customer-focused decision-making. In 2021, we increased our activities for stimulating organic growth, while still pursuing growth through acquisitions. It involved supporting our well-positioned companies to drive innovation, business development, product & offering development and geographic expansion aimed at taking advantage of growth opportunities in selected segments and niches. Other strategically important activities were leadership and competence development, networking between our companies and knowledge-sharing.

We are convinced that systematic sustainability work integrated into the business strategy is a prerequisite for long-term value-creation.

More focus on sustainability

We are convinced that systematic sustainability work integrated into the business strategy is a prerequisite for long-term value-creation. The starting point for Indutrade's sustainability efforts is the ten principles of the UN Global Compact and it is based on all companies working in a structured way with their own sustainability areas and goals, along with the Group-wide focus areas and goals. 2021 is the first year we can measure the progress of our common long term goals and KPIs within our three focus areas people, environment and profitable growth. It is satisfying to see that nearly all of the KPIs are developing in a positive direction. In 2021, we also ran several activities to promote knowledge-sharing and more involvement in our important sustainability efforts. One example is our Group-wide sustainability network, which meets monthly to discuss specific sustainability issues.

The environment and climate are high on the agenda for us. Therefore, in 2022, we are planning to include Scope 3 (emissions upstream and downstream in our value chain) in the data collection from our subsidiaries. It will give us a better understanding of those emissions and include them in a better way in our goals and strategies going forward. In conjunction with that, we will also consider joining the Science Based Targets Initiative (SBTi).

17 value-creating acquisitions

Our acquisition strategy has developed over time, is solid and historically successful. Despite a rising spread of infection and restrictions in many countries, we were able to keep up a high pace in our acquisition processes. In all of our larger, established markets we have employees with long and solid experience in acquisitions. We are also continuously improving our acquisition capability by ensuring that we have the right resources out in the business areas and centrally, along with improving the scalability of our organisation and structure. For the full year 2021, a total of 17 companies were acquired, with combined annual sales of SEK 1.6 billion. All of the acquired companies hold leading positions in their respective niches and they have good long-term growth potential.

One example is Tecno Plast in Germany, which offers single-use tubing sets, PTFE and silicone hoses to customers in Germany, Austria, and Switzerland. The acquisition strengthens Indutrade's cluster of companies in the very interesting segment with customers in medical technology and pharmaceutical production. We also further expanded our geographic presence through the acquisition of Italprotec Industries, which is our first acquisition in Italy. Like Tecno Plast, Italprotec is a specialised, leading supplier to companies in the medical technology, pharmaceutical, biopharma and chemical industries. The other 15 company acquisitions were in Denmark, Czech Republic, Finland, Great Britain, the Netherlands, Sweden and UK, each one making the position of our business areas stronger, with opportunities for additional growth in a variety of segments and niches.

Our acquisition strategy has developed over time, is solid and historically successful. Despite a rising spread of infection and tighter restrictions in many countries, we were able to keep up a high pace in our acquisitions processes.

Strong start to 2022, but new geopolitical challenges

2022 has started in a good way, with continued high demand despite challenges in the supply chains and the new geopolitical uncertainties. Russia's recent acts of war and invasion of Ukraine is a tremendous tragedy and our hearts go out to everyone who has been affected. Our direct exposure to Russia and Ukraine is very limited. Nevertheless, there are still uncertainties about the consequences of world trade in general.

We will continue acquiring profitable, well-managed companies with a well-defined market and distinct offering. We are set on acquiring 2-3 companies per business area each year and thus far in 2022 we have acquired two companies. There are many high quality acquisition candidates with strong offerings and technical expertise in all our established markets, including Germany and Northern Italy, where we will gradually be increasing the activity level.

We have now surpassed SEK 20 billion in sales, which is a doubling since 2014. Now, we aim to double it again. We will achieve that by continuing to deliver long-term, sustainable and profitable growth and by making more value-creating acquisitions. With our strong business model, dedicated employees and record-high order backlog, the prerequisites are in place for success in 2022.

Stockholm, March 2022



Bo Annvik
President and CEO



VISION

An entrepreneurial world where people make a difference

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.

17

company acquisitions during the year

Indutrade's business model

VISION

An entrepreneurial world where people make a difference

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RESOURCES AND INPUT

Financial resources

- SEK 22.0 billion in total assets
- Strong, stable cash flow
- Profitable growth

Intangible resources

- Technical niche expertise in more than 200 subsidiaries
- Business expertise
- Continuous advancement of technology

Cultural capital

- Strong entrepreneurial spirit
- Decentralised control

Relationship capital

- Close, long-term relationships in local markets
- Close collaboration with selected suppliers
- Internal knowledge sharing

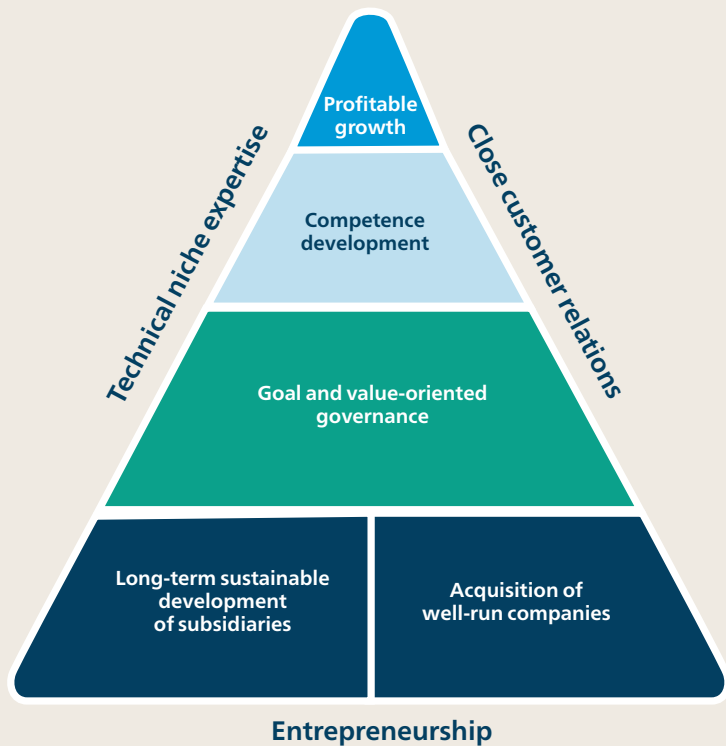
Human capital

- More than 8,200 employees, many with specialist expertise

Environmental resources

- Energy use 108 GWh, of which 29% from renewable energy sources
- 19,766 tCO₂e emissions (Scope 1 & 2)

OPERATIONS



VALUES



People make the difference

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.



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.

**TRUSTED BY
ENTREPRENEURS**

VALUE CREATED

Customers

- Sustainable solutions
- More efficient use of resources
- Attractive offerings
- Long-term relationships

Suppliers and business partners

- Ethical business methods
- Long-term business relationships

Employees

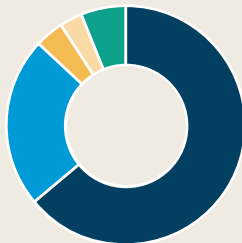
- Competence development
- Knowledge exchange
- Career development
- Stable employer

Society

- Customer offering that contributes to sustainable development
- Job creation
- Presence in the local society
- Investments in product development that lower environmental impact

Shareholders

- Profitable growth
- Dividend



Distribution of economic value

- Suppliers and business partners **64%**
- Employees (including social security contributions) **23%**
- Shareholders and other financiers **4%**
- Society (corporate tax) **3%**
- Remaining in the company **6%**

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 40 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 & 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.

Goals and strategies

Overall 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 PROFIT-ABLE GROWTH.

FINANCIAL TARGETS	TARGET ACHIEVEMENT	HISTORICAL ACHIEVEMENT	AVERAGE 2017-2021	OUTCOME 2021												
<p>Sales growth</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 11%. Net sales rose 13% in 2021. Comparable units increased by 8%, acquired growth was 7% and divestments had a marginal impact. The currency effect was -2%.</p>	<table border="1"> <caption>Sales Growth (%)</caption> <thead> <tr> <th>Year</th> <th>Growth (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>15</td> </tr> <tr> <td>2018</td> <td>14</td> </tr> <tr> <td>2019</td> <td>9</td> </tr> <tr> <td>2020</td> <td>4</td> </tr> <tr> <td>2021</td> <td>13</td> </tr> </tbody> </table> <p>Target at least 10%</p>	Year	Growth (%)	2017	15	2018	14	2019	9	2020	4	2021	13	11%	13%
Year	Growth (%)															
2017	15															
2018	14															
2019	9															
2020	4															
2021	13															
<p>EBITA margin</p> <p>The EBITA margin shall amount to a minimum of 12% per year over a business cycle.</p>	<p>The EBITA margin has averaged 12.9% over the last five years. The EBITA margin in 2021 was 14.7%.</p>	<table border="1"> <caption>EBITA Margin (%)</caption> <thead> <tr> <th>Year</th> <th>Margin (%)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>11</td> </tr> <tr> <td>2019</td> <td>13</td> </tr> <tr> <td>2020</td> <td>14</td> </tr> <tr> <td>2021</td> <td>15</td> </tr> </tbody> </table> <p>Target at least 12%</p>	Year	Margin (%)	2018	11	2019	13	2020	14	2021	15	12.9%	14.7%		
Year	Margin (%)															
2018	11															
2019	13															
2020	14															
2021	15															
<p>Return on capital employed</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 operating capital was 20%. In 2021 it was 22%.</p>	<table border="1"> <caption>Return on Capital Employed (%)</caption> <thead> <tr> <th>Year</th> <th>ROCE (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>19</td> </tr> <tr> <td>2018</td> <td>21</td> </tr> <tr> <td>2019</td> <td>19</td> </tr> <tr> <td>2020</td> <td>19</td> </tr> <tr> <td>2021</td> <td>22</td> </tr> </tbody> </table> <p>Target at least 20%</p>	Year	ROCE (%)	2017	19	2018	21	2019	19	2020	19	2021	22	20%	22%
Year	ROCE (%)															
2017	19															
2018	21															
2019	19															
2020	19															
2021	22															
<p>Net debt/equity ratio</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 2021 was 53%.</p>	<table border="1"> <caption>Net Debt/Equity Ratio (%)</caption> <thead> <tr> <th>Year</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>75</td> </tr> <tr> <td>2018</td> <td>65</td> </tr> <tr> <td>2019</td> <td>85</td> </tr> <tr> <td>2020</td> <td>55</td> </tr> <tr> <td>2021</td> <td>53</td> </tr> </tbody> </table> <p>Not to exceed 100%</p>	Year	Ratio (%)	2017	75	2018	65	2019	85	2020	55	2021	53	varied between 53% and 85%	53%
Year	Ratio (%)															
2017	75															
2018	65															
2019	85															
2020	55															
2021	53															
<p>Dividend payout ratio</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 been an average of 40%, including the proposed dividend and not including 2019 when no dividends were distributed. For 2021, a dividend of SEK 2.30 has been proposed, corresponding to 40%.</p>	<table border="1"> <caption>Dividend Payout Ratio (%)</caption> <thead> <tr> <th>Year</th> <th>Payout Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>45</td> </tr> <tr> <td>2018</td> <td>40</td> </tr> <tr> <td>2019</td> <td>0</td> </tr> <tr> <td>2020</td> <td>40</td> </tr> <tr> <td>2021</td> <td>40</td> </tr> </tbody> </table> <p>Target between 30-50%</p>	Year	Payout Ratio (%)	2017	45	2018	40	2019	0	2020	40	2021	40	40%	40%
Year	Payout Ratio (%)															
2017	45															
2018	40															
2019	0															
2020	40															
2021	40															

Indutrade's sustainability strategy is based on three focus areas: people, environment and profitable growth – with goals for 2030 set 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 annually. A description and outcome for these can be found in the sustainability report on pages 19-24.

FOCUS AREAS FOR SUSTAINABILITY

Employees

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, inclusive and productive work groups and workplaces where employees thrive, and always prioritising health and safety.

Environment

Reducing carbon dioxide emissions is crucial to 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 Scopes 1 and 2 and the goal is for us to become climate neutral for these parts. We intend to also start including 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.

Profitable growth

We secure our companies' strong market positions through continuous product and process innovation. Sustainability is becoming increasingly important to both customers and society at large, and the Group's focus is on stimulating the development and sales of products with sustainable added value. We select our acquisitions very carefully, focusing on stable and profitable companies. We limit the business risk by growing in selected segments with long-term drivers for growth and a positive impact on society. Growth is to be achieved organically as well as through acquisitions and Indutrade strives for sustainable value-creation over time for all of our stakeholders.

MATERIAL TOPICS WITH TARGETS AND KPIs

- Employee engagement
 - Leadership and competence development
 - Diversity and inclusion
 - Employee well-being
 - Employee safety
-
- Improved energy efficiency
 - Share of renewable energy
 - Reduce CO₂ emissions
 - Resource efficiency
 - Efficient business travel
-
- Customer satisfaction
 - Solutions improving customers' operations and reducing environmental impact
 - New products should use less energy and/or decrease the carbon footprint
 - Assessment of acquired companies

OVERALL GOALS 2030

100%
engaged people

**CO₂
neutral**
Scope 1 and 2 (GHG)

100%
of Indutrade's companies
contributing to sustainable development

Strategies

To achieve the overall goals, Indutrade pursues the following strategies:

STRATEGY	EFFECT	DEVELOPMENT 2021
<p>Growth with balanced risk</p> <p>Indutrade's subsidiaries have responsibility for, and a mandate to, develop their companies with the aim of achieving long-term, profitable growth:</p> <ul style="list-style-type: none"> • 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 • Geographically in selected markets • Indutrade supports the companies through active board work, structured knowledge-sharing between companies and by developing/training employees in important business issues. 	<p>→ Business development and organic growth are strategically important for steadily increased value creation over time.</p>	<p>→ All business areas and the majority of the companies grew organically during the year thanks to strong offerings and good market positions, despite the COVID-19 pandemic.</p>
<p>Acquisition</p> <p>Indutrade acquires well-managed, successful and typically owner-led industrial companies whose management teams are eager to continue running and growing the business. The companies manufacture or sell products in well-defined markets. Special emphasis is placed on continued opportunities for organic growth. We sometimes also make smaller, add-on acquisitions through our existing companies to strengthen market positions. A central feature of the acquisition process is to ensure that there is a shared foundation of values and ethical principles. All subsidiaries are expected to follow our Code of Conduct.</p>	<p>→ The acquisitions expand Indutrade's portfolio of well-managed and successful companies. The portfolio is further diversified and the economic risk is reduced while the opportunity for organic growth is improved.</p>	<p>→ All business areas completed acquisitions during the year and a total of 17 well-managed and successful companies with strong managements were acquired. Annual sales for the acquired companies amounted to approximately SEK 1.6 billion. To strengthen its market position in attractive segments, a number of companies also made add-on acquisitions during 2021.</p>
<p>Strong market positions</p> <p>Most of Indutrade's companies have a leading position in the market niche in which they operate.</p>	<p>→ Strong market positions are often a prerequisite for good profitability and being able to attract the best suppliers, all of which further solidifies Indutrade's position.</p>	<p>→ In 2021, we were able to maintain, and sometimes strengthen the market positions, which we attribute to flexibility and quick decision-making at the local level, which proved to be an asset when supply chain disruptions escalated.</p>
<p>Long-term partnerships with leading suppliers</p> <p>Indutrade's companies prioritise suppliers who, through own product development, provide market-leading, high-quality products with a high-tech content. A partnership with an Indutrade company should be the most profitable way for suppliers to sell their products.</p>	<p>→ A range of market-leading products from the best suppliers, coupled with Indutrade's technical and market know-how, makes us an attractive business partner for existing and potential customers.</p>	<p>→ Long-term relationships with existing suppliers of high-quality products were also prioritised in 2021. These good relationships helped many of Indutrade's companies meet their delivery commitments during the year in a relatively successful manner. Simultaneously, many companies established collaboration with a number of new suppliers during the year.</p>

STRATEGY	EFFECT	DEVELOPMENT 2021
<p>Companies with proprietary products and brands</p> <p>Indutrade has many companies with proprietary products and brands. The products should have a high technical content and the companies should have a strong market position with a good growth potential.</p>	<p>→ Companies with proprietary products and own brands tend to have good opportunities for developing their offering and expanding geographically, which increases their growth potential. Together with the stable, cost-effective technology sales companies, it gives Indutrade a balanced portfolio of companies. Since 2004 the share of companies with proprietary products has grown by 34 percentage points, and in 2021 they accounted for 43% of consolidated net sales.</p>	<p>→ In line with the long-term goal of increasing the share of companies with proprietary products, many of the companies acquired in 2021 have their own brands and manufacturing. One example is the Finnish company, Dewaco, which develops and manufactures equipment and solutions for sludge thickening, sludge removal, and dewatering to wastewater treatment applications.</p>
<p>High share of repetitive sales and focus on selected customer segments</p> <p>Many of Indutrade's companies prioritise customers in sectors with recurring needs and where the prospects are favourable for maintaining competitive production in their home markets. Many of these industries are characterised by a high degree of automation, high distribution costs and/or large start-up investments.</p>	<p>→ This contributes to business stability and predictability of revenue flows.</p>	<p>→ During the year, we continued acquiring companies with repetitive sales. One example is the German company, Tecno Plast, which offers single-use tubing sets, PTFE and silicone hoses to customers in Germany, Austria, and Switzerland. Customers are found in industries such as biopharma, pharma, MedTech, and chemical.</p>
<p>Sales organisation with high level of technical expertise</p> <p>Our companies' product and service offering, which is aimed at both end users and OEM customers (i.e. customers that integrate our products in their own products), should have a high-tech content and incorporate a high level of service and qualified technical consulting. The companies' own sales representatives must have a high level of technical expertise in their respective niches and a depth of knowledge about the customers' production processes.</p>	<p>→ This makes Indutrade's companies an attractive business partner that creates added-value for customers and suppliers alike.</p>	<p>→ The companies have strengthened their offerings through in-depth customer relationships and constant competence development in their respective technology areas. During the year, a number of internal network meetings and seminars were held, mainly digitally, for the exchange of experiences and knowledge in various areas.</p>
<p>Decentralised organisation with strong local ties</p> <p>Indutrade's governance model is based on decentralised responsibility and decision-making because the best business decisions are made close to customers by people who have the best understanding of the customers' needs and processes.</p>	<p>→ We raise customer value via subsidiaries that have the autonomy to run their own operations with a high level of flexibility, along with entrepreneurial employees who work close to the customer.</p>	<p>→ Our decentralised organization with entrepreneurial MDs who make independent and quick business decisions, adapted to current challenges and opportunities in each market, has once again proven to be a strength.</p>

Active ownership

Indutrade is a long-term, stable owner that is involved in, and takes responsibility for, the development of its subsidiaries. A decentralised leadership based on clear values promotes entrepreneurial spirit in the companies, which get to retain their original identity with their own name, culture and management team. Responsible leaders with strong business acumen are developed and given opportunities to continuously drive their companies forward.

INDUTRADE AS OWNER

Our ownership perspective is very long term. When we acquire a company, it is never with the intention to withdraw or divest. We exercise active ownership primarily by participating on the Boards of Directors of our subsidiaries with the aim of developing them, generating sustainable value growth and contributing to society. 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 for being 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 responsibility and sustainable ownership create long-term value and enhance competitiveness.

Value-based leadership

Indutrade's values guides 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 run, build and

develop businesses in a responsible manner. This mindset serves as the foundation for our vision: an entrepreneurial world where people make the difference.

Our Code of Conduct is an important tool to describe our common 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

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. Many of our subsidiaries work in smaller cities or towns where the employees become important local ambassadors. They play an important role in our companies being perceived as reliable and responsible, such as by ensuring that the local environment is not negatively impacted by the companies' operations. By making local investments and job creation, 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 active, involved board of directors that supports the executive management team and serves as a sounding board. Our cumulative expertise, experience and structure creates the prerequisites for continued growth in the companies.

Expertise

Indutrade supports its 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 subsidiaries. As a stable owner, we take responsibility for the longevity of our subsidiaries.

Knowledge-sharing and networks

We share experiences, knowledge and best practice through network meetings, trainings 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 they can exchange ideas and experiences.

Developing competence and leadership

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

DEVELOP

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. Companies belonging to the Group enrich each other and are given opportunities for exchanging valuable knowledge via networking opportunities and internal benchmarking. All of Indutrade's companies have a clear mandate and responsibility for their own operations. Indutrade supports its companies with industrial know-how, financing, business development and management by objective.

ACQUIRE

We put high requirements on 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. Reasons for wanting to sell can vary. For example, a company may need a new owner because it is in an expansion or investment phase. Or, perhaps new ownership is needed to ensure the company's longevity. Indutrade has no exit strategy, and by selling to Indutrade, the company's future is secured.



ACQUISITION PROCESS

Acquisition is a natural component of Indutrade’s operations and it is fundamental to our strategy for growth. 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 put high requirements on 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, 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.

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 2021, Indutrade acquired 17 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 makes the deal worthwhile for both parties.
- that key individuals will stay involved after the acquisition. These are typically joint owners of the company that is being acquired, which is why additional consideration is often part of the acquisition structure. It will be paid if the company achieves a certain level of profitability after the acquisition.
- It is also important that 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, which is either decided based on its geographic location or the types of products offered. Doing so increases the opportunities for value-creating collaboration and networking. A new board of directors 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 the scope of clientèle 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 conditions.

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 tied-up assets. During the year, we also ensure that competence development, succession planning and the sustainability agendas of subsidiaries are being monitored and evaluated, which is an important aspect of Indutrade’s role as an active owner.

INVESTMENT CRITERIA

The companies we acquire must:

- Be run by entrepreneurs who are passionate about their business concept and want to continue running the company after the acquisition
- Be stable and profitable
- Have a leading position in a market niche
- Have a long-term sustainable business model
- Share our values and culture

Acquisitions 2021



Growth via acquisition of successful, market-leading niche companies is a key component of Indutrade's business model. In 2021, Indutrade made 17 acquisitions and the total annual sales of these newly acquired companies amounts to just over SEK 1,573 million.

Month acquired	Acquisition	Business area	Sales SEK million ¹⁾	No. employees ¹⁾
January	Pistesarjat Oy	Finland	100	25
January	Fire Proof B.V.	Benelux	70	10
February	Tecno Plast Industrietechnik 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
October	Alflow Scandinavia A/S	Flow Technology	140	32
October	SILROC CZ, a.s	DACH	35	70
October	Italprotec Industries S.r.l.	DACH	100	35
October	Dewaco Oy	Finland	130	23
November	Klay Instruments B.V.	Measurement & Sensor Technology	60	31
December	Svenssons i Tenhult AB	Fluids & Mechanical Solutions	100	18
December	North West Metal Sections Ltd	UK	245	90
Total			1,573	612

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

DACH

SILROC CZ

SILROC is a manufacturing company, designing and producing customised parts and components from liquid silicone rubber in injection moulding presses. 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. 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. 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.



Reason for the acquisition: SILROC is a manufacturing company, designing and producing customised parts and components from liquid silicone rubber in injection moulding presses. It serves a wide variety of industries, from medical technology and pharmaceutical production to industrial markets, making it an excellent fit with Indutrade's growing medical technology segment.

ITALPROTEC INDUSTRIES

Italprotec is a manufacturer and technical trader of engineered industrial products for handling of critical fluids. The offering includes hoses, connectors, single-use assemblies, valves, fittings, and heat exchangers. The products ensure purity, corrosion resistance, and protection in sterile environments. Customers are mainly found on the Italian market within industries such as pharma, biopharma, chemical, and food. Located in Cavenago di Brianza in the Milan area in Italy, the company has about 35 employees.



Reason for the acquisition: Italprotec is a prominent company in its niche and strengthens Indutrade's cluster of companies with customers in medical technology and pharmaceutical production. It is also a milestone, as Indutrade's first acquisition in Italy.

BENELUX

TECNO PLAST INDUSTRIETECHNIK GMBH

Tecno Plast offers single-use tubing sets, PTFE and silicone hoses to customers in Germany, Austria, and Switzerland. Founded in 1972, Tecno Plast's technical expertise and experience within the niche is extensive. Customers are found in industries such as biopharma, pharma, MedTech, and chemical. The company is Dusseldorf, Germany and has approximately 80 employees.



Reason for the acquisition: Tecno Plast is a leader within its niche on the German market and complements and strengthens Indutrade's cluster of companies medical technology and pharmaceutical production. It also strengthens Indutrade's growth in the German market.

FIRE PROOF

Fire Proof is a distributor specialised in passive fire protection products. With deep application knowledge, the offering includes a complete product range in the field of fire protection products, to customers in the Benelux region. The broad product offering includes sheeting material, coating, fillers, cable boxes, and sealing materials. The offering is complemented with customised cut-to-size services to facilitate the use of the products, and to avoid dust pollution at construction sites. Customers includes primarily passive fire protection installer specialists and isolator companies. Fire Proof BV has 10 employees and is based in Oss, the Netherlands.



Reason for the acquisition: With high technical niche expertise in a well-defined market, Fire Proof is a successful company with good conditions for continued growth, both independently and through collaboration with other Indutrade companies - completely in line with Indutrade's acquisition strategy.

EFCON WATER B.V.

Efcon Water is specialised in products and measurement instrumentation for wastewater sampling systems. The systems range from standard wastewater samplers to integrated systems with guaranteed measurement accuracy, along with service and maintenance. The customised solutions are sold to both industrial and municipal wastewater treatment plants and laboratories, primarily in the Netherlands, Belgium and Germany. The company is also represented internationally by several distributors. It has nine employees and is based in Vianen, the Netherlands.



Reason for the acquisition: Efcon Water is an add-on acquisition to Indutrade's subsidiary, Hitma Group. The companies' combined offering creates good growth opportunities since the businesses complement and strengthen each other in terms of the product offering.

TYPHOON GROUP

Typhoon Group specialises in stirring and mixing systems. The systems, which range from less complex agitators to advanced installations, mix raw materials and products for a wide range of industries, for example food and beverage, chemical, pharmaceutical, cosmetics, wastewater, rubber and plastics industry. Typhoon's offering includes customised solutions to OEM customers and industrial end users in primarily the Benelux region, and is complemented by service and maintenance. Founded in 1946, the Group currently has 22 employees and is based in Raamsdonksveer, the Netherlands, with branch offices in Brasschaat, Belgium and in Pennigsehl, Germany.



Reason for the acquisition: Through an offering of its own specialized products and systems, which is aimed at a broad customer base in attractive segments, Typhoon Group has good opportunities for continued profitable growth.

FINLAND

PISTESARJAT

Pistesarjat is a technical trading company offering heating- and frost protection cable systems, fire-resistant cable and data cable systems, from global leading suppliers to customers in Finland. With more than 40 years of experience, Pistesarjat offers high quality solutions for applications areas such as defrosting, electric heating, concrete hardening, industry trace-heating and fire-proof cabling. The products are sold directly to industry customers and through electrical contractors. End customers are operating mainly in the construction and heavy industry sectors. The company is based in Espoo, Finland, and has 25 employees.

PISTESARJAT

Reason for the acquisition: Pistesarjat has a strong market position in its niche in the Finnish market with good growth potential and an organisation with a high level of technical expertise.

DEWACO OY

Dewaco develops and manufactures equipment and solutions for sludge thickening, sludge removal, and dewatering to wastewater treatment applications. Since 1986, Dewaco has successfully been manufacturing chain scraper systems and belt filter presses. Chain scraper systems are used in scum and sludge removal in for example industrial and municipal wastewater applications. Belt filter presses are used in dewatering applications to dewater organic and inorganic material from the water, for example, in processes like Tree-to-Textile where new sustainable materials are produced. The products and solutions are delivered to a number of different industries and municipalities, both in Finland, the rest of Europe and Asia. The company is located in Laitila Finland, and has 23 employees.



Reason for the acquisition: As a manufacturer of water treatment equipment, Dewaco has specialist expertise that is in demand in a variety of industries. The successful company further complements and strengthens Indutrade's portfolio in the growing wastewater segment.

FLOW TECHNOLOGY

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. Since its inception in 1998, Alflow has developed a comprehensive product range meeting the most stringent safety and cleanliness requirements in the market. The selectively chosen product groups includes, for example, valves, pumps, hoses, single-use products, and a wide range of spare parts. It primarily serves the Danish market. Based in Vejen, Denmark, the company has 32 employees.



Reason for the acquisition: Alflow's long-term customer relationships have made the company a strategic and value-creating partner with good conditions for continued growth. Alflow strengthens and broadens Indutrade's reach in the flow technology segment, including the fast-growing single-use market in the pharmaceutical industry.

FLUIDS & MECHANICAL SOLUTIONS

CKJ STEEL AS

CKJ Steel is a leading engineering and manufacturing company offering process equipment and technical advice to the Danish pharmaceutical and biotechnology industries. With extensive technical knowledge, high-quality products such as customised pressure vessels and pipe systems, the company offers products and services relevant in all different phases involved in establishing a new process facility, including extensive documentation and quality assurances. The offering also includes service and maintenance, offering long term on-site assistance and preventive maintenance. Customer segments mainly include pharmaceutical, biotechnical and food industries. The company is based in Køge, Denmark, with a total of approximately 75 employees.



Reason for the acquisition: With CKJ Steel's leading position, local roots and extensive offering to, for example, the pharmaceutical and biotechnology industries, the positions are strengthened in attractive market segments where growth opportunities are good.

ATLAS INDUSTRIAL PRINT

Atlas is a niche manufacturer offering different types of product marking to Swedish industrial customers. The company's wide product range includes, for example, self-adhesive labels, decals, overlayers, membrane panels, and metal plates. Customers are found in different industries such as MedTech, energy, electronics and general engineering. Since its inception in 1995, Atlas has focused on quality and customers often have high demands on durability. The products are mainly manufactured using screen- and digital print. Atlas has 34 employees at the production sites in Finspång and Motala, Sweden.



Reason for the acquisition: Atlas Industrial Print is historically successful in its niche and the acquisition of the company complements Indutrade's subsidiary Topflight AB.

SVENSSONS I TENHULT AB

Svenssons i Tenhult is a niched technical trading company that offers different types of locks and fittings to OEM customers on the Swedish market. The company's comprehensive and deep product offering includes mechanical and electromechanical lock systems, door automation as well as fittings from leading manufacturers. Svenssons i Tenhult has a long-standing and close collaboration with Assa Abloy. Customers consist of door manufacturers, window manufacturers, house manufacturers, carpentry, and manufacturers of metal profiles. Svenssons i Tenhult was founded in 1931 and has a total of 18 employees at the sites in Tenhult and Knislinge, Sweden.



Reason for the acquisition: Svenssons in Tenhult, like many of Indutrade's companies, has a long-term successful collaboration with leading suppliers in the industry. This, together with the company's technical and market know-how, and also collaboration opportunities within Indutrade, make the future growth opportunities good.

INDUSTRIAL COMPONENTS

LAMISA

Lamisa is a technology focused niche company offering different types of seals to the Swedish industry. Since the start in 1995 the company is specialised in o-rings and manufacturing of machined seals for customers in industries such as hydraulics and pneumatics, food and pharmaceutical. Lamisa has 10 employees located in Vällingby and Jönköping, Sweden.



Reason for the acquisition: With innovative and customized solutions, Lamisa offers a complete range of high-quality products and good service. The acquisition of Lamisa complements and strengthens Indutrade's cluster of companies in seals and gaskets, including G A Lindberg SealTech AB.

BUHL & BØNSØE

Buhl & Bønsøe is a focused technical trading business offering professional measurement instruments and solutions to customers in the Danish market. The offering includes a broad range of products for example portable and stationary measurement instruments for temperature, moisture, pressure, air flow and thermal imaging. Founded in 1975, Buhl & Bønsøe's expertise and product know how is extensive, and the company is the exclusive distributor in Denmark of the German company Testo, who is a world leader in the field of portable and stationary measurement solutions. The offering is complemented by accredited instrument calibration services, training, and installations. The diversified customer base includes industries such as pharmaceutical, biotechnology, food production and facility management. Application areas are for example control, analysis and measurement for physical parameters within industrial processes and environmental protection. The company is located in Sørum, Denmark, with 17 employees.



Reason for the acquisition: Thanks to its specialist knowledge in measuring instruments and long-term collaboration with leading suppliers, Buhl & Bønsøe has built up a range of market-leading products from the best suppliers. With a high level of service and qualified technical advice, they are an attractive partner for existing and potential customers in the Danish market.

MEASUREMENT & SENSOR TECHNOLOGY

KLAY INSTRUMENTS B.V.

Klay Instruments develops and manufactures customised instruments for measuring primarily pressure and level, but also flow and temperature. With focus on applications with high accuracy and high-performance requirements, often in complex environments, the instruments are used for automation of industrial processes. The OEM customers and end users are found within industries such as food, pharmaceutical, water/wastewater and pulp and paper. All products are manufactured in stainless steel, meeting the highest standards of quality and technical innovation. The solutions include active temperature compensation with a built-in temperature sensor, which makes the products reliable and resistant towards changes in process temperature. With distributors in more than 50 countries, Klay Instruments supplies solutions and products to customers worldwide, having the Netherlands and rest of Europe as the main markets. The company is located in Dwingeloo, the Netherlands, and has 31 employees.



Reason for the acquisition: With its own products based on advanced technology solutions and its own development, design and manufacturing, Klay Instruments has good prospects for continued profitable growth and strengthens Indutrade's position in the segment for measuring instruments for industrial automation.

UK

ADVANCE WELDING

Advance Welding designs and manufactures electrofusion welding equipment for utility companies in the gas, fresh water, wastewater and telecom industries. The comprehensive product range, covering pipe welding units for all PE (and PP) piping markets, is complemented by mechanical tooling products, as well as service and technical training. The large customer base is predominantly British, with international sales through global distribution networks. Advance Welding's offering includes the newly launched environmentally sustainable product Efuze – a battery operated electrofusion machine, significantly reducing carbon emissions and improving operational effectiveness of on-site welding. The company has 31 employees and is based in Cleckheaton, United Kingdom.



Reason for the acquisition: The acquisition of Advance Welding gives Indutrade the opportunity to grow further in the installation market and the VA segment. The company's offering of environmentally friendly and sustainable products is an important driving force for continued growth.

NORTH WEST METAL SECTIONS LTD

North West Metal Sections is a leading manufacturer of steel reinforcing sections for the uPVC (Unplasticized Polyvinyl Chloride) window and door market in the U.K. The steel reinforcements are supplied in a wide range of standard and bespoke profiles, to fit all uPVC window and door systems. With a highly flexible production set-up and vast technical expertise, the company has been manufacturing high quality sectional profiles for more than 10 years. Customers are predominantly U.K. based System Houses, as well as local and national uPVC windows and doors fabricators. NW Metal Sections has 90 employees and modern production facilities in Skelmersdale (greater Manchester region), United Kingdom.



Reason for the acquisition: With recyclable products in a market driven by both increased energy efficiency and home renovations, the growth opportunities for the North West Metal Section are good. Their local presence has been an asset during the pandemic as transportation of goods has become more difficult.

Votes of confidence from some prior acquisitions



PER-ARNE FORSMAN
Managing Director,
Filterteknik Sverige AB

LEKANG GROUP BECAME A PART OF INDUTRADE IN 2010

"Lekang specialises in filters and filter technology and we are the leading company in the Nordic region in our niche. The company was first formed in 1970 and as the group grew, the complexity rose, in terms of both ownership and organisationally. The need for a distinct plan for succession and the future became tangible, the owners subsequently started to seek a partner who shared their values: to focus on the people in the company, encourage entrepreneurship, support growth and safeguard future success. We found such a partner in Indutrade."

"Being part of Indutrade also gives us financial stability, which is security not only for us, but also for our suppliers and customers. As a result of this, Lekang Group has been able to expand in a way that would not have been possible otherwise."

"Despite Indutrade's size, the decision-making paths are short. If you present well-founded and well-thought-through plans, there is a very good chance of a quick response. In my opinion, the minimal bureaucracy, focus on what is important, and a clear long-term perspective make Indutrade unique."



RICHARD STOREY
Managing Director,
Adam Equipment

ADAM EQUIPMENT IN THE UK WAS ACQUIRED IN 2019

"Having Indutrade as our owner has benefited us in different ways. We established a formal Board of Directors with a clear meeting structure, and we formalised a number of internal processes leading to even more accurate control over the business. Before Indutrade, sustainability was not really on our radar, but Indutrade brought the knowledge and importance of sustainability to us and it has had a significant impact on how we do things. For instance, now in our design process we often use recycled materials for our product construction and our packaging materials are designed to use cardboard instead of polystyrene wherever possible."

"Going forward, we know that Indutrade continues to stand by us, in the background without interfering in the day-to-day business; just as it is now, but there if we need it. With its help, we have become much more structured, enabling us to focus on important issues and thereby grow and develop in a sustainable and profitable way."



JINDŘICH PETŘÍK
Managing Director,
Cheirón

THE CZECH COMPANY, CHEIRÓN, WAS ACQUIRED IN 2020

"When I was approached by Indutrade a few years ago, I had never considered selling the business up to that point. But at a certain time in a company's development, it is obvious that it might be beneficial to become a part of a bigger, financially strong group, which can offer support and knowledge that can enhance growth and be a strong partner for our suppliers."

"Through other entrepreneurs and companies, I knew that Swedish and other Nordic companies had a good reputation as owners; they have a culture of trust in the existing management and they respect and support you to grow and become better. This certainly played a role in my decision to sell to Indutrade."

"We have not been a part of the group for long, but I can already say that Indutrade has kept its promises; everything we agreed on has been fulfilled. With the support of Indutrade, we have learned to work more efficiently regarding financial and business analyses. Furthermore, we now have a deeper understanding of the emphasis on sustainability, and we have gradually incorporated sustainability goals into our business plans."

Sustainability report

Focus areas and goals

Strategic framework for sustainable development

Indutrade has a strategic framework that summarizes 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 and stakeholder expectations. We work towards overall goals in the areas of People, Environment and Profitable Growth and have defined associ-

ated targets and KPIs that we follow up at least annually. The aim is to promote business opportunities, 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.

Sustainability governance	Training and knowledge sharing, networking, Code of Conduct, policies and guidelines, Board meetings, Group and company goals, data reporting and follow-up.		
Focus areas and overall goals	PEOPLE 100% engaged people	ENVIRONMENT CO ₂ neutral scope 1 & 2 (GHG)	PROFITABLE GROWTH 100% of Indutrade's companies contributing to sustainable development
Material topics, with related targets and follow-up ¹⁾	<ul style="list-style-type: none"> ■ Employee engagement ■ Leadership and competence development ■ Diversity and inclusion ■ Employee well-being ■ Employee safety 	<ul style="list-style-type: none"> ■ Improved energy efficiency ■ Share of renewable energy ■ Reduced CO₂ emissions ■ Resource efficiency ■ Efficient business travel 	<ul style="list-style-type: none"> ■ Customer satisfaction ■ Solutions improving customers' operations and reducing environmental impact ■ New product offerings should use less energy and / or decrease the carbon footprint ■ Assessment of acquired companies
Approach	Values and business ethics		

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

Follow-up of targets and KPIs

All subsidiaries report sustainability data linked to Group-common goals, KPIs and other important issues in a digital platform. We follow up the outcome at Group level as well as at business area and company level in order to be able to identify areas for improvement and implement relevant measures. In 2021, we further developed information collection by adding more issues to the scope of it. We also improved data quality by giving more support and guidance to the companies during the reporting process as well as more concise and prompt follow-up and feedback.

Right focus in each company

Indutrade comprises more than 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. In 2021, we began to measure the proportion of companies that have carried out their own materiality analysis. The outcome was 73% and the target is 100% by 2025.

EXAMPLES OF ACTIVITIES IN 2021

- Follow-up on sustainability goals and KPIs with business areas and companies
- Clearly defined sustainability items on the agenda at subsidiaries' board meetings
- Improved process for data collection
- Continuous stakeholder dialogue and further development of the sustainability strategy and priorities
- Active knowledge-sharing in the sustainability network
- Analysis on how the Taxonomy Regulation applies to Indutrade
- Training activities on important themes linked to sustainable development

Sustainability governance

Overall sustainability governance

Indutrade's sustainability governance is adapted to our decentralized organization and takes place mainly via the subsidiaries' boards, a shared Code of Conduct, policies and guidelines, as well as networks, training and follow-up of data. The MD and management team of each subsidiary 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.

Sustainability at Board meetings

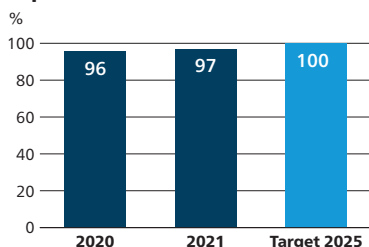
Sustainability is included as a mandatory agenda item at the subsidiaries' board meetings. Outcomes on reported data as well as the company's own materiality analysis and associated targets, KPIs and activities are discussed.

At Group level, the Board is involved in sustainability issues by approving strategies, policies, goals, as well as acquisitions and possible divestments. The Board also approves the annual Group-wide risk analysis, which includes important areas regarding sustainable development. More information on how we work with risks on an ongoing basis is detailed in the sustainability report and in the section on risk analysis on pages 32-34.

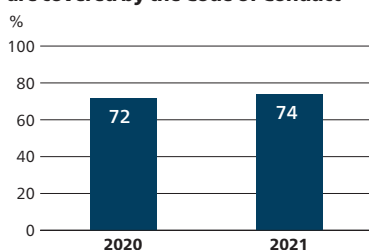
The Code of Conduct is an important starting point

Indutrade's Code of Conduct is our policy for sustainable business. It provides guidance for who we aspire to be and how we would like to be perceived, and applies for all employees in the Indutrade Group, in all countries. The Code of Conduct contains guidelines for environmental considerations, health and safety, business ethics including anti-corruption, employee relations, human rights and community impact. It has been translated into eight different languages and is also available on our website. The Code of Conduct has been adopted by Indutrade's Board of Directors and it is available to all of our employees via Indutrade Portal (our communications portal). There is also digital training available there to support implementation. Additionally, in-depth material on the various areas included in the Code of Conduct can be found on the Portal. This year's follow-up shows that 97% (96%) of Indutrade's companies have implemented the Code of Conduct in their operations. Our target is for all companies to have implemented the Code by 2025.

Share of companies that have implemented the Code of Conduct



Share of companies where third parties are covered by the Code of Conduct



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. In 2021, Indutrade received eight cases, all related to events in our subsidiaries. Indutrade follows a process with clear steps to investigate the cases that come in. All cases in 2021 have been followed up and handled in accordance with this process and relevant action has been 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 organization 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 profitable growth. Deficiencies in business ethics would entail risks for erroneous busi-

ness decisions as well as damage to our reputation and brand. Business ethics is included in the Code of Conduct in which employees are trained. 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. In 2021, no incidents of corruption were reported.

Code of Conduct for Suppliers and Partners

Our products, and the constituent materials and components, are manufactured in countries where working conditions, environmental regulations and business ethics, including anti-corruption, can vary. It is therefore crucial that we work with our suppliers and partners as a way of lowering the risks and ensuring sustainable working methods. 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. Results from follow-up in 2021 showed that 74% (72%) of Indutrade's companies had fully or partially included third parties to be covered by the Code of Conduct. Sustainable supply chains are a large, complex and important area that we will continue to develop. In 2022, we will look more closely at risk exposure in the supply chain and define possible measures, based on, among other things, the human rights perspective.

Sustainability network for knowledge-sharing

Representatives from the subsidiaries participate in Indutrade's sustainability network, which gives them inspiration and guidance in important areas for sustainable development. One valuable element is to share experiences and working methods between companies. During the year, meetings were held on climate, supplier follow-up, sustainability communication, diversity and inclusion. The network meetings are recorded and posted on Indutrade Portal so that they can be viewed afterwards.

Continuous stakeholder dialogue

Indutrade's most important stakeholders are employees, owners, investors and others in the capital market. Some particularly important issues and expectations that stakeholders raised in 2021 are:

- Improved efforts to lower climate impact and identify climate risks
- Efforts that ensure respect for human rights
- Diversity and inclusion

Indutrade will actively be working with these areas in 2022.

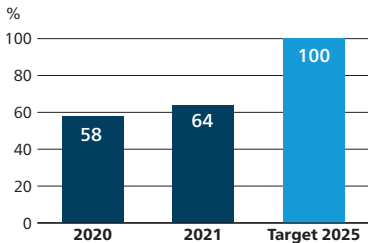
Towards 100% engaged employees

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

Ensuring employee well-being and people development in the organization are priority areas for Indutrade and crucial for the Group’s success. This year’s follow-up showed that the percentage of our companies that measure employee satisfaction is 64%, which is an increase of six percentage points from 2020. The target by 2025 is for all companies to measure employee satisfaction and use the results for dialogue and organisational development.

Employee turnover within the Group amounted to 10.5% in 2021, which is on par with 2020. It means that we are within our target range, where 85%-90% of employees remain with the Group.

The percentage of companies that measure employee satisfaction.



Focus on leadership and competence development

One of the most important prerequisites for maintaining a long-term approach in our operations is to ensure we have the right competence within the Group. For our subsidiaries this is largely a matter of making full use of the competence that already exists

internally. We do this both through continuing training for key individuals and by actively sharing knowledge and experiences within the Group. We follow up on the percentage of internally recruited MDs. For the second year in a row the share was 50%. The target by 2025 is 60%. Through Indutrade Academy, we offer an in-house leadership programme that provides training in areas such as leadership and sales. Many challenges and solutions are common or relevant to most companies and we share experiences, knowledge and best practice through networks, training and Indutrade Portal.

In 2021, a number of Group-wide activities were carried out to promote competence development and knowledge-transfer, such as our Group-wide leadership development programs, workshops and digital training on various themes. We also designed a program for leadership training in sustainability to be launched in 2022.

Diversity – an opportunity and challenge

One important prerequisite for Indutrade’s continued growth is the ability to attract, retain and develop the right talent. Employees are 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. For one of the year’s network meetings, the theme was diversity and inclusion.

The percentage of subsidiaries with women on the board in 2021 was 21% (17%¹). The target by 2025 is 60%. The corresponding figure for the subsidiaries’ management teams in 2021 was 80%. We actively pursue succession planning and efforts to identify and develop women for leading positions.

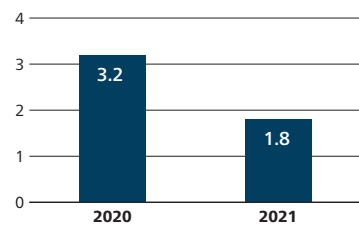
¹) Prior year information has been adjusted.

When it comes to achieving a more even gender distribution in our companies, there is a general challenge both in the wider society and in the industry because a much higher percentage of men are business owners in technology and industry. They are overrepresented in engineering educations and professions as well. We hope to influence that through various activities that inspire more women to pursue a career in technology and as entrepreneurs.

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. A total of 136 workplace injuries were reported that led to absenteeism in 2021, which corresponds to an injury frequency of 1.8 (3.2), which is a clear improvement over the previous year. Our overall aim is to have zero injuries in the workplace.

Injury frequency rate¹)



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

Sick leave during the pandemic

Since the start of the pandemic, Indutrade has carefully been monitoring the effects of COVID-19, with the main priority of protecting the health and safety of our employees, customers and suppliers.

The data on sick leave for 2020 and 2021 is difficult to interpret since it includes employees who were absent from work and isolated in their homes due to pandemic restrictions. In 2021, we separated the data on sick leave into two categories, short-term and long-term, so that we are able to draw better conclusions. Short-term sick leave (less than 14 days) in 2021 was an average of 4.8 days per full-time employee and the corresponding figure for long-term sick leave (more than 14 days) was 3.3 days. The total number was thus 8.1 (6.1) days per full-time employee. The target is 4.3 days by 2025. We follow up the companies with high absenteeism in order to understand the underlying causes and be able to analyse and take action, where necessary.

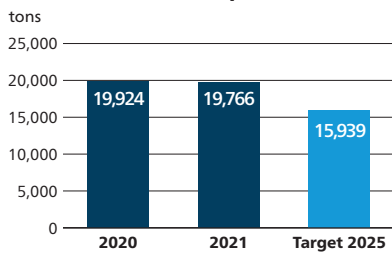


Environment

Our goal is climate neutrality

Our overall climate goal 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 (Greenhouse Gas Protocol). Emissions from Scopes 1 and 2 in 2021 amounted to 19,766 (19,924) tonnes of CO₂e. Our 2025 target is a reduction of emissions in absolute terms by 20% compared to 2020. The emission intensity in 2021 was 0.91 (1.04) tCO₂e/SEK million net sales, which is an improvement of 13% compared with 2020. We work with analysis at Group, business area and company level to identify important measures and priorities going forward in our pursuit of climate neutrality. In 2022, we will intensify these efforts by, for example, providing more concrete guidance to the companies and targeted action in companies with the highest emissions.

Total CO₂ emissions Scope 1 & 2



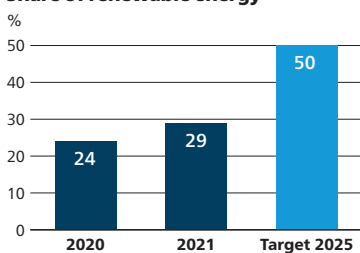
Renewable energy and energy efficiency

In terms of the share of energy from renewable energy sources used in the operations, this has increased from 24% in 2020 to 29% in 2021¹⁾. The target is 50% by 2025. However, our energy intensity has gone in the wrong direction and amounted to 4.97 (4.79) MWh/SEK million net sales. Our target is 3.35 by 2025.

Resource efficiency

The percentage of our subsidiaries that have KPIs for measuring various aspects of resource efficiency, such as water, energy and waste, amounted to 57% in 2021. The target is for all companies to have KPIs in the environmental area by 2025 and we work with communication and support for the companies to achieve this.

Share of renewable energy



¹⁾ The energy includes electricity, heating, cooling and fuels for production and operational processes as well as fuels for own and leased vehicles.

Scope 3 and higher awareness about business travel

Climate is high on Indutrade's agenda and in 2022 we plan to start including Scope 3, (i.e. emissions upstream and downstream of our value chain), in our data collection from the subsidiaries to understand their scope and be able to include this in goals and strategies in the future. In connection with this, we will also evaluate the possibility of joining SBTi - Science Based Targets initiative.

The pandemic has accelerated the transition to digitalisation and sustainable development. These are areas that we believe both strengthen competitiveness and lead to new business opportunities. During the year, we focused on the importance of finding a "new normal" situation for each individual company, which means working methods and travel that are a hybrid of what they used to be. We feel it is important to adapt the business to new needs and wishes of different stakeholders and for working cost-effectively and sustainably from a resource and emissions perspective.

Analysis of climate risks

Climate change is having an increasingly serious impact on society and the economy worldwide. In 2022, we will carry out an over-

all analysis of how our companies are affected by the change that is taking place in many markets in the form of changed technology and demand. We will also evaluate the risks of physical impact on our value chains as a result of different types of extreme weather. Based on the results, our operations can be adapted and the risk exposure reduced.

Systematic environmental work at companies

All our companies must have a structured process for environmental work, which means that they are required to have identified their material environmental topics, with associated goals, KPIs and follow-up. Some of the companies, especially the slightly larger ones, have been working according to established environmental management standards for many years. At the end of 2021, 71% of the manufacturing companies were working with environmental management systems and more than 22% of all the companies belonging to the Group were certified according to ISO 14001. Seven of our Swedish subsidiaries conduct operations that require permits or reporting in accordance with the Swedish Environmental Code. Six foreign subsidiaries conduct operations subject to an equivalent permit or reporting obligation.



All our companies must have a structured process for environmental work, which means that they are required to have identified their material environmental topics, with associated goals, KPIs and follow-up.

Profitable growth

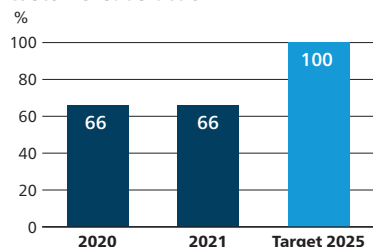
More products and solutions with sustainable added value

Our overall goal by 2030 is for all the Group's companies to contribute to sustainable development via their products and offerings. Our companies offer high quality products with a long service life. Through good knowledge of customers' systems and processes in combination with high technical expertise, we are able to, in many cases, streamline customers' operations and offer solutions that reduce environmental impact, or contribute with other benefits, such as improved working environment. Sustainability is becoming increasingly important to both customers and society at large, and it is crucial for continued growth and success. Stimulating the development and sale of products with sustainable added value is therefore an important focus area for the Group. We put particular emphasis on ensuring that new products launched on the market consume less energy and/or lower the carbon footprint. With the aim of driving innovation in a sustainable direction, we will start measuring the percentage of net sales that come from product offerings launched over the past three years. How the companies work to include sustainable values in their offerings is followed up via our annual sustainability reporting and at the companies' board meetings.

Quality and customer satisfaction

Our target is for all our companies to measure customer satisfaction and use the results for business development. This year, for the second year in a row, it was 66%. We are striving to share experiences and good working methods for this between the companies. In addition, 49% of our companies are certified according to ISO 9001.

The percentage of companies that measure customer satisfaction



Thorough acquisition process

Indutrade's subsidiaries shall sell products and services of good quality, providing added value to customers. We acquire reputable and successful companies, often being leaders in their niche. All 17 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 impor-

tant 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.

Taxonomy Regulation

We are in favour of clearer definitions on what is considered to be sustainable and we have during 2021 analysed how Indutrade's companies are eligible to the EU Taxonomy (new classification system for sustainable economic activities). The analysis was done by reviewing all activities in the Indutrade companies' based on the detailed annual Group reporting. The activities were then compared to the taxonomy definitions and the results were thereafter discussed with, and verified by, each business area management.

The overall conclusion is that Indutrade's companies only to a very small extent are eligible to the Taxonomy Regulation, as of what the regulation currently cover. Our companies are not involved in the types of activities that have been specifically defined in the Taxonomy Regulation. Furthermore, a large percentage of the companies do not have own manufacturing and thus lie outside the scope. At present, components are not covered by the Regulation either. Three economic activities in the Taxonomy Regulation are relevant for Indutrade, which are: Manufacture of Energy Efficiency Equipment for Buildings (3.5), Manufacture of Other Low Carbon Technologies (3.7) and Installation, Maintenance and Repair of Energy Efficiency Equipment (7.3). These, however, represent a small portion of total turnover, approximately 1%. The assessments were based on information that was available as of 31 January 2022.

Indutrade continuously monitors the updates that take place in the drafting of the Taxonomy Regulation and it is likely that we will be covered to a greater extent in the future, when more of the EU's environmental targets (and thus more kinds of activities and products) are included.

Accounting principles

EU Regulation (EU) 2020/852 Article 10 states that non-financial corporations are required to disclose the extent to which the company's economic activities are sustainable through three KPIs: share of turnover, cap-

ital expenditure and operating expenditure that are compatible with activities that, according to the Taxonomy Regulation, are environmentally sustainable. For the 2021 financial year, an easing of the requirements was implemented, which means that only the portion of Indutrade's turnover, capital expenditure and operating expenses associated with economic activities that are eligible to the Taxonomy Regulation are reported.

Indutrade has done an allocation based on cost structure and ensured that the cost elements are kept separate for each activity.

Turnover

Total turnover, the denominator, 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. Turnover from Indutrade's economic activities eligible to the Taxonomy Regulation pertain to doors, products for building automation, products for automation of commercial greenhouses, battery-powered electrofusion welding machines and insulation.

Capital expenditure

Capital expenditure refers to investments for the acquisition of fixed assets during the current year. The denominator is the Group's total investments for 2021, which are presented in Note 16 Intangible assets, excluding goodwill, Note 17 Property, plant and equipment and Note 18 Leases. Capital expenditure in the numerator consists of the portion of the year's investments (capital expenditure) in fixed assets used for economic activities eligible the Taxonomy Regulation.

Operating expenditure

Total operating expenses (denominator) includes costs for research and development, renovation of buildings, short-term lease agreements (according to IFRS 16), maintenance/repair and service required for efficient daily operation of property, plant and equipment. Operating expenses that are included in the numerator consist of the portion of the total operating expenses that are attributable to fixed assets used for economic activities eligible to the Taxonomy Regulation.

	Total, SEK m	Eligible to the Taxonomy Regulation		Not eligible to the Taxonomy Regulation	
		%	SEK million	%	SEK million
Turnover	21,715	1	227	99	21,488
Capital expenditure	1,805	0	3	100	1,802
Operating expenditure	394	2	9	98	385

UN SUSTAINABLE DEVELOPMENT GOALS



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 SDG 4, 8, 9 and 13. Indutrade also has a basic responsibility to work towards the achievement of the other goals as well. The company's Code of

Conduct includes many important issues that help us work responsibly from a broad perspective. We also contribute to the goals through our companies' wide range of products that are used in many contexts and for many purposes in society.



Goal 4 – Quality Education

(Particularly targets 4.3 and 4.7)

For Indutrade, it is very important that people are able to grow and realize their full potential. Our philosophy is that when people grow, so do companies. That is why we invest so much in competence and leadership development. We also hold trainings in many other areas and share knowledge on what is required for sustainable development and entrepreneurship.



Goal 8 – Decent Work and Economic Growth

(Particularly targets 8.4, 8.5 and 8.8)

Resource efficiency and good working conditions with a safe and secure working environment are important areas for Indutrade. Furthermore, several of our companies work with solutions and products that contribute to a safer work environment and better health. Our companies are often located in smaller cities and communities, which contributes to local growth and jobs.



Goal 9 – Industry, Innovation and Infrastructure

(Particularly targets 9.1 and 9.4)

Effective use of resources is an important focus area for us. We address this by focusing on companies' internal processes and what they offer customers in the form of sustainable solutions that can help save energy, water, materials and reduce emissions and costs. Industry and infrastructure are two large and important segments for the products sold by companies in the Indutrade Group.



Goal 13 – Climate action

(Particularly target 13.3)

Climate is high on the agenda for Indutrade. We have goals and activities to reduce the Group's carbon dioxide emissions and follow up on various aspects of this. Many of Indutrade's companies deliver solutions and products that help customers improve their resource efficiency and thereby reduce carbon dioxide emissions. This is a strategic focus area that we want to ramp up even more, since we anticipate a rising demand for these types of solutions in the future.

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. They maintain their local ties and growth potential, have their own profitability responsibility which fuels the entrepreneurial spirit within the Group.

Business Areas

The Indutrade Group is structured into eight business areas. The eight business areas are as follows: Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK. Companies within a business area are grouped together either through similar products or geographical area.

Performance during the year

2021 was yet another successful year for Indutrade. Thanks to the impressive efforts of our companies and employees, sales for the full year increased to SEK 21.7 billion and the EBITA margin strengthened to a record-high 14.7%. The market situation was favourable and demand improved compared to the previous year. All of the major customer segments developed positively, such as medical technology and pharmaceuticals, engineering, infrastructure and the process industry. Order intake for comparable units increased for all of the business areas. However, many

companies were affected by disruptions in supply chains, such as long delivery times, component shortages and price increases, all of which slowed down the growth in sales somewhat. But thanks to the Group's structure, with many small and medium-sized entrepreneurial-led companies in a decentralised environment, it was possible to make quick decisions that dampened the overall impact quite substantially.

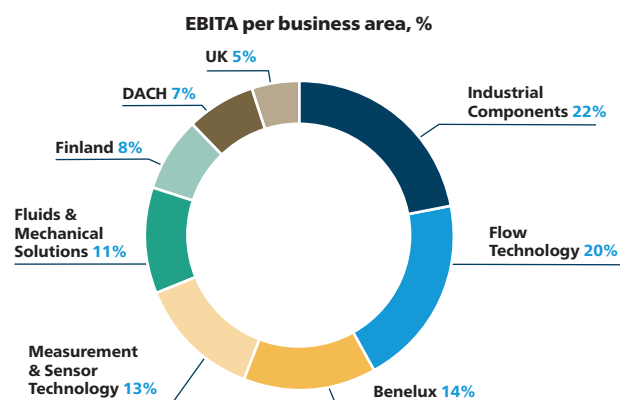
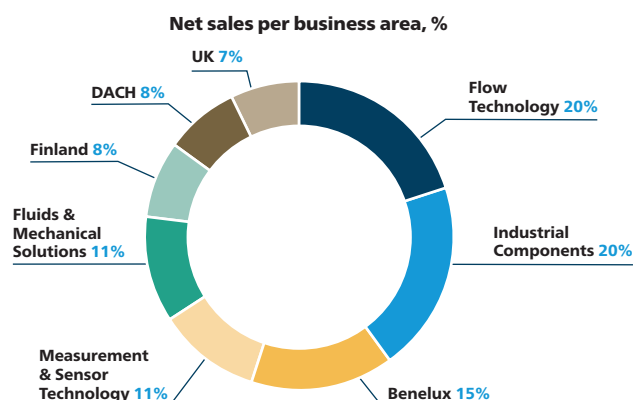
During the COVID-19 pandemic, many companies have implemented various types of temporary lay-offs and short-term work. Most of those programs were terminated at the beginning of 2021.

For the full year 2021, a total of 17 companies were acquired, with combined annual sales of SEK 1.6 billion. All of the acquired companies hold leading positions in their respective niches and have good long-term growth potential. Indutrade's acquisition strategy has developed over time, is solid and historically successful. Despite rising spread of infection and restrictions in many countries, Indutrade was able to keep up a good pace in

the acquisition processes and we assess the future acquisition opportunities as good. During January 1–March 11, 2022, two company acquisitions were made. The strong demand during the year has contributed to a record-high order backlog, which is a good basis for continued positive development in 2022.

Funding

Indutrade's financing, nearly all of which is managed by the Parent Company, consists of loans from financial institutions, corporate bonds and commercial paper programmes. During the first quarter of 2021, Indutrade AB obtained a 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 was issued with a duration of 5.5 years and during the fourth quarter, an additional one of SEK 750 million with a duration of 4 years was issued. Also during the year, existing long-term credit facilities of SEK 3,500 million were extended by an additional year.



Key data per business area

	Benelux		DACH		Finland		Flow Technology		Fluids & Mechanical Solutions		Industrial Components		Measurement & Sensor Technology		UK	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales, SEK million	3,331	2,773	1,661	1,529	1,826	1,679	4,301	4,071	2,367	1,979	4,473	3,803	2,372	2,120	1,467	1,322
EBITA, SEK million	464	360	236	169	283	247	668	607	382	268	733	569	428	334	158	159
EBITA margin, %	13.9	13.0	14.2	11.1	15.5	14.7	15.5	14.9	16.1	13.5	16.4	15.0	18.0	15.8	10.8	12.0
Return on capital employed, %	17	16	20	13	31	31	29	30	21	15	28	25	15	13	10	11
Average number of employees	907	744	585	583	497	467	1,126	1,072	752	681	948	881	2,028	2,029	853	872

BENELUX

The companies in this business area offer custom-manufactured niche products, design solutions, after-market 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).



ROBERT TIMMER

Share of sales

15%

Share of EBITA

14%

During the year, net sales increased by 20%, of which comparable units increased by 5%. Acquisitions contributed 18% and currency movements amounted to -3%. Most customer segments had a positive development and the increase in net sales for comparable units also led to an increase in the EBITA margin. However, the performance of valves for power generation was weaker than last year, which had a slightly negative impact on the business area's improvement.

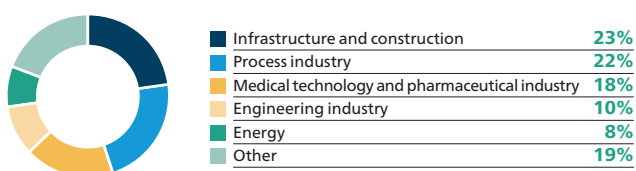
Fire Proof B.V. (Netherlands), Tecno Plast Industrietechnik GmbH (Germany), Typhoon Group and Efccon Water B.V. (Netherlands) were acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	3,331	2,773	20
EBITA, SEK million	464	360	29
EBITA margin, %	13.9	13.0	
Return on capital employed, %	17	16	
Average number of employees	907	744	

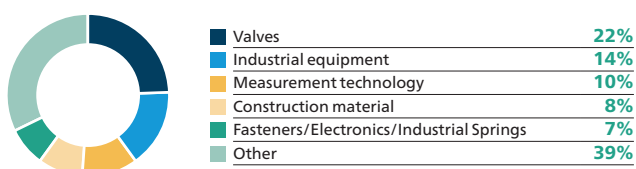
Net sales per geographic market, %



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.



MARKUS RÜEDIN

Share of sales

8%

Share of EBITA

7%

During the year, net sales increased by 9%, of which comparable units had an impact of 11%, acquisitions contributed 2%, divestments had a marginal impact and the impact of currency movements was -4%. Most companies had a positive sales trend and the improved EBITA margin was mainly due to increased net sales for comparable units, higher production volumes and positive revaluation effects related to pensions.

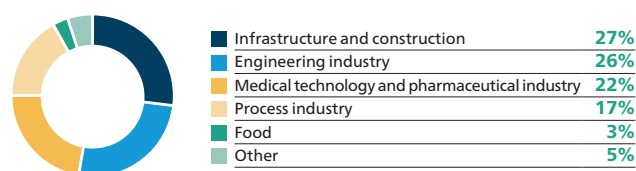
SILROC CZ, a.s (Czech Republic) and Italprotec Industries S.r.l (Italy) were acquired during the year. Italprotec was Industrade's first acquisition in Italy.

	2021	2020	Change, %
Net sales, SEK million	1,661	1,529	9
EBITA, SEK million	236	169	40
EBITA margin, %	14.2	11.1	
Return on capital employed, %	20	13	
Average number of employees	585	583	

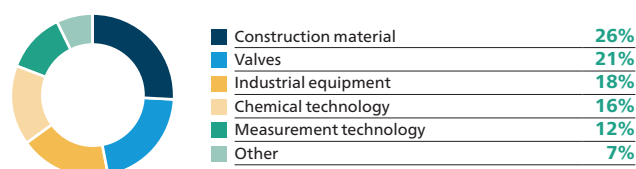
Net sales per geographic market, %



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.



JUHA KUJALA

Share of sales

8%

Share of EBITA

8%

During the year, net sales increased by 9%, of which comparable units had an impact of 5%, acquisitions contributed 8% and the impact of currency movements was -4%. Most of the business area's companies developed positively. The improved EBITA margin was primarily driven by the higher net sales for comparable units along with good performance from newly acquired companies.

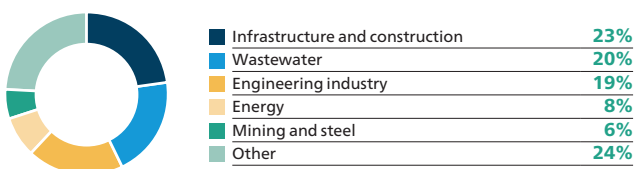
Pistesarjat Oy and Dewaco Oy (Finland) were acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	1,826	1,679	9
EBITA, SEK million	283	247	15
EBITA margin, %	15.5	14.7	
Return on capital employed, %	31	31	
Average number of employees	497	467	

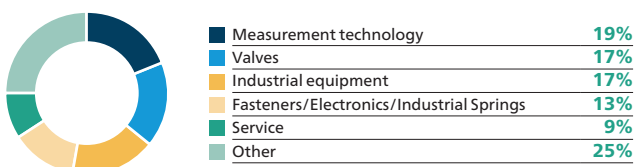
Net sales per geographic market, %



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 the Northern Europe.



PER-OLOW JANSSON

Share of sales

20%

Share of EBITA

20%

During the year, net sales increased by 6%, of which comparable units increased by 2%, acquisitions contributed 5%, divestments had a marginal impact and the impact of currency movements of -1%. The sales trend was positive for comparable units, despite a strong comparison year. The improved EBITA margin is primarily attributable to an improved gross margin for comparable units.

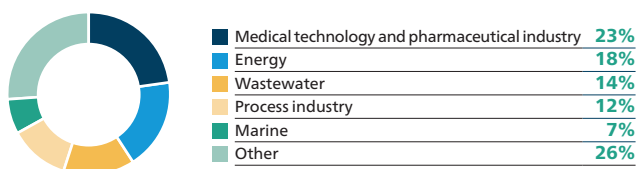
Alflow Scandinavia A/S (Denmark) was acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	4,301	4,071	6
EBITA, SEK million	668	607	10
EBITA margin, %	15.5	14.9	
Return on capital employed, %	29	30	
Average number of employees	1,126	1,072	

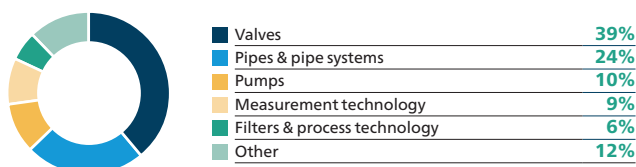
Net sales per geographic market, %



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 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 and wastewater and lighting. The business area has a strong market position in the Nordic region.



GÖTE MATTSSON

Share of sales

11%

Share of EBITA

11%

During the year, net sales increased by 20%, of which comparable units had an impact of 15%, acquisitions contributed 6% and the impact of currency movements was -1%. The development was very good in all segments of the business area, with the strongest development in the industrial segment and for customers in the automotive aftermarket. The improved EBITA margin was primarily attributable to the positive development of net sales and gross margin in comparable units, although newly acquired companies also contributed.

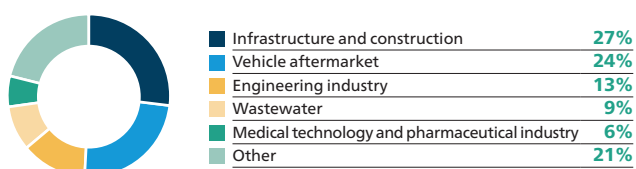
CKJ Steel AS (Denmark), Atlas Industrial Print AB (Sweden) and Svenssons i Tenhult AB (Sweden) were acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	2,367	1,979	20
EBITA, SEK million	382	268	43
EBITA margin, %	16.1	13.5	
Return on capital employed, %	21	15	
Average number of employees	752	681	

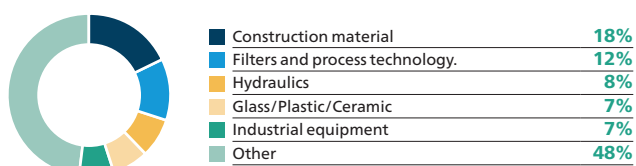
Net sales per geographic market, %



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 region.



JOAKIM SKANTZE

Share of sales

20%

Share of EBITA

22%

During the year, net sales increased by 18%, of which comparable units increased by 14%, acquisitions contributed 4% and the impact of currency movements was marginal. Most of the business area's companies developed positively during the year. Sales for companies in the medical technology segment were high throughout the year, but growth slowed towards the end of the year. Most of the companies in the medical technology segment had large deliveries related to COVID-19 at the end of the previous year.

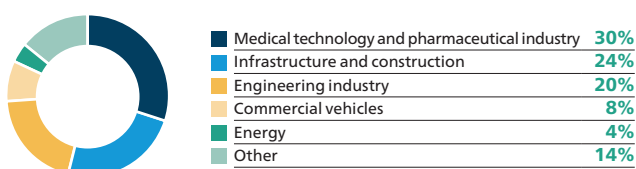
Lamisa Teknik AB (Sweden) and Buhl & Bønsøe A/S (Denmark) were acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	4,473	3,803	18
EBITA, SEK million	733	569	29
EBITA margin, %	16.4	15.0	
Return on capital employed, %	28	25	
Average number of employees	948	881	

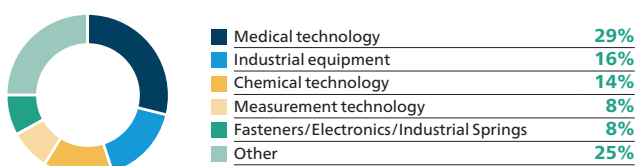
Net sales per geographic market, %



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



PATRIK STOLPE

UK

The companies in this business area 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.



PETER ROWLANDS

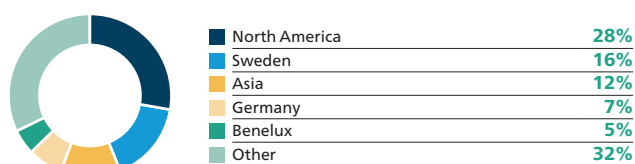
Share of sales **11%** | Share of EBITA **13%**

During the year, net sales increased by 12%, of which comparable units had an impact of 9%, acquisitions contributed 6%, divestments had a marginal impact and the impact of currency movements was -3%. The majority of the business area's customer segments and companies had a positive development. The improvement in the EBITA margin came mainly from the improved sales for comparable units, but newly acquired companies also contributed.

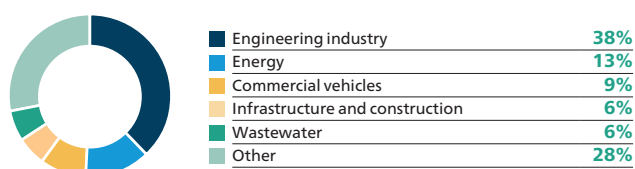
Klay Instruments B.V. (Netherlands) was acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	2,372	2,120	12
EBITA, SEK million	428	334	28
EBITA margin, %	18.0	15.8	
Return on capital employed, %	15	13	
Average number of employees	2,028	2,029	

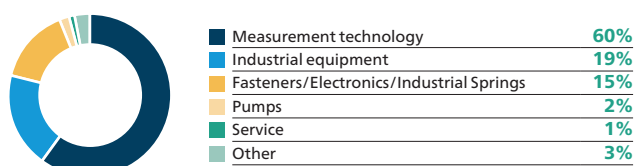
Net sales per geographic market, %



Net sales per customer segment, %



Net sales per product area, %



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

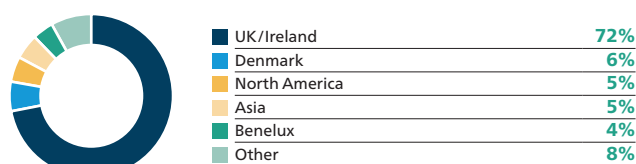
During the year, net sales increased by 11%, of which comparable units had an impact of 9%, acquisitions contributed 2% and the impact of currency movements was marginal.

The EBITA margin improved for many companies, but changes in the product mix and non-recurring costs in a couple of companies, along with costs associated with acquisitions counteracted this.

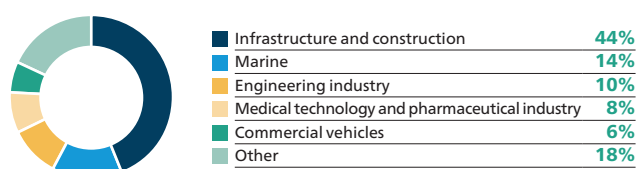
Advanced Welding Group and North West Metal Sections Ltd (UK) were acquired during the year.

	2021	2020	Change, %
Net sales, SEK million	1,467	1,322	11
EBITA, SEK million	158	159	-1
EBITA margin, %	10.8	12.0	
Return on capital employed, %	10	11	
Average number of employees	853	872	

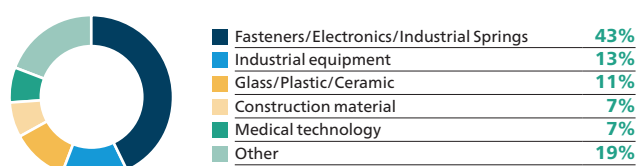
Net sales per geographic market, %



Net sales per customer segment, %

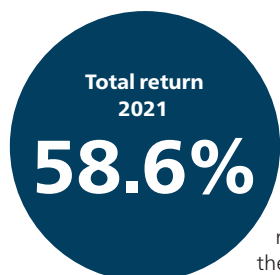


Net sales per product area, %



Share data

Indutrade's shares are listed on Nasdaq Stockholm and included on the Large Cap list. Indutrade's market capitalization on 31 December 2021 was SEK 100,953 million (64,069).



Indutrade's share price increased by 57.3% during the year, from SEK 176.20 to SEK 277.20. During the same period of time the Stockholm Stock Exchange gained 35.0%, while the OMX Industrials PI sector index rose 38.4%. Including reinvested dividends, the total return for Indutrade shares was 58.6%, compared with 39.4% for the OMXSGL Index. The highest price paid in 2021 was SEK 295.00, on 6 August, and the lowest price paid was SEK 164.60, on 28 January. During the last ten-year period Indutrade's shares have delivered a total return of 1,542% including reinvested dividends. The OMXSGL Index showed a total return of 371% for the same period.

Trading volume

Total trading volume in Indutrade shares on all marketplaces during the year was 327.7 million (116.6) shares for a combined value of SEK 76.0 billion (43.0). This corresponds to a turnover rate of 90% (97%). Each trading day, an average of 1,285,027 (462,777) shares were traded in 6,423 (3,716) trades. Trading volume on the Stockholm Stock Exchange was 124.9 million (55.2) shares, corresponding to a turnover rate of 34% (46%).

Since the adoption of the EU's Markets in Financial Instruments Directive (MiFID) in 2007, the structure for share trading in Europe has changed. Trading has become more fragmented and is now conducted to an increasing extent on other trading platforms outside the regulated marketplaces. One consequence of this is that a growing share of trading in shares of Swedish companies is being conducted outside the Stockholm Stock Exchange. During 2021 Indutrade's shares were traded in several different marketplaces, and the Stockholm Stock Exchange accounted for 38% (47%) of total trading volume.

Share capital

Indutrade's share capital amounted to SEK 728 million (727) on 31 December 2021, divided among 364,188,000 shares (363,615,000) with a share quota value of SEK 2 (2). All shares have equal voting power.

Ownership structure

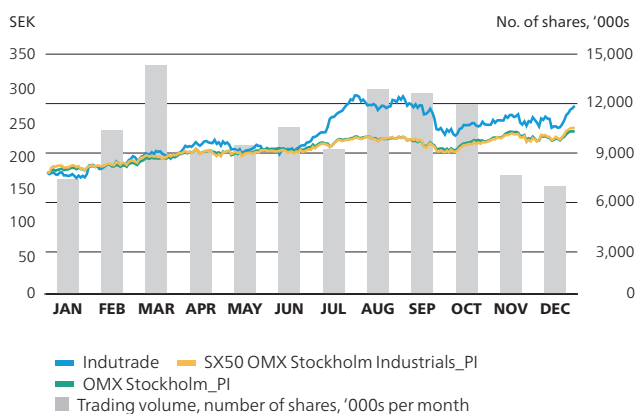
ON 31 December 2021 the number of shareholders was 20,533 (12,880). At year-end the ten largest owners controlled 64% (64%) of the capital and votes. Swedish legal entities, including institutions such as insurance companies and mutual funds, owned 61% (62%) of the capital and votes at year-end. Foreign ownership of the company was 33% (32%), with the largest holdings held by shareholders in USA, UK, Luxembourg and Belgium.

Dividend and dividend policy

The Board's goal is to provide the shareholders 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-year period, SEK 2,490 million has been distributed to shareholders, corresponding to a dividend share of 33 percent of Indutrade's total profit after tax of SEK 7,647 million. Including the year's proposed dividend and excluding 2019 when no dividend was paid, the dividend share corresponds to 40 percent.

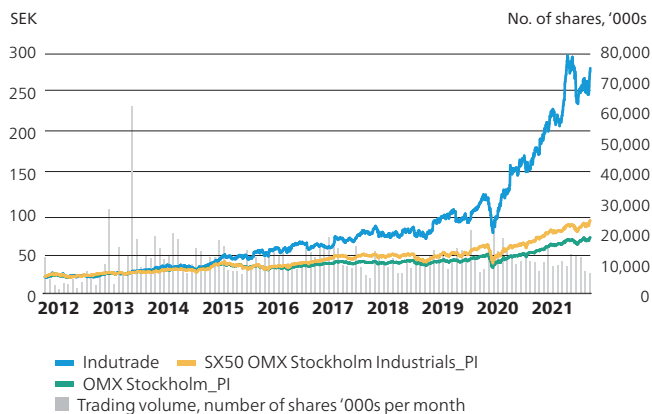


Share price trend 2021

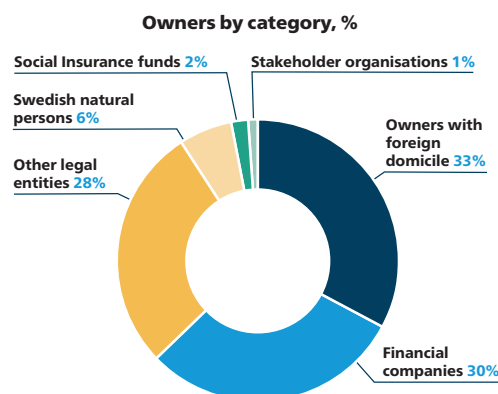
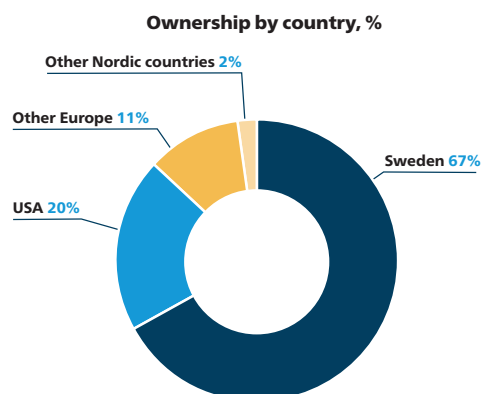


Source: Monitor av Modular Finance AB

Share price trend 2012 - 2021



Source: Monitor av Modular Finance AB



Key ratios per share

	2021	2020
Share price at 31 December, SEK	277.20	176.20
Market cap at 31 December, SEK million	100,953	64,069
Dividend, SEK	2.30 ¹⁾	1.80
Earnings before dilution, SEK	5.76	4.60
Earnings after dilution, SEK	5.75	4.59
Number of shares outstanding, '000s	364,188	363,615
Average number of shares before dilution, '000	363,921	362,721
Average number of shares after dilution, '000	364,180	363,320
Number of shareholders at 31 December	20,533	12,880
Highest price paid during the financial year, SEK	295	179.90
Lowest price paid during the financial year, SEK	164.6	73.73
Dividend yield ²⁾ , %	0.8	1.0
Equity, SEK	28.26	23.72
Cash flow from operating activities, SEK	7.84	7.66

¹⁾ Proposed by the Board of Directors.

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

10 largest shareholders at 31 December 2021

	Number of shares	Share of capital and votes, %
L E Lundbergföretagen	96,840,000	26.6
AMF – insurance and funds	30,876,311	8.5
State Street Bank and Trust Co, W9	25,991,415	7.1
Alecta Pensionsförsäkring	15,819,906	4.3
JP Morgan Chase Bank NA	12,451,225	3.4
SEB Investment Management	11,181,355	3.1
Handelsbanken funds	10,858,696	3.0
Spiltan Fonder AB	9,954,170	2.7
Brown Brothers Harriman & Co., W9	9,844,438	2.7
BNY Mellon Na (Former Mellon), W9	9,797,410	2.7
Others	130,573,074	35.9

• INCENTIVE PROGRAMMES

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. For more information about LTI 2017, see Note 8.

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, SEK 650,000 shares in Indutrade, which corresponds to approximately 0.18% of all shares and votes. For more information about LTIP 2021, see Note 8.

Outstanding incentive programmes

Outstanding programme	Number of investment shares	Corresponding maximum number of investment shares	Proportion of total shares	Vesting period
LTIP 2021	116,735	373,234	0.1%	Programme launch June 2021 – interim report publication first quarter 2024

LTI 2017

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Original subscription price, SEK	Recalculated subscription 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	484,000	1,452,000	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	2020
Average number of shares before dilution, '000	363,921	362,721
Number of shares that incur a dilutive effect due to incentive programme, '000	259	599
Average number of shares after dilution, '000	364,180	363,320
Dilutive effect, %	0.07	0.17
Number of shares at end of the period, '000	364,188	363,615

Risks and risk management

Indutrade is exposed to numerous 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 set goals.

Indutrade works continuously with assessment and evaluation of the risks to which the Group is exposed or could be exposed. A structured review of the Group's exposure to various operational, financial and strategic risks is also 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 large potential effect, appropriate proactive measures are specified. The conclusions from the review are presented to, and then discussed among, Group management and the Board.

Many of the risks described here could affect the Company 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 such way, risks also entail opportunities for Indutrade. Examples of this are the business climate, customer behaviours and variations in market prices.

At year-end 2021 Indutrade conducted business through more than 200 companies in 30 countries on six continents. This diversification of risk along 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

CHANGES IN THE ECONOMY

Indutrade's operations are dependent on customers' purchases and investments. Those operations are affected by cyclical changes in many different markets and by conditions in the global market, including geopolitical uncertainties.

Rapid changes in the economy and general demand can create disruptions in the global supply chains when the supply of components and products differs sharply from demand.

CHANGES AT THE SUPPLIER LEVEL

There is always a risk of suppliers leaving a partnership with one of Indutrade's technology sales companies to set up their own sales operations or collaborate with a different distributor.

DIGITALISATION

Digitalisation, involving higher access to easily-available information and rapid connections/interaction, creates many opportunities, such as producers more easily being able to reach their end customers. That, in turn, could result in more competition and downward pressure on prices for Indutrade's technology sales companies.

Other consequences of digitalisation include more efficient production, shorter lead-times and higher quality.

FUNDING RISK

Funding risk is the risk that funding of the Group's capital requirement will become more difficult, impossible or significantly more expensive.

RISK MANAGEMENT

The direct and indirect effects of economic fluctuations in specific sectors and geographic markets is mitigated by the Group's involvement in many different sectors, segments and geographic markets.

Thanks to its decentralized business model, the companies belonging to the Group are easily able to adapt by making quick decisions at the local level.

By continuously acquiring companies in new customer segments and in new markets, the Group is better able to reduce market risks and counteract cyclical fluctuations.

Indutrade's companies mitigate this risk by choosing suppliers who view a partnership with them as the best sales method. Stable supplier relationships are one of the parameters that are assessed prior to Indutrade's acquisition of a company. Because of the large overall number of suppliers, no individual supplier accounts for a predominant economic risk from a Group's perspective.

Companies in the Indutrade Group possess high technical expertise and good knowledge of their customers' systems and processes, thereby adding value in the supply chain. The aim is also to continue developing this expertise and offerings so that it is possible to retain competitive advantages.

To facilitate knowledge-sharing and competence development in digitalisation, subsidiaries have access to Indutrade's knowledge bank in digitalisation, which is available via Indutrade Portal. Conferences and seminars are also regularly organised to stimulate knowledge-sharing in the area.

Indutrade manages the Group's funding needs centrally. Essentially all external funding is conducted by the Parent Company, which then funds the Group's subsidiaries in local currency. To mitigate funding risk, the Group strives to maintain a balanced maturity structure for its external debt, a good liquidity reserve, and diversified borrowing. This creates a preparedness to take necessary alternative actions to raise capital, should this be necessary.

RISK

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.

CHANGES IN GLOBAL TRADE REGULATIONS

Group companies do business in many countries and in many different markets. Changes in domestic or international import/export regulations on various types of products could result in higher costs or other difficulties for Indutrade's companies.

COMPLIANCE WITH RULES ON EXPORT CONTROLS AND SANCTIONS

The UN, EU and USA frequently employ various trade rules to protect security and foreign policy interests. These rules could, in some cases, complicate international trade for Indutrade's companies.

Intentional or unintentional violations of trade regulations or international sanctions could result in Indutrade companies incurring fines or becoming subject to various types of sanctions. Indutrade's reputation and attractiveness could thus suffer as a result.

CURRENCY RISK

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.

ACQUISITION PROCESS

Indutrade acquires companies on an ongoing basis and in 2021, 17 companies were acquired. Due diligence prior to every acquisition is both thorough and efficient, covering all aspects, including legal, financial and sustainability. If companies with significant problems are acquired, for example regarding financial earnings capacity or important sustainability aspects, Indutrade's reputation or financial development may be compromised.

IT INCIDENTS

An IT incident is the risk of critical data, or one or more of the IT systems in place, being breached such that they become unusable, locked, impaired or destroyed. Indutrade's operations are dependent on the functioning of the IT systems and especially in the event of long-term or extensive interruptions or other IT incidents, there is a risk that certain operations will not be able to be conducted for a time - or in the worst case at all - or can only be conducted with difficulty or at increased costs.

BUSINESS ETHICS

With operations in more than 200 companies and 30 countries around the world, there are risks associated with unethical or illegal conduct, both within Indutrade's companies and with our companies' customers and suppliers. It could create not only direct financial damage, but also damage to Indutrade's brand and reputation among both entrepreneurs and others in the market.

Through good business ethics and clear internal control routines, Indutrade can positively influence the value chain and minimize the risk of unethical or illegal behaviour.

RISK MANAGEMENT

Indutrade continuously and frequently monitors the interest rate situation and assesses the need to increase the percentage of loans at a fixed interest rate or secure the interest rate with interest rate swaps.

Indutrade's companies are active in a wide variety of market segments and geographic locations. As such, the Group's exposure to any one particular area is relatively low. The companies with operations at more high-risk geographic locations work proactively with many activities to minimize the impact of regulation changes.

Trainings are held for the relevant target groups in order to increase awareness and knowledge of export controls, sanctions and internal policies. Risk analyses are also carried out regularly to identify business flows associated with risk. The companies that do business in regions where there are risks have implemented special routines to ensure compliance with regulations.

The Indutrade Group's transaction exposure arises, for example, when subsidiaries import products for sale in the domestic market. Exchange rate effects are eliminated as far as possible through currency clauses in customer contracts and by buying and selling in the same currency. In certain cases, forward contracts are used.

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 at present.

Indutrade has a well-established acquisition process that is carried out by employees who have a great deal of experience. Specialists are also brought in when special legal and financial expertise is required. Thorough due diligence on the acquisition candidate is always a central component of the process, thereby minimizing the risks associated with acquisitions. Potential acquisitions are evaluated on many aspects, both quantitative and qualitative. Newly acquired companies are integrated into Indutrade's financial and sustainability-related processes and routines.

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

To further reduce the risk, there is a mandatory self-evaluation of IT security that all companies carry out and report to their respective boards.

A Code of Conduct was established in 2015 to ensure that Indutrade's organization lives up to the Group's values and neither participates in, nor can be linked to, unethical business practices.

The Code of Conduct for suppliers and partners specifies certain requirements, for example, that they work to counteract corruption and respect for human rights throughout the supply chain. The Code of Conduct will be further developed, among other things with regard to the proposed EU legislation that obliges companies to conduct a Human Rights Due Diligence (HRDD), which is a process for documenting, managing and reporting their risks related to human rights.

An external whistleblower system has been set up and suspected violations are handled by Group management and, if necessary, with the support of an external party.

RISK

PANDEMICS

Pandemics, such as the COVID-19 pandemic, can significantly affect the Group's companies in the form of changes in demand, risk to the health of employees, customers and suppliers, and disruptions in operations; for example, if many people become ill at the same time or are quarantined or if, as a result of actual or feared spread of infection, import or export regulations are introduced that lead to delays, cost hikes or other obstacles. This could affect the Group's sales and costs and thus also profit.

EFFECTS OF CLIMATE CHANGE

Climate change in the form of global warming could lead to economic risks, such as sharply increased energy costs. 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.

DIVERSITY AND INCLUSION

Striving to increase diversity and inclusion is a strategically important area for Indutrade, as research shows that diverse groups perform better than homogeneous groups. Building diverse teams fosters innovation and development and also helps attract talent to the organisation. Lack of diversity risks leading to less innovation and creativity as well as limited perspective in decision-making and a less attractive workplace.

SUSTAINABILITY GOVERNANCE AND COMMUNICATION

In order to, over the long term, run the business with good financial profitability, attract the best talent and attract investors, customers and suppliers, it is of the utmost importance that Indutrade runs the business in a long-term sustainable manner. If companies in the Group do not identify significant sustainability risks and sustainable business opportunities, Indutrade risks losing confidence among various stakeholders, which in turn may adversely affect the Group's earnings and financial position.

If Indutrade, as a Group, is unable to adequately communicate sustainability data and clear principles for how we work, we risk losing confidence among investors and other stakeholders.

RISK MANAGEMENT

The Group's structure, with its diversified, wide-ranging operations, limits the aggregated business and financial risks also when risks such as a pandemic arise.

Furthermore, with its decentralised governance model comprised of more than 200 independent companies, it is possible to quickly make decisions adapted to the local conditions, which is important as regards being able to limit the effects of a pandemic outbreak. In the event of a major crisis, Indutrade engages in more dialogue with its subsidiaries to ensure that there is a correct and rapid dissemination of information and the proper support for making good decisions.

Indutrade has a negative effect on the climate through CO₂ emissions from the Group's companies. Since 2020, the Group measures emissions from Scope 1 & 2 and has targets and key figures that are followed up (see page 22). The awareness and ambition level of customers, suppliers and employees is increasing and Indutrade subsidiaries are actively working to meet growing demands and expectations for responsible and sustainable solutions. Stimulating and supporting the development and sale of products with sustainable added value is a focus area for the Group.


Climate-related risks are minimized through preventive work in the form of overall risk analyses and risk analyses that are performed in connection with acquisitions. In 2022, the plan is to take on more of Scope 3 and also perform an overall analysis of climate-related risks stemming from changes in markets and extreme weather.

To address gender equality in our companies, we face challenges at the societal level, given that there is a significantly higher proportion of men pursuing engineering degrees and professions.

Indutrade has policies and training covering diversity and inclusion, along with goals and follow-up on gender equality in the boards and management teams at our companies. There are also established succession planning processes for leading positions, which includes identifying potential female candidates and initiatives to support their development.

A shared framework for sustainability work is available to all companies as a tool for increasing their competences and ability to work with sustainability in a structured way. We monitor data and companies' performance in sustainability via a digital platform. Training, workshops and network meetings with a focus on sustainability are arranged on a regular basis. There is also information available on Indutrade Portal that offers guidance in many different areas.

The companies' sustainability work and risks are monitored and discussed each year by their boards of directors. However, Indutrade's decentralized model with many independent companies in different industries entails certain challenges when it comes to communicating a relevant Group overview.

A dark, smooth rock rests on a sandy beach. The background is a vast, blue ocean under a clear sky. The text is overlaid on the right side of the image.

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.

Other information

Employees and organisation

The number of employees was 8,185 at the end of the period, compared with 7,270 at the start of the year. A total of 612 employees have been added during the year through acquisitions.

On 1 July, Morgan O'Brien, previously Senior Vice President for the Flow Technology business area, took on the role as Senior Vice President Business Development & President UltraPure International. This is a newly established position and it is also part of Indutrade's Group Management. With increased focus on developing the companies within the medical technology sector, particularly in the niche for single-use technology, Indutrade strengthens its potential for continued sustainable profitable growth.

Per-Olow Jansson has been appointed successor to Morgan O'Brien as Senior Vice President Flow Technology business area and is part of Indutrade's Group Management as of 1 July. Per-Olow Jansson most recently held the position of MD for the Indutrade company, GPA Flowsystem AB, with approximately 120 employees in Sweden, Denmark and Norway.

Frida Adrian, prior Vice President Communications, Sustainability and IR, left Indutrade during the year. Responsibility for sustainability was transferred to Åsa Wirsenius, Vice President Group Human Resources and responsibility for communication and IR was transferred to Patrik Johnson, CFO.

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

Seven of our Swedish subsidiaries conduct operations that require permits or reporting in accordance with the Swedish Environmental Code. Six 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 its own 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

The market situation so far in 2022 has remained strong. Russia's recent invasion of Ukraine, however, has altered the geopolitical situation, increasing uncertainty about the future market development. Indutrade does not have any companies in Russia or Ukraine and the direct business exposure is otherwise very limited. Thus far, we have not noticed any negative impact on demand, but we remain in close contact with our companies and are monitoring the situation closely. There is a continued high level of activity in our acquisition processes and our outlook on future acquisition opportunities is favourable.

Events after the balance sheet date

During the period up until 11 March, two companies were acquired. More information is available in Note 32.

Guidelines for compensation of senior executives

The guidelines for compensation to senior executives that were decided at the Annual General Meeting in April 2021 also apply to 2022 and no new proposal will be submitted to the Annual General Meeting. The Company's auditors have performed a review to ensure adherence to the guidelines set by the Annual General Meeting.

These guidelines shall be applicable to agreed compensation, and amendments to compensation already agreed, after adoption of the guidelines by the 2021 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 the executive management to perform 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 the group management (the executive management). For employments governed by rules other than Swedish, customary adjustments may be made for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

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, as well as other benefits.

The general meeting may also, irrespective of these guidelines, 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/renumeration/>).

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 50 percent of the fixed annual salary.

The pension terms for the 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 percent 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). Variably salary to members of the 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 percent 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 the 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 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 percent 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 the 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 redeem payment of variable compensation if such 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 percent 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

In the preparation of the Board of Directors' proposal for these compensation guidelines, salary and other employment terms for employees of the company have been taken into account by including information on the employees' total compensation, the components of the compensation and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

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 the executive management, as well as the application of the guidelines in terms of compensation levels and structures. Members of the executive management do not participate in the Board of Directors' processing of, and resolutions regarding, compensation-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines adopted by the general meeting, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve 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' resolutions in compensation-related matters, including any resolutions to derogate from the guidelines.

Corporate Governance Report

Indutrade applies the Swedish Corporate Governance Code (the Code) since 1 July 2006. 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 2021 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 728 million, divided among 364,188,000 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 2021 Indutrade had 20,533 shareholders (12,880). The ten largest shareholders controlled 64% of the share capital at year-end. Swedish legal entities, including institutions such as insurance companies and mutual funds, held 61% of the share capital and votes at year-end. Foreign ownership accounted for 33% 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 Ch. 6 § 2 a 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,

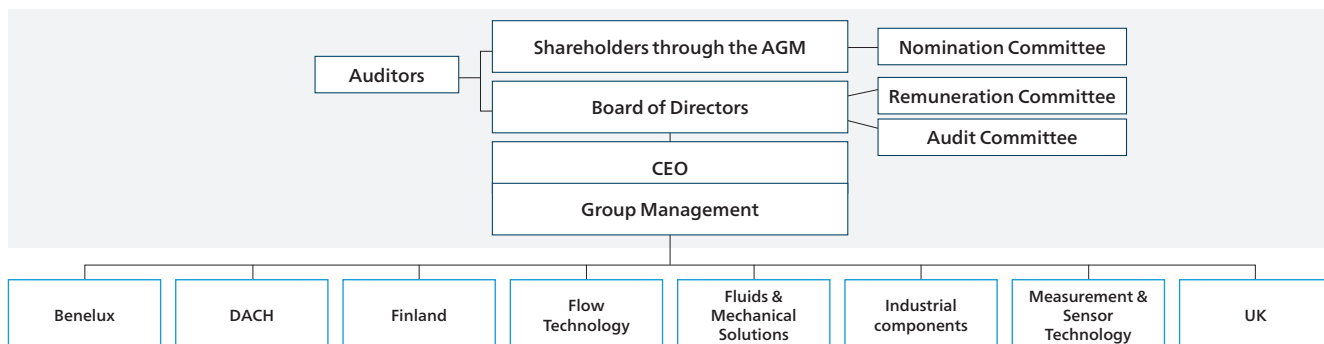
preferably within the plastics, mechanical and chemical industries, and activities compatible therewith.” The Board shall consist of a minimum of three and a maximum of eight elected directors. They are elected each year at the Annual General Meeting. Notices of general meetings of shareholders shall 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. An advertisement shall be posted in the Swedish daily newspaper Dagens Nyheter announcing that notice of the Annual General Meeting has been issued. In votes at general meetings of shareholders, there is no limitation to 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 statement and balance sheet 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 record 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 have. Shareholders may be represented by proxy. More information about the 2022 AGM is provided on page 101 of this Annual Report and on the Company’s website.

The notice of the AGM scheduled for 5 April 2022 was published on 25 February 2022 on Indutrade’s website and on 1 March in the Official Swedish Gazette. The notice includes a proposed agenda including proposals for the dividend, election of directors, directors’ fees (broken down by the Chairman 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)

Internal rules

Examples of internal rules that affect governance of Indutrade

- The Articles of Association
- The Board’s work plan
- The CEO’s instructions
- The Code of Conduct
- Policies

AGM 2021

The AGM, held on 13 April 2021, was conducted without the physical presence of shareholders, proxies and others. Shareholders exercised their voting rights via advance postal voting. Shareholders representing 69.8% of the votes and shares cast their votes in this way. Katarina Martinson was appointed to serve as AGM Chairman. The annual report and audit report were presented to the AGM.

The 2021 AGM made the following resolutions:

- to adopt the financial statements for 2020,
- to pay a dividend of SEK 1.80 per share shall to the shareholders for the 2020 financial year,
- to discharge the members of the Board of Directors and the CEO from liability for the past financial year,
- to reelect directors Bengt Kjell, Ulf Lundahl, Krister Mellvé, Lars Pettersson, Katarina Martinson, Bo Annvik, Susanna Campbell and Anders Jernhall,
- to elect Katarina Martinson as Chairman of the Board,
- and to reelect 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 2020,
- to set up a long-term incentive programme and hedging measures in connection therewith, and
- to approve proposal for amendments to the Articles of Association.

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 42-43 of this Annual Report. Mattias Karlsson, Mannheimer Swartling, is the Board's secretary. Other executives participate at board meetings in a reporting role.

All of the directors, except for Bo Annvik, are independent in relation to Indutrade. Bo Annvik, Bengt Kjell, Krister Mellvé, Ulf Lundahl and Susanna Campbell 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

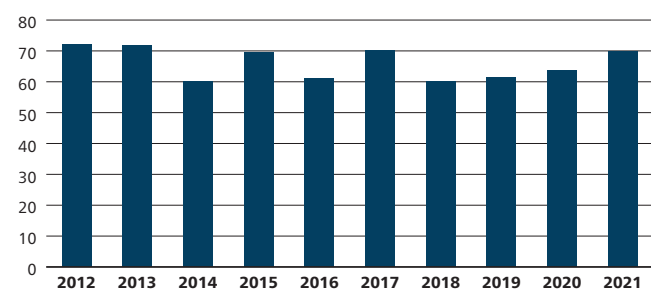
Each year the Board adopts a written work plan that governs the Board's work and its internal delegation of duties including the committees, decision-making procedures within the Board, meeting procedure, financial reporting and duties of the Chairman. The Board has also issued instructions to the CEO.

In addition, the Board has adopted numerous policies, including, Code of Conduct, a finance policy and an investment policy.

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

AGM attendance

Votes, %



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 2021, the Board held a total of 15 meetings including the statutory meeting. The Board conducted its work during the year in accordance with the Board's work plan. Matters requiring special attention by the Board during the year pertained 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 Chairman's role

The Chairman 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 Chairman 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 Chairman of the Board. In 2021, the evaluation took place through a survey and individual interviews. The results of the evaluation were reported in writing to the board members, who thereafter discussed it together at the Board meeting in December. The Chairman of the Board also reported on the results of the evaluation at a meeting of the Nomination Committee.

The Chairman 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 (LTI) for senior executives.

The committee held four meetings in 2021.

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 made on market-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 on 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 six meetings during the year. The auditors participated in all meetings in conjunction with planning and reporting the results of this year's audit.

Directors' fees

Fees are payable to the Chairman of the Board and directors in accordance with the AGM resolution. The Chairman receives a fee of SEK 620,000, the Vice Chairman receives a fee of SEK 465,000, and the other directors receive a fee of SEK 310,000 each. However, no fee is payable to directors who are employed by a company within the Indutrade Group. The Chairman of the Audit Committee receives a fee of SEK 84,000 and each of the committee members receives a fee of SEK 42,000. The Chairman and members of the Remuneration Committee each receive a fee of SEK 31,000. The total yearly amount of Board fees and fees to committee members thus amounts to SEK 2,896,000.

Nomination Committee

At the AGM on 6 May 2013, 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 Chairman of the Board, who shall also convene the first meeting of the Nomination Committee. The member representing the largest shareholder shall serve as committee Chair. 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 2022 AGM was announced on 16 September 2021, based on ownership information as per 31 August 2021.

Nomination Committee composition

Representative	Shareholder	Share of votes as per 31 Aug 2021
Claes Boustedt	LE Lundbergföretagen, Committee Chair	26.6%
Dick Bergqvist	AMF insurance and funds	8.0%
Camilla Wirth	Alecta Pensionsförsäkring	4.3%
Javiera Ragnartz	SEB Investment Management	3.4%
Katarina Martinson	Chairman of the Board	

The Nomination Committee has had two minuted meetings prior to the 2022 AGM, where, among other things, it took part in 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 Chairman of the Meeting, the Chairman and other members of the Board, fees to the Board, remuneration and election of an auditor and principles for appointing a new Nomination Committee.

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 2021 Annual General Meeting resolved 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 Chairman of the Board at the 2022 Annual General Meeting. The Committee also proposes the re-election of directors Susanna Campbell, Bengt Kjell, Ulf Lundahl, Krister Mellvé, Lars Pettersson, Anders Jernhall and Bo Annvik.

Provided that the Annual General Meeting resolves to amend the Articles of Association to enable more members, Kerstin Lindell is also proposed as a new Director.

Kerstin Lindell was born in 1967, is an Honorary Doctor at the Faculty of Engineering, LTH and holds a PhD. in Polymer Chemistry, Master in Chemical Engineering and Master in Business Administration. She is Chairwoman of the Board of Bona AB and Chamber of Commerce and Industry of Southern Sweden and is Board member of Nord-Lock, Inwido, Hexpol and PEAB.

The Nomination Committee's proposal entails that the number of directors during the coming mandate period will be increased to nine.

A more detailed presentation of the members of the Board is provided on pages 42-43 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 B.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 2021 AGM, the chartered accounting firm PricewaterhouseCoopers AB ("PwC") was elected as auditor for a term extending through the 2022 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 2021 financial year was reviewed by the Company's auditors.

Board meetings 2021



FEBRUARY Year-end report. Questions in preparation for the AGM. Report from the auditors, Audit Committee and Remuneration Committee. Business, financing and acquisition issues.

MARCH Decision about the annual report. Questions in preparation for the AGM. Financing and acquisition issues.

APRIL AGM. Statutory meeting: decisions on company signatories, adoption of instructions and policies, appointment of Vice Chairman, Remuneration Committee, Audit Committee, meeting schedule. Interim report January – March 2021. Business, financing, acquisition, investment and remuneration issues. Report from the Audit Committee.

JUNE Evaluation of acquisitions. Business and organisational issues. Competitor analysis. Company presentations.

JULY Interim report January – June 2021. Business and acquisition issues. Report from the Audit Committee.

SEPTEMBER The Group's strategy, including acquisition, personnel and sustainability issues. Company presentations.

OCTOBER Interim report January – September 2021. Report from the Audit Committee regarding the review of the interim report. Report from the Remuneration Committee. Business, financing and acquisition issues. Company presentations.

NOVEMBER Financing issues.

DECEMBER Budget and targets for 2022. Evaluation of the work done by the Board. Evaluation of the CEO and senior executives. Report from the Remuneration Committee and Audit Committee, including review of internal control. Personnel and acquisition issues.

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 in e.g., revenue streams and valuations of assets or liabilities.

Control activities

The Indutrade Group was organised in eight business areas in 2021. In addition to a business area director, the respective business area management teams include a controller. The controller plays a central role in analysing and monitoring the business area's financial reporting and in ensuring compliance by the companies in the business area with Group policies. 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. The routine was reviewed and further developed during the year.

At the start of 2021, 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 trainings 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.

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 annual self assessment of internal control over financial reporting. In view of the above, the Board has opted to not have a dedicated internal audit function.

Board of Directors and auditors



Katarina Martinson



Bengt Kjell



Susanna Campbell



Anders Jernhall

Position	Chairman since 2018 Director since 2015 Chairman of the Remuneration Committee, member of the Audit Committee	Vice Chairman since 2013 Director since 2002 Member of the Remuneration Committee	Director since 2017	Director since 2018 Member of the Audit Committee
	Works with asset management for Lundberg family, among others.	Own investment business	Own investment business	Executive Vice President and CFO of Holmen AB.
Born	1981	1954	1973	1970
Nationality	Swedish	Swedish	Swedish	Swedish
Education	M. Sc. Economics, Stockholm School of Economics	M. Sc. Economics, Stockholm School of Economics	M. Sc. Economics, Stockholm School of Economics	M. Sc. Economics, Stockholm School of Economics
Professional experience	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.	Acting President and CEO of Industrivärden, President and CEO of Handel och Industri AB, Executive Vice President and Head of Investment Operations at Industrivärden, Head of Corporate Finance at Securum, Senior Partner and founder of Navet, Authorised Public Accountant.	President and CEO of Ratos. Various positions with McKinsey and Company, and Alfred Berg Fondkommission.	Various positions at Holmen and Citibank.
Other directorships	Director of LE Lundbergföretagen, Fastighets AB LE Lundberg, Fidelio Capital, Husqvarna, Förvaltnings AB Lunden and LE Lundberg Kapitalförvaltning.	Vice Chairman at Pandox and Logistea. Director at Industrivärden and others.	Chairman of the Board at Babyshop Group, Rönnisch Sportswear, Estrid Sweden AB, Network of Design (NOD) and X Shore AB. Director at Nalka Invest, Kinnevik, Northvolt and H2 Green Steel AB.	Director of LE Lundberg Kapitalförvaltning.
Attendance at Board meetings	15/15	14/15	15/15	15/15
Attendance at Audit Committee meetings	6/6			6/6
Attendance at Remuneration Committee meetings	4/4	4/4		
Independent of Indutrade and its management	Yes	Yes	Yes	Yes
Independent in relation to major shareholders	No	Yes	Yes	No
Shareholding in Indutrade ¹⁾	96,840,000 (via LE Lundbergföretagen)	150,000	6,000	3,000

1) Holdings of shares in Indutrade AB are stated as of 31 December 2021 and they include the holdings of related parties (both individuals and legal entities).



Ulf Lundahl



Krister Mellvé



Lars Pettersson



Bo Annvik

Position	Director since 2006 Chairman of the Audit Committee	Director since 2012	Director since 2013 Member of the Remuneration Committee	Director since 2017 President and CEO
Born	1952	1949	1954	1965
Nationality	Swedish	Swedish	Swedish	Swedish
Education	Master of Laws and M. Sc. Economics	M. Sc. Economics	M. Sc. Engineering, Uppsala University, PhD h.c., Uppsala University	M. Sc. Business Administration and Economics
Professional experience	Executive Vice President and Deputy CEO of LE 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.
Other directorships	Chairman of the Board at Fidelio Capital, Attendo and Nordstjernan Kredit AB. Director at Holmen.	Director at Modular Management and Stein Automation.	Chairman of KP Komponenter A/S. Director at Husqvarna, Industrivärden and LE Lundbergföretagen.	Director at SSAB and Abdon Group AB.
Attendance at Board meetings	15/15	15/15	15/15	15/15
Attendance at Audit Committee meetings	6/6			
Attendance at Remuneration Committee meetings			4/4	
Independent of Indutrade and its management	Yes	Yes	Yes	No
Independent in relation to major shareholders	Yes	Yes	No	Yes
Shareholding in Indutrade ¹⁾	36,000	142,500	6,300	45,955 Warrants: 300,000

Auditors

PricewaterhouseCoopers AB
Anna Rosendal
 Authorized Public Accountant
 Born 1975
 Lead Partner of Indutrade since 2020

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

Group Management



BO ANNVIK

President and CEO
 Born 1965
Nationality Swedish
 Employed since 2017
Education M. Sc. Business Administration and Economics
Professional experience President and CEO of Haldex, executive positions with Volvo Cars, SKF and Outokumpu.
Number of shares 45,955
Number of warrants 300,000



PATRIK JOHNSON

CFO
 Born 1970
Nationality Swedish
 Employed since 2018
Education B. Sc. Business Administration
Professional experience CFO Sandvik Machining Solutions and Seco Tools. Various management positions as controller and in accounting/finance at ABB Sweden.
Number of shares 1,163
Number of warrants 0



PETER ERIKSSON

Adviser to the CEO
 Born 1953
Nationality Swedish
 Employed since 1995
Education Technical college engineer, B. Sc. Market Economics, IFL
Professional experience CEO Indutrade Flödesteknik Grupp, CEO and partner of Alnab, Sales Manager at Alnab.
Number of shares 112,563
Number of warrants 0



JUHA KUJALA

Senior Vice President Finland
 Born 1967
Nationality Finnish
 Employed since 2006
Education MBA, Technical college engineer
Professional experience CEO of Kontram Oy, CEO of Maansähkö Oy, COO and Sales Manager Kontram Oy, Export Manager Kalmar Industries Oy
Number of shares 31,223
Number of warrants 2,000



PER-OLOW JANSSON

Senior Vice President Flow Technology
 Born 1961
Nationality Swedish
 Employed since 1995
Education Technical college engineer, B. Sc. Market Economics, IFL
Professional experience BUL Flow Technology AB, MD GPA Flow System AB
Number of shares 53,000
Number of warrants 0



GÖTE MATTSSON

Senior Vice President Fluids & Mechanical Solutions
 Born 1955
Nationality Swedish
 Employed since 1999
Education B. Sc. Economics, Management studies
Professional experience President and Partner Industri Belos, President J Sörling, Group Controller Transventor, Vice President Parator
Number of shares 64,763
Number of warrants 0



JONAS HALVORD

Head of Acquisitions and Business Development
 Born 1961
Nationality Swedish
 Employed since 2018
Education B. Sc. Economics, Technical college engineer
Professional experience Director Mergers & Acquisitions SKF Group, CEO Provexa AB, CEO Svenska Skumsläcknings AB
Number of shares 1,163
Number of warrants 0



SUSANN NYBERG

Head of Group Finance
 Born 1963
Nationality Swedish
 Employed since 2012
Education M. Sc. Business Administration and Economics
Professional experience Group Controller Addtech, Management Consultant KPMG, Financial Manager position at Telia, Financial Manager and Controller positions at SKF
Number of shares 11,677
Number of warrants 0



MORGAN O'BRIEN

Senior Vice President
Business Development & President
UltraPure International (UPI)
Born 1961
Nationality Irish
Employed since 1992
Education Dip. Applied Science /
Instrument Physics
Professional experience Managing
Director ESI Technologies Ltd
Number of shares 1,286
Number of warrants 0



PATRIK STOLPE

Senior Vice President
Measurement & Sensor Technology
Born 1965
Nationality Swedish
Employed since 2014
Education B. Sc. Electronics,
Industrial Marketing
Professional experience Global
Segment Manager Xylem, President
and CEO Lorentzen & Wettre.
Number of shares 24,026
Number of warrants 0



PETER ROWLANDS

Senior Vice President UK
Born 1968
Nationality British
Employed since 2009
Education M. Eng. in Materials
Science and Technology, MBA
Professional experience Managing
Director Precision Products Ltd,
Managing Director TelesisEagle Ltd,
Group Operations Manager Edward
Pryor & Son Ltd
Number of shares 4,163
Number of warrants 0



ROBERT TIMMER

Senior Vice President Benelux
Born 1969
Nationality Dutch
Employed since 1994
Education B. Sc. Mechanical
Engineering, studies in business
and management
Professional experience Sales
Manager Hitma B.V., Managing
Director Aluglas B.V., Managing
Director Hitma Group B.V.
Number of shares 8,663
Number of warrants 0



MARKUS RÜEDIN

Senior Vice President DACH
Born 1965
Nationality Swiss
Employed since 2011
Education M.A. HSG Economics
Professional experience Divisional
Controller Clariant, member of
management Clariant
Number of shares 4,163
Number of warrants 0



ÅSA WIRSENIUS

Vice President Group People &
Sustainability
Born 1977
Nationality Swedish
Employed since 2018
Education M.Sc. in Human
Resources and Organisations
Professional experience People
Director Belron UK, HR Director
Carglass Nordics, HR positions at ICA,
Wasa Barilla and others.
Number of shares 1,163
Number of warrants 0



JOAKIM SKANTZE

Senior Vice President
Industrial Components
Born 1967
Nationality Swedish
Employed since 2016
Education M. Sc. Electronics, economics
and management studies
Professional experience Venture
Manager Traction, President Gnosjö
Plast, Business Area Manager and Partner
Schneider Grafiska, Senior Consultant
Accenture.
Number of shares 19,163
Number of warrants 0

Remuneration Report 2021

This report describes how the guidelines for executive remuneration of Indutrade AB, adopted by the 2021 Annual General Meeting, were applied during 2021 (the "Remuneration Guidelines"). The report also provides information on remuneration to 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 remuneration to senior executives can be found in Note 8 (Wages, salaries and other remuneration, and social security costs) in the Annual Report for 2021. Information about the Remuneration Committee's work during 2021 can be found in the Corporate Governance Report in the Annual Report for 2021.

Board fees are not covered in this report. Those are decided each year at the AGM and reported in Note 8 of the Annual Report for 2021.

The CEO summarizes the company's overall development and results in the CEO's message in the Annual Report for 2021.

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, which the Remuneration Guidelines enable. The forms of remuneration should motivate members of the executive management to perform their utmost in order to safeguard the interests of the shareholders. The total remuneration shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash remuneration, 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 the Annual Report 2021. During 2021, the company has complied with the applicable Remuneration Guidelines, adopted by the Annual General Meeting. No deviations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made. 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 Annual General Meeting of the company has 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 the development of the share price.

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 set objectives regarding the Group's earnings before tax 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 financial year 2021 amounts to 100 % of the maximum outcome for the CEO and 96% as an average for others in the Group management team. The outcome for the Group management includes individual assessments for two executives who changed positions during the year.

Outstanding share and share price related incentive programme

The main purpose of long-term incentive programmes is to create additional incentives for increased commitment and 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 2021, Indutrade had two outstanding long-term incentive programmes for senior executives and key personnel within the Indutrade Group, a warrant program (LTI 2017) and a performance-based share programme (LTIP 2021).

LTI 2017 is a warrant programme consisting of two series that includes approximately 100 senior executives (including the CEO) and key personnel. The warrants were acquired by the participants in 2017 at a calculated market price. For the warrants the person is guaranteed, Indutrade has during the programme's duration paid a cash subsidy of a total of 120% of the price paid by the participants. Acquired warrants in excess of the guaranteed number have not been subsidised. The subsidy has been paid to the participants on two occasions and in equal parts, provided that the participant, at the time of payment, had not sold any warrants and that the participant remained in employment. Half of the subsidy was paid out in 2019 and half in 2020. Subscription of shares takes place during specially specified subscription periods between 27 April 2020 up to and including Friday 20 May 2022 at a price of SEK 81.60 for Series I and SEK 92.30 for Series II, recalculated after the 2:1 bonus issue in December 2020.

Within the framework of LTI 2017, the CEO acquired 40,000 Series I warrants in 2017, of which 20,000 without cash subsidy. In 2020, all of these were used to subscribe for shares.

LTIP 2021 is a performance-based share programme for 185 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 shares are allotted, each of which entitles 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 programme must be met.

The programme's performance terms are based on the accumulated average annual growth rate (CAGR) of earnings per share (EPS) during the programme period. EPS for 2020 is used as the basis for calculating CAGR. The maximum value of the performance shares is limited to 200 percent of the volume-weighted average price paid for the Indutrade share during the last five trading days in February 2021.

Within the framework of LTIP 2021, the CEO acquired 3,955 Investment shares in 2021. For these Investment shares, the CEO received 19,775 performance share rights which, after the programme period has ended, may entitle him to receive the same number of Indutrade shares.

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

	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016
Remuneration to the CEO ¹⁾					
Annual change in total remuneration (%)	10%	6%	0%	1%	16% ²⁾
Net profit for the year, Group					
Annual change in Net profit for the year (%), Group	26%	13%	8%	33%	10%
Remuneration to employees ³⁾					
Annual change in total remuneration (%), Sweden	7%	3%	1%	3%	3%

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

²⁾ In April 2017, Bo Annvik took over as the CEO. His predecessor, Johnny Alvarsson, went into retirement.

³⁾ 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 to the CEO in shares

Programme	Number of invested shares	Number of allotted shares	Value of allotted share rights, SEK t ¹⁾	Number of vested shares	Number of forfeited share rights	Number of outstanding share rights	Value of vested shares (SEK t)
Bo Annvik LTIP 2021	3,955	19,775	4,198	–	–	19,775	–

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

Total remuneration to the CEO in 2021¹⁾

	Base salary ²⁾	One-year variable remuneration ³⁾	Multi-year variable remuneration ⁴⁾	Benefits ⁵⁾	Occupational pension ⁶⁾	Total remuneration
Bo Annvik SEK t / Share of total remuneration	9,593 / 53%	4,680 / 26%	–	513 / 3%	3,276 / 18%	18,062

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

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

³⁾ Refers to the short-term incentive programme for 2021, paid out in the beginning of the next year.

⁴⁾ Incentive programme, LTIP 2021, which is described above, is still ongoing. The year's recognised cost as per IFRS 2 amounted to SEK 720 thousand.

⁵⁾ Primarily refers to double housing (housing, garage and home travels), 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	246
Reserve for fair value	-3
Retained earnings	5,427
Net profit for the year	1,851
Total	7,521

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

Dividend of SEK 2.30 per share	838
To be carried forward	6,683
Total	7,521

The dividend proposed by the Board of Directors corresponds to 10% of the Parent Company's equity and 8% 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 goals, scope and risks of the operations and with respect to the ability to meet the Company's future obligations.

If the dividend had been paid out at year-end, the Group's equity ratio would have been 43%. 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 March 11, 2022

Katarina Martinson
Chairman of the Board

Bengt Kjell
Vice Chairman of the Board

Susanna Campbell
Director

Anders Jernhall
Director

Ulf Lundahl
Director

Krister Mellvé
Director

Lars Pettersson
Director

Bo Annvik
President and CEO, Director

Our audit report was submitted on March 15, 2022

PricewaterhouseCoopers AB

Anna Rosendal
Authorised Public Accountant
Lead Partner

Consolidated income statement

SEK million	Note	2021	2020
Net sales	3, 4	21,715	19,217
Cost of goods sold		-14,106	-12,681
Gross profit		7,609	6,536
Development costs		-258	-227
Selling costs		-3,279	-3,009
Administrative expenses		-1,231	-1,123
Other operating income	6	148	345
Other operating expenses	6	-164	-256
Operating profit	5, 8, 9, 10, 11	2,825	2,266
Financial income	12	29	18
Financial expenses	13	-129	-144
Profit after financial items		2,725	2,140
Tax	15	-628	-471
Net profit for the year		2,097	1,669
Profit attributable to			
Equity holders of the parent company		2,095	1,669
Non-controlling interests		2	0
Earnings per share attributable to equity holders of the parent, SEK		5.76	4.60
Earnings per share after dilution, attributable to equity holders of the parent, SEK		5.75	4.59
Average number of shares before dilution, '000		363,921	362,721
Average number of shares after dilution, '000		364,180	363,320
Proposed dividend per share, SEK		2.30	1.80

Consolidated statement of comprehensive income

SEK million	Note	2021	2020
Net profit for the year		2,097	1,669
Other comprehensive income			
<i>Items that can be reversed into income statement</i>			
Fair value adjustment of hedge instruments	2	1	4
Tax attributable to fair value adjustments	15	0	-1
Exchange rate differences		203	-279
<i>Items that cannot be reversed into income statement</i>			
Actuarial gains/losses	25	54	-16
Tax on actuarial gains/losses	15	-11	3
Other comprehensive income, net of tax		247	-289
Total comprehensive income for the period		2,344	1,380
Comprehensive income attributable to			
Equity holders of the parent company		2,342	1,380
Non-controlling interests		2	0

Comments on the consolidated income statement

Order intake

Order intake amounted to SEK 23,474 million (19,595) for the financial year, which is an increase of 20%. Comparable units increased by 15%, acquisitions contributed 7%, divestments had a marginal impact and currency movements had an effect of –2%.

Net sales

During the year, net sales increased by 13% to SEK 21,715 million (19,217). Comparable units increased by 8%, acquisitions contributed 7%, divestments had a marginal impact and currency movements had an effect of –2%.

Operating profit, EBITA

For the full year, operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 3,202 million (2,615), an increase of 22%. Comparable units increased by 15%, acquisitions contributed 9% and currency movements had an effect of –2%. Divestments had a marginal effect. The EBITA margin increased and amounted to 14.7% (13.6%). The gross margin amounted to 35.0% (34.0%).

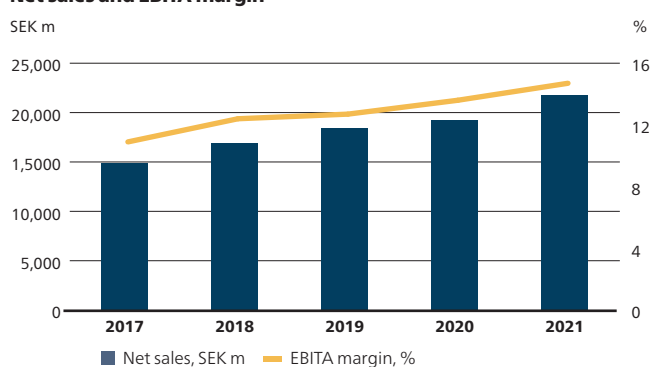
Net financial items and profit for the year

Net financial items for the full year amounted to SEK –100 million (–126). Tax on profit for the year was SEK –628 million (–471), corresponding to a tax charge of 23% (22%). Profit for the period increased by 26% and amounted to SEK 2,097 million (1,669). Earnings per share before dilution increased by 25% and amounted to SEK 5.76 (4.60).

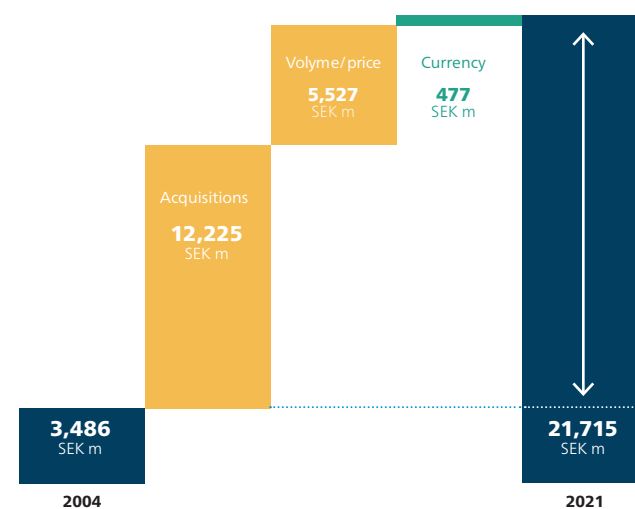
Values for each quarter

SEK million	Jan–Mar	Apr–Jun	Jul–Sep	Oct–Dec
Net sales	5,147	5,552	5,290	5,726
EBITA	713	843	810	836
EBITA margin, %	13.9	15.2	15.3	14.6
Profit after tax	461	562	550	524
Earnings per share, SEK	1.27	1.54	1.51	1.44

Net sales and EBITA margin



Sales growth, SEK m



Consolidated balance sheet

SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	16	8,770	6,999
Property, plant and equipment	17	2,321	2,067
Right-of-use assets	18	1,064	1,039
Financial assets	15, 19, 20	204	228
Total non-current assets		12,359	10,333
Current assets			
Inventories	21	4,010	3,307
Trade receivables	22	3,458	2,925
Contract assets	4	166	135
Current tax assets		42	25
Other current receivables		292	304
Prepaid expenses	23	213	175
Cash and cash equivalents	30, 31	1,460	758
Total current assets		9,641	7,629
TOTAL ASSETS		22,000	17,962
EQUITY AND LIABILITIES			
Equity			
Share capital		728	727
Reserves		325	121
Retained earnings incl. net profit for the year		9,239	7,776
Total equity attributable to owners of the parent		10,292	8,624
Non-controlling interests		11	10
Total equity		10,303	8,634
Non-current liabilities			
Interest-bearing liabilities	18, 24, 31	5,186	4,050
Other non-current liabilities		1	1
Pension obligations	25	350	400
Deferred tax liabilities	15	953	749
Other provisions	26	22	20
Total non-current liabilities		6,512	5,220
Current liabilities			
Interest-bearing liabilities	18, 24, 31	1,413	1,186
Trade payables		1,597	1,136
Contract liabilities	4	207	109
Current tax liabilities		284	202
Other current liabilities		619	516
Accrued expenses	27	1,065	959
Total current liabilities		5,185	4,108
Total liabilities		11,697	9,328
TOTAL EQUITY AND LIABILITIES		22,000	17,962

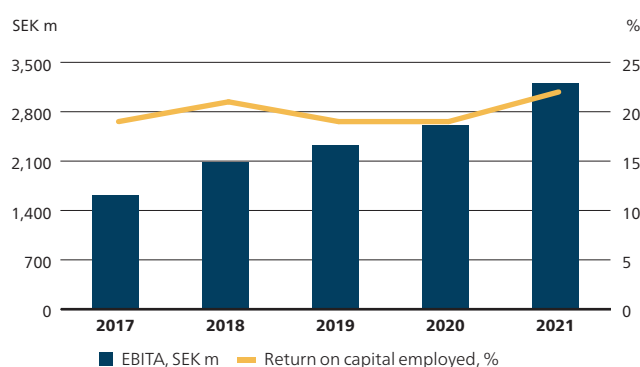
Information on pledged assets and contingent liabilities is provided in Notes 28 and 29.

Profitability and financial position

The return on capital employed was 22% (19%), and the return on equity was 23% (21%).

Shareholders' equity amounted to SEK 10,303 million (8,634) and the equity ratio was 47% (48%). Cash and cash equivalents amounted to SEK 1,460 million (758). In addition to this, the Group had unutilised credit commitments of SEK 4,981 million (4,895). Interest-bearing net debt amounted to SEK 5,489 million (4,878) at the end of the period. The increase compared to last year is primarily attributable to a higher rate of acquisition. The net debt/equity ratio was 53% (56%) at the end of the period.

EBITA and return on capital employed



Consolidated statement of changes in equity

SEK million	Attributable to equity holders of the parent company				Non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
OPENING BALANCE, 1 JANUARY 2020	242	397	6,518	7,157	13	7,170
Comprehensive income						
Net profit for the year	–	–	1,669	1,669	0	1,669
Other comprehensive income						
Fair value adjustment of hedge instruments	–	4	–	4	–	4
Tax attributable to fair value adjustments	–	–1	–	–1	–	–1
Actuarial gains/losses	–	–	–16	–16	–	–16
Tax on actuarial gains/losses	–	–	3	3	–	3
Exchange rate differences	–	–279	–	–279	0	–279
Total comprehensive income	–	–276	1,656	1,380	0	1,380
Transactions with shareholders						
Acquisitions of non-controlling interests	–	–	–	–	–	–
Sale of shares with non-controlling interests	–	–	–	–	–3	–3
Dividend paid for 2019	–	–	– ¹⁾	–	–	–
New issues	0	–	87	87	–	87
Bonus issue	485	–	–485	–	–	–
Total transactions with shareholders	485	–	–398	87	–3	84
CLOSING BALANCE, 31 DECEMBER 2020	727	121	7,776	8,624	10	8,634
OPENING BALANCE, 1 JANUARY 2021	727	121	7,776	8,624	10	8,634
Comprehensive income						
Net profit for the year	–	–	2,095	2,095	2	2,097
Other comprehensive income						
Fair value adjustment of hedge instruments	–	1	–	1	–	1
Tax attributable to fair value adjustments	–	0	–	0	–	0
Actuarial gains/losses	–	–	54	54	–	54
Tax on actuarial gains/losses	–	–	–11	–11	–	–11
Exchange rate differences	–	203	–	203	0	203
Total comprehensive income	–	204	2,138	2,342	2	2,344
Transactions with shareholders						
Acquisitions of non-controlling interests	–	–	–	–	–	–
Sale of shares with non-controlling interests	–	–	–	–	–1	–1
Dividend paid for 2020	–	–	–655 ²⁾	–655	–	–655
New issues	1	–	47	48	–	48
Hedging of incentive programme	–	–	–80	–80	–	–80
Share-based payment	–	–	13	13	–	13
Total transactions with shareholders	1	–	–675	–674	–1	–675
CLOSING BALANCE, 31 DECEMBER 2021	728	325	9,239	10,292	11	10,303

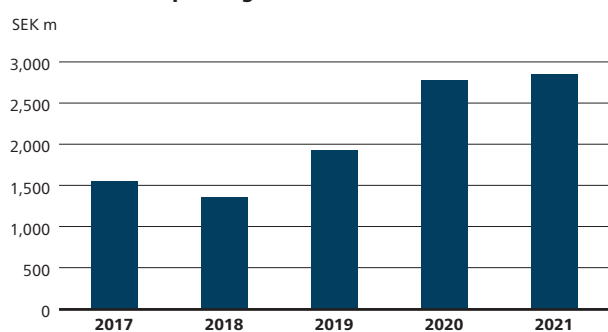
¹⁾ The dividend per share for 2019 was SEK 0.

²⁾ The dividend per share for 2020 was SEK 1.80. The proposed dividend per share for 2021 is SEK 2.30.

Consolidated statement of cash flows

SEK million	Note	2021	2020
Operating activities			
Operating profit		2,825	2,266
<i>Adjustment for</i>			
Depreciation/amortisation	9, 16, 17	1,058	996
Adjustment of contingent consideration	32	-62	-208
Net profit from sale of operations, property, plant and equipment, intangible assets and shares		-8	-69
Other non-cash items		92	208
Paid tax		-638	-508
<i>Change in working capital</i>			
Inventories		-374	66
Trade receivables		-149	35
Trade payables		288	-58
Other operating assets and liabilities, net		-107	155
Interest received		15	18
Interest paid		-84	-92
Other financial items		-3	-29
Cash flow from operating activities		2,853	2,780
Investing activities			
Acquisitions of subsidiaries and operations	32	-1,667	-1,024
Sales of subsidiaries and operations	32	7	46
Acquisitions of property, plant and equipment	17	-339	-390
Sales of property, plant and equipment	17	17	28
Acquisitions of intangible non-current assets	16	-35	-37
Decrease in financial assets		17	12
Increase in financial assets		0	-1
Cash flow from investing activities		-2,000	-1,366
Financing activities			
Borrowings	31	4,303	2,936
Repayment of debt	31	-3,545	-3,976
Amortisation leasing	18, 31	-351	-367
Dividend paid out		-655	-
New issues		48	87
Cash flow from financing activities		-200	-1,320
Cash flow for the year			
Cash and cash equivalents at start of year		758	719
Exchange rate differences in cash and cash equivalents		49	-55
Cash and cash equivalents at end of year	30, 31	1,460	758

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 9 million (8) during the year. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year, the Parent Company acquired

shares in six new companies. The Parent Company has not made any major investments in intangible assets or in property, plant and equipment. The number of employees as of 31 December was 20 (19). Receivables and payables to Group companies primarily consist of loans granted and received to and from subsidiaries.

Income statement Parent Company

SEK million	Note	2021	2020
Net sales		9	8
Gross profit		9	8
Administrative expenses	5	-132	-117
Other operating income and expenses	6	-	-
Operating profit	8, 9, 10, 11	-123	-109
Financial income	12	154	130
Financial expenses	13	-80	-109
Profit from participations in Group companies	14	1,288	894
Profit after financial items		1,239	806
Group contributions received		967	498
Group contributions rendered		-126	-93
Change in tax allocation reserve		-80	-2
Excess depreciation of equipment		0	0
Profit before taxes		2,000	1,209
Tax	15	-149	-71
Net profit for the year		1,851	1,138

Statement of comprehensive income Parent Company

SEK million	Note	2021	2020
Net profit for the year		1,851	1,138
Other comprehensive income			
<i>Items that can be reversed into income statement</i>			
Fair value adjustment of hedge instruments	2	1	-1
Tax attributable to fair value adjustments	15	0	0
Other comprehensive income, net of tax		1	-1
Total comprehensive income for the period		1,852	1,137

Balance sheet Parent Company

SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	16	0	0
Property, plant and equipment	17	1	1
Financial assets	15, 19, 20	6,971	6,253
Total non-current assets		6,972	6,254
Current assets			
Receivables from Group companies		8,672	6,683
Other receivables		52	157
Prepaid expenses	23	22	21
Cash and cash equivalents	30	489	0
Total current assets		9,235	6,861
TOTAL ASSETS		16,207	13,115
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	35	728	727
Statutory reserve		5	5
		733	732
<i>Unrestricted equity</i>			
Share premium reserve		246	199
Reserve for fair value		-3	-4
Retained earnings		5,427	5,023
Net profit for the year		1,851	1,138
		7,521	6,356
Total equity		8,254	7,088
Untaxed reserves			
Tax allocation reserve	36	755	675
Excess depreciation of equipment		0	0
Total untaxed reserves		755	675
Non-current liabilities			
Non-current interest-bearing liabilities	24	3,900	2,893
Pension obligations	25	25	20
Deferred tax liabilities	15	0	0
Total non-current liabilities		3,925	2,913
Current liabilities			
Interest-bearing liabilities	24	835	757
Trade payables		5	4
Liabilities to Group companies		2,354	1,626
Other current liabilities		38	15
Current tax liabilities		0	0
Accrued expenses	27	41	37
Total current liabilities		3,273	2,439
TOTAL EQUITY AND LIABILITIES		16,207	13,115

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

Parent Company statement of changes in equity

SEK million	Share capital	Reserves	Share premium reserve	Reserve for fair value	Retained earnings	Total
OPENING BALANCE, 1 JANUARY 2020	242	5	112	-3	5,508	5,864
Comprehensive income						
Net profit for the year	-	-	-	-	1,138	1,138
Other comprehensive income						
Fair value adjustment of hedge instruments	-	-	-	-1	-	-1
Tax attributable to fair value adjustments	-	-	-	0	-	0
Total comprehensive income	-	-	-	-1	1,138	1,137
Transactions with shareholders						
Dividend paid for 2019	-	-	-	-	- ¹⁾	-
New issues	0	-	87	-	-	87
Bonus issue	485	-	-	-	-485	-
Total transactions with shareholders	485	-	87	-	-485	87
CLOSING BALANCE, 31 DECEMBER 2020	727	5	199	-4	6,161	7,088
OPENING BALANCE, 1 JANUARY 2021	727	5	199	-4	6,161	7,088
Comprehensive income						
Net profit for the year	-	-	-	-	1,851	1,851
Other comprehensive income						
Fair value adjustment of hedge instruments	-	-	-	1	-	1
Tax attributable to fair value adjustments	-	-	-	0	-	0
Total comprehensive income	-	-	-	1	1,851	1,852
Transactions with shareholders						
Dividend paid for 2020	-	-	-	-	-655 ²⁾	-655
New issues	1	-	47	-	-	48
Stock swap	-	-	-	-	-80	-80
Employee benefit expenses	-	-	-	-	1	1
Total transactions with shareholders	1	-	47	-	-734	-686
CLOSING BALANCE, 31 DECEMBER 2021	728	5	246	-3	7,278	8,254

¹⁾ The dividend per share for 2019 was SEK 0.

²⁾ The dividend per share for 2020 was SEK 1.80. The proposed dividend per share for 2021 is SEK 2.30.

Cash flow statement Parent Company

SEK million	Note	2021	2020
Operating activities			
Operating profit		-123	-109
<i>Adjustment for</i>			
Depreciation, amortisation and impairment losses	9, 16, 17	0	1
Other non-cash items		6	7
Paid tax		-117	-119
<i>Change in working capital</i>			
Trade receivables		-	0
Trade payables		1	-2
Other operating assets and liabilities, net		-858	176
Interest received		153	130
Interest paid		-56	-68
Group contributions received and dividend income		1,693	1,548
Other financial items		-20	-40
Cash flow from operating activities		679	1,524
Investing activities			
Acquisitions of subsidiaries	19	-664	-268
Divestment of subsidiaries	19	33	-
Acquisitions of non-current intangible assets and property, plant and equipment	16, 17	0	-1
Cash flow from investing activities		-631	-269
Financing activities			
Borrowings		4,280	2,947
Repayment of debt		-3,232	-4,289
Dividend paid out		-655	-
New issues		48	87
Cash flow from financing activities		441	-1,255
Cash flow for the year		489	0
Cash and cash equivalents at start of year		0	0
Cash and cash equivalents at end of year	30	489	0

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 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 have been listed on Nasdaq Stockholm since 2005. The Group is structured into eight business areas.

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

This annual report was approved by the Board of Directors for publication on 11 March 2022. The consolidated and parent company income statements and balance sheets will be presented for adoption by the Annual General Meeting on 5 April 2022.

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

Basis of preparation

The consolidated accounts 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 accounted for at historical cost, except for with respect to revaluations of financial assets and liabilities (including derivative instruments), which are measured at fair value.

Preparation of financial statements in accordance with IFRS requires the use of a number of important accounting estimations. Further, application of the Company's accounting principles requires that management makes certain assessments. Areas that involve a high degree of assessment, or areas in which assumptions and estimations are of material significance for the consolidated financial statements, are described below in the section "Important estimations and assumptions for accounting purposes".

Standards, amendments and interpretations that apply as from 1 January 2021

There are no new IFRSs or IFRIC pronouncements endorsed that have had a significant impact on the Group's result of operations and position in 2021.

No newly issued IFRSs or interpretations have been applied prospectively.

Standards, amendments and interpretations that apply as from 1 January 2022

There are no new IFRSs or IFRIC pronouncements endorsed that will have a significant impact on the Group's result of operations and position in 2022.

No newly issued IFRSs or interpretations have been applied prospectively.

Basis of consolidation

The consolidated accounts include subsidiaries in which the Group directly or indirectly has control. Subsidiaries are included in the con-

solidated accounts from the date control is transferred to the Group. They are excluded from the consolidated accounts from the date control ceases.

The purchase method is used for reporting of the Group's business acquisitions. The consideration for acquisition of a subsidiary is comprised of the fair value of what has been paid in cash and the fair value of liabilities arising from contingent earn-out payment, i.e. the fair value of acquired assets and liabilities, along with 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 earn-out payment is remeasured at fair value, this is recognised in operating profit. Identifiable, acquired assets and liabilities taken over in a business acquisition are initially measured at fair value as per the acquisition date.

For each acquisition, the Group determines if non-controlling interests in the acquired company are to be stated at the holding's proportional share of the fair value of identifiable net assets, excluding goodwill (partial goodwill), or at fair value, which entails that goodwill is also reported for non-controlling interests (full goodwill). Subsequent acquisitions up to 100% are reported as equity transactions.

Goodwill is initially carried at the amount in which the total purchase price and non-controlling interests exceed the fair value of identifiable, acquired assets and liabilities taken over.

Intra-Group transactions and balance sheet items as well as unrealised gains and losses on transactions between Group companies are eliminated.

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 from the balance sheet date. Current assets and current liabilities consist essentially of amounts that are expected to be recovered or paid within 12 months from the balance sheet date.

Translation of foreign currency

Items that are included in the financial statements for the Group's various units have been valued in the currency that is used in the economic environment in which the respective company mainly operates (the functional currency). In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent Company's functional and reporting currency. The earnings and financial position of all Group companies that have a different functional currency than their reporting currency are translated to the Group's reporting currency in accordance with the following:

- assets and liabilities on each of the subsidiaries' balance sheets are translated at the exchange rate in effect on the balance sheet date,
- income and expenses in each of the income statements are translated at the average exchange rate for the year, and
- all exchange rate differences that arise are reported in other comprehensive income.

Goodwill and fair value adjustments that arise in connection with the acquisition of a foreign business are treated as assets and liabilities in the acquired business and are translated at the exchange rate in effect on the balance sheet date.

Transactions and balance sheet items in foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rate in effect on the transaction date. Exchange rate gains and losses that arise upon payment in such transactions and when translating monetary assets and liabilities in foreign currencies at the exchange rate on the balance sheet date are recognised in profit or

Financial statements

Note 1 continued

loss. An exception to this rule is applied for transactions that constitute hedges that meet the conditions for hedge accounting of cash flows or of net investments, for which gains/losses are recognised in other comprehensive income.

Exchange rate differences that arise upon translation or recognition of operating assets/liabilities are reported as other income/expenses, while exchange rate differences that arise upon payment of financial assets/liabilities are reported as financial income/expenses.

Important estimations and assumptions for accounting purposes

The Group makes estimations and assumptions about the future. By definition, the estimations for accounting purposes that are a consequence of these rarely match the actual outcome. This primarily applies to assessments of: testing for impairment of goodwill, defined benefit pension obligations, discount rate for leasing and the duration of the lease. Assumptions and estimations are evaluated continuously and are based on historical experience and anticipations of future events that are considered to be reasonable under prevailing conditions.

Parent company

The Parent Company accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Reporting for Legal Entities. According to RFR 2, in the annual report for a legal entity, the Parent Company shall apply all IFRSs and statements endorsed by the EU as far as possible within the confines of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation indicates which exceptions and amendments are to be applied with respect to IFRS.

Participations in Group companies are reported in the Parent Company using the cost method. In the Parent Company, a change in the liability for contingent earn-out payment affects the value of participations in subsidiaries. Contingent earn-out payment is reported in the Parent Company when it is certain or probable that the obligation will arise.

Untaxed reserves are reported in the Parent Company including deferred tax liabilities and not as in the Group (broken down into deferred tax liabilities and equity).

Group contributions are reported gross as appropriations in accordance with the alternative rule in RFR 2.

arises with revaluation depends on how the derivative was identified. The Group identifies certain derivatives as a hedge on 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 included in the income statement during the period in which they arise. The costs and earnings impact of forward contracts used to hedge loans are reported as part of financial income and expenses.

Cash flow hedging

The effective portion of changes in the fair value of a derivative instrument that is identified as a cash flow hedge and that meets the conditions for hedge accounting is reported 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, typically 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 that is attributable to the effective portion is recognised in other comprehensive income, while the ineffective portion is recognised immediately in the income statement in the item "Interest expense". Accumulated amounts in equity are restated in the income statement in the periods in which the hedged item affects earnings (e.g., when the prognosticated, hedged interest payment is made). The gain or loss that is attributable to the effective portion of interest rate swaps is reported as interest expense in the income statement.

When a prognosticated transaction is no longer expected to take place, the accumulated gain or loss that was previously reported in the hedging reserve through other comprehensive income is immediately transferred to the income statement.

Holdings of shares and participation in unlisted companies

This category includes financial assets that are not derivatives and 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 insignificant.

02

Risks and risk management

Accounting principles

Financial instruments

The Group mainly has the following financial instruments: trade receivables, cash and cash equivalents, trade payables, borrowings, contingent earn-out payment and derivative instruments.

Trade payables

Indutrade's trade payable typically fall due within 6 months, which is why they are classified as current liabilities. Initially, trade payables are measured at fair value and thereafter at amortised cost.

Derivative instruments

Derivative instruments are reported at fair value in the balance sheet as per the contract date, both initially and for subsequent revaluations. The method for reporting the profit of loss that

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.

In order to secure its long-term financing, there are revolving credit facilities. They amount to SEK 4,250 million, of which SEK 3,500 million spans 5 years. At year-end SEK 4,250 million of the facility was unutilised.

Indutrade's agreement with the bank contains covenants, i.e. thresholds on certain KPIs. All of the covenants were met with a good margin during the year.

Indutrade has had a commercial paper programme in place since 2014. As of the end of the financial year, the framework of the programme was SEK 3,000 million.

Indutrade also has an MTN program (Medium Term Note), which during the year received an extended loan limit and now amounts to a total of SEK 5,000 million.

The Group's interest-bearing net debt was SEK 5,489 million (4,878) at year-end.

At year-end, the Group had SEK 1,460 million (758) in cash and cash equivalents and SEK 4,981 million (4,895) in unutilised overdraft facilities. Of the Group's interest-bearing loans, 83% of the total principal falls due for payment after 31 December 2022. 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, normally should not exceed 100%. At year-end the debt/equity ratio was 53% (56%).

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 preceding year, most of the Group's loans had variable interest rates.

The Parent Company has entered into a contract to hedge SEK 250 million of its borrowing at variable interest against fixed interest for five years. The contract expires in 2023. The difference between the fixed and variable interest is expensed in the income statement. The valuation of interest rate swaps for the year amounted to SEK 2 million (-1) before tax, which is recognised in other comprehensive income. The Parent Company had a corresponding gain of SEK 2 million (-1).

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 -36 million (-34), taking into account the loans' fixed interest periods. Taking into account the existing interest rate swaps, the effect would be approximately SEK -34 million (-31). Profit after tax would be affected by SEK -27 million (-25).

The table below shows the remaining contractual terms of loans and contingent earn-out payment until maturity, including interest. 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 earn-out payments see Note 24. For leasing liabilities, see note 18.

Maturity dates for loans and contingent earn-out payment, incl. interest:

	Group		Parent company	
	2021	2020	2021	2020
Maturity in year 2021	-	882	-	774
Maturity in 2022	1,110	797	876	643
Maturity in 2023	1,587	1,406	1,396	1,337
Maturity in year 2024	1,243	1,159	1,065	1,015
Maturity in year 2025	938	47	761	-
Maturity in 2026 or later	775	-	756	-
Total borrowings incl. interest, SEK million	5,653	4,291	4,854	3,769

Currency risk

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.

The Indutrade Group's transaction exposure arises when subsidiaries import products for sale in the domestic market and/or sell products in foreign currency. Exchange rate 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 SEK -5 million (-11), net, in exchange rate differences in operating profit and SEK 14 million (-13), net, in net financial items.

With respect to operational transaction exposure, at 31 December 2021 Indutrade had net exposure of SEK -7 million (97) in foreign currency. See the breakdown of currencies in the following table.

Net exposure at year-end

Group SEK million	2021		2020	
	local currency	SEK	local currency	SEK
EUR	3.1	32	5.7	58
DKK	4.3	6	-0.1	0
CHF	-0.8	-7	-0.2	-2
USD	-1.0	-9	5.6	46
GBP	-2.2	-27	-2.5	-27
Other currencies		-2		22
Total		-7		97

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 12 months. Market valuation of outstanding forward contracts as per 31 December 2021 resulted in an unrealised gain of SEK -1 million (5) before tax, which is recognised in other comprehensive income.

Financial statements

Note 2 continued

Forward contracts

Group SEK million	2021	2020
USD	142	190
EUR	75	90
GBP	35	–
SEK	18	9
SGD	10	23
DKK	6	–
AUD	1	5
Total	287	317

In addition to that, the Parent Company has hedged outstanding receivables on, and liabilities to subsidiaries along with contingent earn-out payments. Receivables from subsidiaries increased during the year.

Forward contracts

Parent Company SEK million	2021	2020
EUR	2,058	2,002
GBP	2,220	1,854
CHF	267	249
USD	167	156
NOK	125	128
DKK	55	101
PLN	33	24
CZK	29	–
AUD	3	–
Total	4,957	4,514

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 2021 and 2020, but the amounts were insignificant.

Net investments in foreign subsidiaries

Group Net exposure in millions	2021		2020	
	local currency	SEK	local currency	SEK
EUR	429	4,384	343	3,440
GBP	180	2,197	143	1,589
DKK	809	1,113	475	641
NOK	712	730	727	694
CHF	42	416	37	341
Total		8,840		6,705

Indutrade estimates that the Company's translation exposure entails that a 1% change in the value of SEK vs. other currencies would result in a yearly positive/negative effect (in the event of a weakening/strengthening of SEK) corresponding to approximately SEK 160 million (141) on net sales and approximately SEK 15 million (13) on net profit. The effect on equity of a 1% change would be SEK 93 million (70).

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 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.

For information on age analysis, doubtful debts and bad debts, see Note 22.

Financial assets and liabilities

Financial instruments are measured at fair value, based on the classification of the fair value hierarchy:

Other observable data, besides listed prices, for assets or liabilities (Level 2), Non-observable market data (Level 3).

No reclassifications between Level 2 and Level 3 were made during the year. 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. For further information about contingent earn-out payment and loans, see Note 24.

	Contingent earn-out payments	
	2021	2020
Opening book value	549	565
Acquisitions during the year	418	319
Consideration paid	–73	–104
Reclassified via income statement	–62	–213
Interest expenses	9	5
Exchange rate differences	20	–23
Closing book value	861	549

Note 2 continued

The Group's financial assets and liabilities in 2021

Valuation classification	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2		Level 3	Level 3			
Other shares and participations	–	–	–	14	–	14	14
Trade receivables	–	–	3,458	–	–	3,458	3,458
Other receivables	3	–	26	–	–	29	29
Cash and cash equivalents	–	–	1,460	–	–	1,460	1,460
Total	3	–	4,944	14	–	4,961	4,961
Non-current interest-bearing liabilities	–	–	–	600	4,586	5,186	5,199
Current interest-bearing liabilities	–	–	–	261	1,152	1,413	1,413
Trade payables	–	–	–	–	1,597	1,597	1,597
Other liabilities	5	–	–	–	–	5	5
Total	5	–	–	861	7,335	8,201	8,214

The Group's financial assets and liabilities in 2020

Valuation classification	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2		Level 3	Level 3			
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

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.

The Group is organised in these eight business areas: Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK. They constitute the Group’s operating segments.

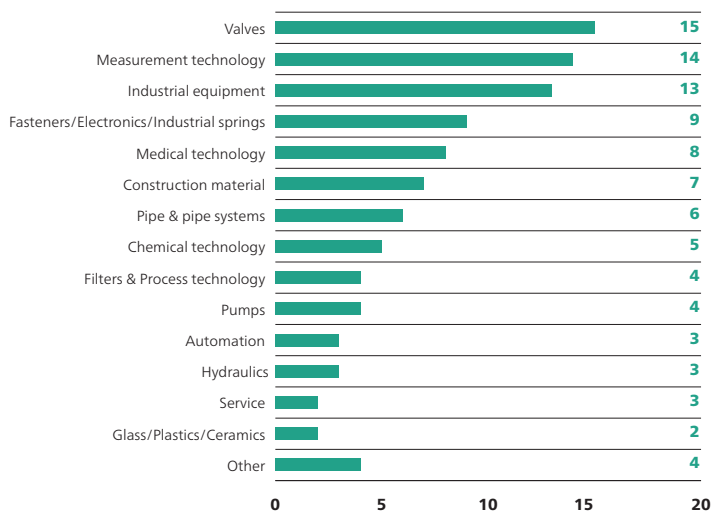
The Group’s business areas conduct business primarily in the Nordic countries and in central and northern Europe. See the Directors’ Report for a description of each business area.

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 the segment called “Other”. Indutrade AB lacks a major revenue source, which is why the Parent Company does not constitute its own operating segment.

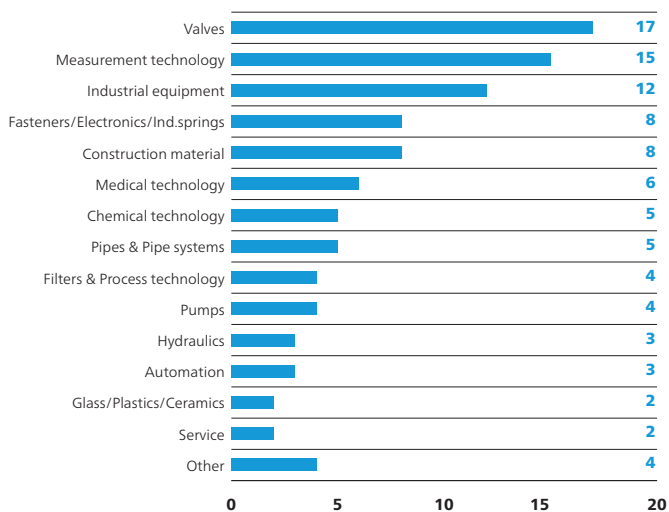
The operating segments are monitored through “Net sales”, which include both external and internal sales. However, the scope of internal sales between the subsidiaries is very limited, which is shown in the eliminations column in the table below.

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

Sales per product area 2021, %



Sales per product area 2020, %



Note 3 continued

2021	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	PC	Elim. ¹⁾	Total
Net sales	3,331	1,661	1,826	4,301	2,367	4,473	2,372	1,467	9	-92	21,715
Operating profit	397	201	267	629	347	664	353	117	-123	-27	2,825
Net financial items											-100
Income Tax											-628
Net profit											2,097
EBITA ²⁾	464	236	283	668	382	733	428	158	-123	-27	3,202
EBITA margin, %	13.9	14.2	15.5	15.5	16.1	16.4	18.0	10.8			14.7
Amortisation of intangible assets	-71	-37	-22	-42	-38	-78	-89	-42	-	-	-419
<i>of which attributable to acquisitions</i>	-67	-35	-16	-39	-35	-69	-75	-41	-	-	-377
Depreciation of property, plant and equipment	-109	-71	-66	-89	-85	-93	-64	-61	-1	-	-639
Investments in non-current assets	62	59	17	45	70	60	41	41	-	-	395

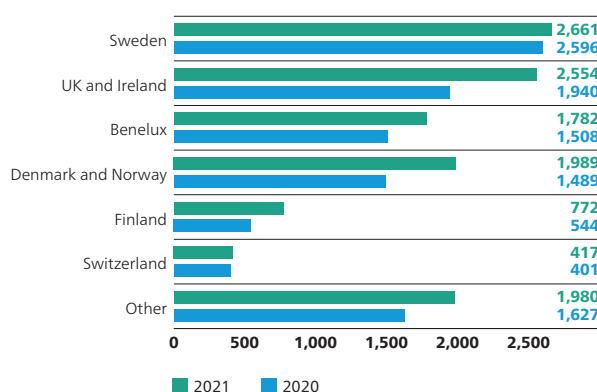
2020	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	PC	Elim. ¹⁾	Total
Net sales	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	8	-67	19,217
Operating profit	299	128	235	575	237	504	266	120	-109	11	2,266
Net financial items											-126
Income Tax											-471
Net profit											1,669
EBITA ²⁾	360	169	247	607	268	569	334	159	-109	11	2,615
EBITA margin, %	13	11.1	14.7	14.9	13.5	15.0	15.8	12.0			13.6
Amortisation of intangible assets	-65	-43	-23	-35	-34	-73	-84	-39	-	-	-396
<i>of which attributable to acquisitions</i>	-61	-41	-12	-32	-31	-65	-68	-39	-	-	-349
Depreciation of property, plant and equipment	-90	-77	-70	-83	-78	-84	-63	-54	-1	-	-600
Investments in non-current assets	74	20	32	33	56	77	64	52	0	-	408

¹⁾ Primarily pertains to the 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.

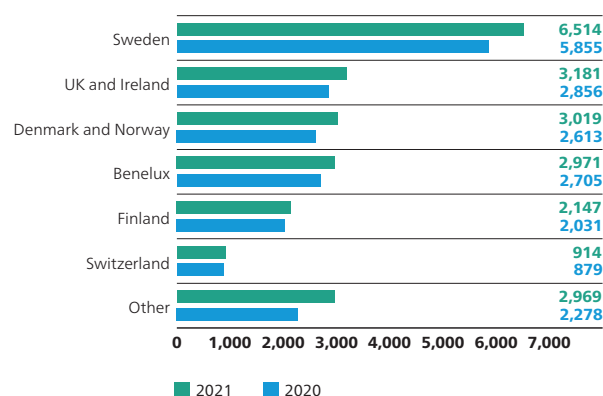
FT – Flow Technology FMS – Fluids & Mechanical Solutions IC – Industrial Components MST – Measurement & Sensor Technology PC – Parent Company & Group items

The Group's property, plant and equipment 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.

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 specific point in time, as it does not meet the criteria for revenue recognition over time. If installation can be performed by another vendor, the service is reported as a distinct performance obligation. In such case, the transaction price is allocated to the respective separate performance obligations by reference to their stand-alone selling prices. In cases where a stand-alone selling price is not directly observable, the price is estimated based on the expected expenses associated with the product or service plus a profit margin.

In a few cases, revenue is generated from service/maintenance agreements. This revenue is recognised on a linear 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 very probable that a significant reversal will not arise.

A few companies work with larger projects where performance does not result in creation of an asset with alternative use and where

it is also entitled to payment for services rendered to date, such as manufacturing of a customized product. This revenue is recognised over time. Increases or decreases in estimated revenue or expenses that are attributable to changed estimations 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-upon price on contracted payment dates. If the products or services that have been delivered exceed the payment, a contractual asset is reported. If the payments exceed the delivered services, a contractual liability is reported.

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 respectively. The right for customers to return products exists only to a very limited scope 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 exceed 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 the costs associated with fulfilling a contract, such as costs associated with obtaining a contract with customers, costs prior to entering into a contract or start-up costs.

The Indutrade Group does not receive revenue from any single customer that amounts to 10% of total, which is why no data is reported on this.

2021	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	77	12	1,656	2,408	1,680	3,762	556	125	-36	10,240
Other Europe	2,765	1,568	121	1,539	561	644	754	1,178	-33	9,097
Americas	207	48	20	26	88	37	714	73	-9	1,204
Asia	227	28	24	259	31	22	292	70	-3	950
Other	55	5	5	69	7	8	56	21	-2	224
IS	3,331	1,661	1,826	4,301	2,367	4,473	2,372	1,467	-83	21,715
When revenue is recognised										
- Over time	37	284	0	0	69	30	152	0	-1	571
- At a specific time	3,294	1,377	1,826	4,301	2,298	4,443	2,220	1,467	-82	21,144
IS	3,331	1,661	1,826	4,301	2,367	4,473	2,372	1,467	-83	21,715
2020	Benelux	DACH	Finland	FT	FMS	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	69	12	1,550	2,357	1,401	3,229	528	96	-27	9,215
Other Europe	2,088	1,447	99	1,445	461	517	727	1,061	-22	7,823
Americas	299	38	18	33	83	38	611	82	-6	1,196
Asia	289	26	9	122	26	11	199	68	-2	748
Other	28	6	3	114	8	8	55	15	-2	235
IS	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	-59	19,217
When revenue is recognised										
- Over time	0	296	0	0	0	28	213	0	-1	536
- At a specific time	2,773	1,233	1,679	4,071	1,979	3,775	1,907	1,322	-58	18,681
IS	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	-59	19,217

FT – Flow Technology

FMS – Fluids & Mechanical Solutions

IC – Industrial Components

MST – Measurement & Sensor Technology

PC – Parent Company & Group Items

Note 4 continued

	Group	
	2021	2020
Contract assets		
Opening book value	135	110
Company acquisition and divestment	2	–
New contracts and increase in existing contracts	485	279
Reclassification of contract asset to accounts receivable	–466	–246
Exchange rate differences	10	–8
BS Closing book value	166	135
Contract liabilities	2021	2020
Opening book value	109	151
Company acquisition and divestment	22	–19
Increase in contract liabilities during the year	117	69
Contracts for which revenue has been recognised that were included in contract liabilities at the beginning of the period	–46	–83
Exchange rate differences	5	–9
BS Closing book value	207	109

In 2021, revenue from performance commitments fulfilled during previous periods amounted to SEK 0 million (4). 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 products based on changed assumptions.

Remaining long-term customer contracts not yet fulfilled or partially fulfilled as of 31 December 2021 amount to SEK 421 million. Of that amount, SEK 254 million is expected to be recognised as revenue during the next financial year and the remainder, SEK 167 million in 2023.

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

05 Income statements classified by type of cost

	Group		Parent company	
	2021	2020	2021	2020
Goods for resale, raw materials and consumables	–11,213	–10,045	0	–
Costs for employee benefits	–4,911	–4,426	–83	–71
Depreciation/amortisation, Note 9, 16, 17, 18	–1,058	–996	0	–1
Transport costs	–370	–342	–1	–1
Marketing costs	–135	–128	–1	–1
Property-related costs	–646	–571	–14	–12
Other costs	–541	–532	–33	–31
IS Total	–18,874	–17,040	–132	–117

06

Other operating income/expenses

	Group		Parent company	
	2021	2020	2021	2020
Other operating income				
Exchange rate gains	58	86	–	–
Revaluation of liabilities pertaining to contingent earn-out payment, Note 2	80	212	–	–
Gain on sale of subsidiaries/operations	0	33	–	–
Insurance benefits and similar benefits	8	12	–	–
Other	2	2	–	–
IS Total	148	345	–	–
Other operating expenses				
Exchange rate losses	–63	–97	–	–
Revaluation of liabilities pertaining to contingent earn-out payment, Note 2	–18	–4	–	–
Transaction costs associated with acquisitions, Note 32	–21	–11	–	–
Loss on sale of subsidiaries/operations	–2	–3	–	–
Impairment losses on intangible assets, Note 16	–60	–141	–	–
IS Total	–164	–256	–	–
Other operating income/expenses, net	–16	89	–	–

07

Average number of employees

	2021		2020	
	Number of employees	Of whom, women	Number of employees	Of whom, women
Parent company	19	11	20	12
Subsidiaries in Sweden	1,629	365	1,637	370
Total Sweden	1,648	376	1,657	382
Subsidiaries outside Sweden	6,067	1,471	5,692	1,381
Total	7,715	1,847	7,349	1,763

The Parent Company's board is composed of 2 women and 6 men (same as in preceding year). The subsidiaries' boards and senior executives include 30 (21) women. The Group Management consisted of 2 (3) woman and 13 (12) men through 31 December 2021.

Wages, salaries and other remuneration, 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 departure in exchange for such benefits. The Group reports severance pay when it is demonstrably committed to either terminating the employment of current 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 departures.

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 reports a liability and an expense for these programmes when it has a formal or constructive obligation to make such payments in exchange for services performed by employees and the amount of such obligations can be calculated in a reliable manner. Reporting is done in the period the cost pertains to.

Share-based payment

Share-based payments are compensation to employees in accordance with the share savings programmes. Performance rights entitle the holder to subscribe for shares if certain goals 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 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 and are based on the market price for the share at each reporting occasion.

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 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.

Wages, salaries and other remuneration, and social security costs

	2021			2020		
	Wages, salaries and other remuneration	Social security costs	Of which, pension costs	Wages, salaries and other remuneration	Social security costs	Of which, pension costs
Parent company	54	28	12	43	26	12
Subsidiaries in Sweden	976	446	127	898	385	114
Total Sweden	1,030	474	139	941	411	126
Subsidiaries outside Sweden	2,875	497	212	2,616	437	192
Total	3,905	971	351	3,557	848	318

Of the Parent Company's pension costs, SEK 3 million (3) pertains to the Board of Directors and the CEO. The corresponding amount for the Group is SEK 56 million (54).

Wages, salaries and other remuneration broken down by country (Sweden and other countries) and by category of employee (senior executives and other employees)

	2021			2020		
	Company management ¹⁾	Of which, bonuses and similar	Other employees	Company management ¹⁾	Of which, bonuses and similar	Other employees
Parent company	18	5	36	16	4	27
Subsidiaries in Sweden	126	19	850	114	13	784
Total Sweden	144	24	886	130	17	811
Subsidiaries outside Sweden	262	36	2,613	234	33	2,382
Total	406	60	3,499	364	50	3,193

¹⁾ Pertains to Board of Directors and CEO.

Wages, salaries and remuneration of senior executives

The Chairman and members of the Board of Directors are paid a fee in accordance with a resolution by the Annual General Meeting. At the AGM in April 2021, it was resolved that a fee of SEK 620,000 (600,000) be paid to the Chairman of the Board and 465,000 (450,000) to the Deputy Chairman. Other Board members, who are not employees of the company, are paid a fee of SEK 310,000 (300,000) each. The Audit Committee chair is paid an additional fee of SEK 84,000 (80,000), and the other members receive SEK 42,000 (40,000) each. A fee of SEK 31,000 (30,000) 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 2021 Annual General Meeting

After the guidelines have been approved at the 2021 AGM, the guidelines will apply to all new contractually agreed compensation, along with changes to compensation agreements already in place.

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

Note 8 continued

must offer competitive compensation and other terms of employment, which these guidelines enable. The forms of compensation should motivate members of the executive management to perform 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 the group management (the executive management). For employments governed by rules other than Swedish, customary adjustments may be made for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

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, as well as other benefits.

The general meeting may also, irrespective of these guidelines, 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 50 percent of the fixed annual salary.

The pension terms for the 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 percent 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). Variably salary to members of the 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 percent 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 the 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 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 percent 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 the 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 redeem payment of variable compensation if such 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 percent 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

In the preparation of the Board of Directors' proposal for these compensation guidelines, salary and other employment terms for employees of the company have been taken into account by including information on the employees' total compensation, the components of the compensation and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

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 the executive management, as well as the application of the guidelines in terms of compensation levels and structures. Members of the executive management do not participate in the Board of Directors' processing of, and resolutions regarding, compensation-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines adopted by the general meeting, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve 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' resolutions in compensation-related matters, including any resolutions to derogate from the guidelines.

Incentive programmes

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. The warrants were acquired at an estimated market price.

A cash subsidy corresponding to a total of 120% of the price that the participants paid for the warrants was paid out on two occasions and in equal portions under the condition that the participants had not sold any warrants and were still employed by the Group on the payment dates.

Financial statements

Note 8 continued

Half of the subsidy was paid out in 2019 and half in 2020. The subsidy was paid for the number of warrants the individual was granted and not for any oversubscription. The subsidy was expensed over the vesting period. The total cost was SEK 10 million, of which SEK – million (1) in 2021.

The CEO acquired 40,000 warrants, of which 20,000 without cash subsidy. Other members of Group Management acquired 145,000 warrants, of which 30,000 without cash subsidy. By the end of 2021, the CEO had sold or exercised all warrants for share subscription and others in Group Management had sold or exercised 143,000 options for share subscription. In addition to this program in 2017, the CEO acquired 100,000 warrants at an estimated market price via L E Lundbergföretagen. After a 2:1 bonus issue in December 2020, these entitle the holder to subscribe for 300,000 shares. The warrants were exercised 2021.

LTIP 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, at most 235 employees in total. In order to participate in the programme, participants must make an own investment in shares. The scope of the programme is, at most, SEK 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.

The minimum allocation takes place if the threshold level of 6 percent CAGR is exceeded and increases linearly to the full outcome at a CAGR of 14 percent. EPS for 2020 is used as the basis for calculating CAGR.

In order to enable control and create predictability over the maximum outcome per participant and the costs for LTIP 2021, the maximum value of the performance shares that can be allotted from each performance share right is limited to SEK 381 (corresponding to 200 percent of the volume-weighted average price paid for the Indutrade share during the last five trading days in February 2021). Should the value of the allotment of performance shares per performance share right on the date of allotment exceed this amount, a proportionate reduction in the number of performance shares to be allotted shall take place.

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 is not reasonable, reduce the allotment to a lower level, as appropriate.

The CEO has invested SEK 850,000 in investment shares. Each investment share entitles the CEO to receive 5 performance share rights. In addition to this program, the CEO acquired 300,000 warrants in 2021, which entitle subscription for 300,000 shares, at a market price, via L E Lundbergföretagen.

14 other employees in Group management have invested SEK 250,000 each in investment shares.

Compensation and other benefits, 2021

SEK thousand	Base salary/ Directors' fees	Short-term variable compensation	Long-term incentive programme ¹⁾	Other benefits	Pension cost	Total
Katarina Martinson, Chairman of the Board, Chairman of the Remuneration Committee, Member of the Audit Committee	685					685
Bengt Kjell, Vice Chairman of the Board, Member of the Remuneration Committee	491					491
Susanna Campbell, Director	307					307
Anders Jernhall, Director, Member of the Audit Committee	348					348
Ulf Lundahl, Director, Chairman of the Audit Committee	389					389
Krister Mellvé, Director	307					307
Lars Pettersson, Director, Member of the Remuneration Committee	337					337
Bo Annvik, CEO	9,593	4,680	–	513	3,276	18,062
Other senior executives (14 persons)	38,509	16,399	–	2,034	8,536	65,478
Total	50,966	21,079	–	2,547	11,812	86,404

¹⁾ The long-term incentive programme, LTIP 2021, is still ongoing. The recognised cost for the CEO, as per IFRS 2, amounted to SEK 720 thousand and for other senior executives, SEK 2,286 thousand.

Compensation and other benefits, 2020

SEK thousand	Base salary/ Directors' fees	Variable compensation ¹⁾	Other benefits	Pension cost	Total
Katarina Martinson, Chairman of the Board, Chairman of the Remuneration Committee, Member of the Audit Committee	670				670
Bengt Kjell, Vice Chairman of the Board, Member of the Remuneration Committee	480				480
Susanna Campbell, Director	300				300
Anders Jernhall, Director, Member of the Audit Committee	340				340
Ulf Lundahl, Director, Chairman of the Audit Committee	380				380
Krister Mellvé, Director	300				300
Lars Pettersson, Director, Member of the Remuneration Committee	330				330
Bo Annvik, CEO ²⁾	8,509	4,405	436	3,066	16,416
Other senior executive (14 persons) ²⁾	34,162	11,591	2,149	8,095	55,997
Total	45,471	15,996	2,585	11,161	75,213

¹⁾ Including compensation (the year's subsidy cost) for the senior executives who participate in the incentive programmes described above (LTI 2017).

For the CEO, the cost is SEK 25 thousand and for other senior executives it is SEK 140 thousand.

²⁾ In 2020, Group management turned down 10 percent of their basic salary for 6 months as a result of the uncertainty regarding the COVID-19 pandemic.

Note 8 continued

Share-based payments, LTIP 2021

Instrument	LTIP 2021 performance shares
Maximum number	650,000
Investment shares, number	116,735
Adjustment for dividend	No
Start date	2021-06-08
Vesting date	2024-04-29
The share's theoretical value on the start date, SEK ¹⁾	207.61
Price on the start date, SEK ¹⁾	213.58
Anticipated dividends ^{1,2)}	5.96
Maximum vesting period, years	2.9
Remaining vesting period, years	2.3
Number of participants at year-end	182
Payment method	Share
Valuation model	Black-Scholes

¹⁾ Eleven people 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 2021 performance shares
Outstanding at the beginning of the year	–
Allocated at the start	374,977
Vested	–
Forfeited	–1,743
Outstanding at the end of the year	373,234

Impact of share-based payments on earnings, Group and parent company.	LTIP 2021 performance shares
Costs for the year according to IFRS 2 (excluding social security contributions), SEK m	13

Number of shares, parent company	LTIP 2021 performance shares
Outstanding at the beginning of the year	–
Allocated at the start	47,916
Vested	–
Forfeited	–
Outstanding at the end of the year	47,916

Impact of share-based payments on earnings, parent company	LTIP 2021 performance shares
Costs for the year according to IFRS 2 (excluding social security contributions), SEK m	3

Outstanding incentive programme, LTI 2017

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Original subscription price, SEK	Recalculated subscription 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	484,000	1,452,000	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

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	
	2021	2020	2021	2020
Cost of goods sold	642	603	–	–
Development costs	25	24	–	–
Selling costs	238	219	–	–
Administrative expenses	153	150	0	1
Total	1,058	996	0	1

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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. However, most of the COVID-19 programmes were terminated at the beginning of 2021.

	Group		Parent company	
	2021	2020	2021	2020
Temporary lay-offs	4	67	–	–
Reduced employer contributions	0	31	–	–
Other assistance	9	6	–	0
Total assistance	13	104	–	0

Assistance received during the year was marginal (last year, 0.5%) in relation to net sales. There are no unfulfilled conditions or other contingent liabilities in relation to the support received.

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Auditors' fees

	Group		Parent company	
	2021	2020	2021	2020
PricewaterhouseCoopers				
Audit assignment	18	18	2	2
Auditing services in addition to audit assignment	0	0	–	–
Tax consulting	1	1	–	–
Other services	2	1	1	0
Total fees, PricewaterhouseCoopers	21	20	3	2
Other auditing firms				
Auditing fees	8	6	–	–

Other auditing firms refers to several auditing firms where none account for a significant amount in 2021 or the preceding 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 8 million. Fees for auditing services in addition to the audit assignment amounted to SEK 0 million, and fees for tax consulting and other services totalled SEK 0 million.

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Financial income

Accounting principles

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

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

	Group		Parent company	
	2021	2020	2021	2020
Interest	15	18	153	130
Exchange rate differences	14	–	1	–
Other	0	0	–	–
IS Total financial income	29	18	154	130
<i>Of which, pertaining to Group companies:</i>				
Interest	–	–	141	115

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Financial expenses

Accounting principles

Financial expenses consist of interest expense on loans and pension liabilities, effects of the dissolution of discounted contingent earn-out payment, interest expense on leases, losses on hedge instruments recognised in profit for the year, and bank charges. Interest expenses are reported in accordance with the effective interest method.

	Group		Parent company	
	2021	2020	2021	2020
Interest expenses, bank loans	–60	–74	–55	–66
Interest expenses, pension liability	–3	–3	–	–
Interest expenses, leases	–32	–27	0	0
Interest expenses, contingent earn-out payment	–9	–5	–3	–1
Total interest expenses	–104	–109	–58	–67
Exchange rate differences	–	–13	–	–21
Other	–25	–22	–22	–21
IS Total financial expenses	–129	–144	–80	–109
<i>Of which, pertaining to Group companies:</i>				
Interest	–	–	–3	–3

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Profit from participation in Group companies

Parent company	2021	2020
Dividends from subsidiaries	1,288	894
IS Total	1,288	894

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Taxes

Accounting principles

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

Current tax is tax that is to be paid or received in the current year using the tax rates that apply at the balance sheet date. This also includes adjustments of current tax attributable to earlier periods. Tax is calculated according to the current tax rate in the respective countries.

Deferred taxes attributable to temporary differences between the book value and the taxable value of assets and liabilities are reported in full in the consolidated accounts, while the Parent Company still reports the difference pertaining to machinery and equipment as an untaxed reserve. However, deferred tax liability is not reported if it arises as a result of initial recognition of goodwill. Valuation of deferred tax is based on how the underlying asset or liability is expected to be realised or settled. Deferred tax is calculated using the tax rates that apply at the balance sheet date or announced as per the balance sheet date and which are expected to apply when the deferred tax asset in question is realised or the tax liability is settled. Deferred tax assets attributable to deductible, temporary differences and unutilised tax-loss carryforwards are reported to the extent that it is probable that they will be utilised in the foreseeable future.

	Group		Parent company	
	2021	2020	2021	2020
<i>Tax expense</i>				
Current tax	-662	-545	-150	-78
Deferred tax	36	74	1	7
Other tax	-2	0	0	0
Total	-628	-471	-149	-71

The Group's tax expense amounts to 23% (22%) of consolidated profit before tax. The difference between the reported tax expense and anticipated tax expense (weighted average tax based on national tax rates) is explained below.

	Group		Parent company	
	2021	2020	2021	2020
Profit before taxes	2,725	2,140	2,000	1,209
Weighted average tax based on national tax rates (Group 21.4% respectively 21.1%, parent company 20.6% respectively 21.4%)	-583	-452	-412	-259
Tax effect of:				
Non-deductible interest expenses on discounted contingent earn-out payment	-2	-1	0	0
Non-deductible transaction costs for acquisitions	-4	-2	-	-
Tax-exempt contingent earn-out payment recognised as income	13	45	-	-
Non-deductible impairment of goodwill	-16	-28	-	-
Other non-deductible expenses/tax-exempt income	-3	-15	263 ¹⁾	189 ¹⁾
Losses, for which loss carryforward is not recognised	-5	-3	-	-
Utilisation of loss-carryforward where tax was not previously reported	1	1	-	-
Adjustment pertaining to previous years' current tax	-2	2	0	-1
Change in tax rate	-25	-18	0	0
Other items	-2	0	0	0
IS Total	-628	-471	-149	-71
	23%	22%	7.5%	5.9%

¹⁾ Primarily pertains to dividends from subsidiaries.

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Note 15 continued

Group, 1 Jan– 31 Dec 2021	Intangible assets	Property, plant and equipment	Untaxed reserves	Pension obligations	Other items	Total tax
Deferred tax, net						
Opening book value	-510	-78	-152	66	77	-597
Deferred tax as per income statement	77	-2	-14	-3	3	61
Change in tax rate affecting income statement	-19	-6	-	0	0	-25
Deferred tax recognised in other comprehensive income	-	-	-	-11	0	-11
Deferred tax attributable to acquisitions	-204	-1	-4	1	-9	-217
Exchange rate differences	-20	-3	0	3	1	-19
Closing book value	-676	-90	-170	56	72	-808
As per 31 Dec 2021						
BS Deferred tax asset	1	4	-	56	84	145
BS Deferred tax liability	-677	-94	-170	0	-12	-953
Deferred tax, net	-676	-90	-170	56	72	-808
Group, 1 Jan– 31 Dec 2020	Intangible assets	Property, plant and equipment	Untaxed reserves	Pension obligations	Other items	Total tax
Deferred tax, net						
Opening book value	-465	-83	-155	60	71	-572
Deferred tax as per income statement	70	5	4	2	11	92
Change in tax rate affecting income statement	-19	-1	0	2	0	-18
Deferred tax recognised in other comprehensive income	-	-	-	3	-1	2
Deferred tax attributable to acquisitions	-116	-3	-1	-	-1	-121
Exchange rate differences	20	4	0	-1	-3	20
Closing book value	-510	-78	-152	66	77	-597
As per 31 Dec 2020						
BS Deferred tax asset	3	3	0	64	82	152
BS Deferred tax liability	-513	-81	-152	2	-5	-749
Deferred tax, net	-510	-78	-152	66	77	-597

The loss-carryforward, in which deferred tax has been capitalised, amounts to SEK 163 million (173), corresponding to a tax asset of SEK 48 million (52). The tax that has been capitalised on loss-carryforwards pertains mainly to German companies. The loss-carryforward is not limited in time. Uncapitalised loss-carryforwards amount to SEK 117 million (80), corresponding to a tax asset of SEK 32 million (22). The amount is primarily attributable to companies in Germany, USA, China,

Denmark and Singapore. The remainder is made up of other items, which are not significant each on their own, and pertains to several countries.

Substantial dividends may be recognised without withholding tax. Of the deferred tax liabilities, SEK 86 million is estimated to be dissolved in 2022. The calculation is based on estimated depreciation of acquisition calculations in the coming years.

Parent Company, 1 Jan– 31 Dec 2021	Pension obligations	Other items	Total tax
Deferred tax, net			
Opening book value	4	1	5
Deferred tax as per income statement	2	-1	1
Change in tax rate affecting income statement	-	-	-
Deferred tax recognised in other comprehensive income	-	0	0
Closing book value	6	0	6
As per 31 Dec 2021			
BS Deferred tax asset	6	0	6
BS Deferred tax liability	-	0	0
Deferred tax, net	6	0	6

Parent Company, 1 Jan– 31 Dec 2020	Pension obligations	Other items	Total tax
Deferred tax, net			
Opening book value	4	-5	-1
Deferred tax as per income statement	0	6	6
Change in tax rate affecting income statement	0	0	0
Deferred tax recognised in other comprehensive income	-	0	0
Closing book value	4	1	5
As per 31 Dec 2020			
BS Deferred tax asset	4	1	5
BS Deferred tax liability	-	0	0
Deferred tax, net	4	1	5

Intangible assets

Accounting principles**Goodwill**

Goodwill consists of the amount by which the total purchase price and non-controlling interests exceed the fair value of identifiable, acquired assets and liabilities taken over. Goodwill is tested at least annually for impairment and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold. For impairment testing during the year, see "Impairment testing of non-financial assets" below.

Agencies, trademarks, customer relationships, etc.

The Group's starting point with respect to acquisitions is that agencies, customer relations, etc., and the item software, licences, etc. have a limited useful life and are carried at cost less accumulated amortisation. Trademarks are possible to identify in connection with major company acquisitions. Most of the trademarks that have been capitalised to date have been judged to have an indefinite useful life, and no amortisation is calculated. Instead, an impairment test is conducted on them at least annually, as for goodwill.

In connection with nearly all company acquisitions completed by Indutrade, a value is identified for purchased agencies and the customer relations that are included as part of the acquisition. Since most of Indutrade's acquisitions are small, it is not possible to itemise the intangible assets. According to IFRS, supplementary disclosures are to be made for each significant intangible asset. Since the Indutrade Group's intangible assets consist for the most part of many small sub-items, where none constitutes an item with material impact on the Group's result or position, no supplementary disclosures are made for these smaller intangible non-current assets.

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

Agencies, customer relations, 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. Outlays for development are reported as development costs in the income statement as they arise. If the requirements in IAS 38 for internally prepared intangible assets are fulfilled, then the development that has been conducted is capitalised and is included in the item "Other intangible assets". The requirements of this standard are that the development costs pertain to identifiable, unique assets that are controlled by the Group. Capitalisation is done if it is technically possible to complete preparation of the asset and the intention is to use or sell the asset, that it can be shown that future economic benefit is probable, and that the costs can be calculated in a reliable manner.

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 at least annually for impairment. Impairment is judged on the basis of a decline in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is recognised in the amount in which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less selling costs and its value in use. In calculations of value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest and the risk associated with the specific asset. When determining any need to recognise impairment, assets are grouped at the lowest levels in which there are separate, identifiable cash flows (cash-generating units). For Indutrade, this means that the assessment is made at segment level, which corresponds to Indutrade's business areas, with the exception of newly acquired companies with remaining contingent earn-out payments, which is tested separately. For assets other than financial assets and goodwill for which an impairment loss has previously been recognised, a test is performed as per each balance sheet date to determine if any reversals should be made.

Group, 1 Jan–31 Dec 2021	Goodwill	Agencies, customer relationships, etc.	Trademarks	Software, licences, etc.	Other intangible assets	Total intangible assets
Opening book value	4,306	2,212	311	66	104	6,999
Exchange rate differences	166	97	8	1	1	273
Investments during the year	–	–	0	37	10	47
Company acquisitions	1,022	871	29	8	1	1,931
Sales and disposals	–	–	–	0	–1	–1
Depreciation/amortisation	–	–377	–1	–20	–21	–419
Impairment losses	–55	–5	–	–	–	–60
Company divestment	–	0	–	0	–	0
BS Closing book value	5,439	2,798	347	92	94	8,770
As per 31 Dec 2021						
Cost	5,765	5,542	412	307	233	12,259
Accumulated depreciation/amortisation and impairment	–326	–2,744	–65	–215	–139	–3,489
BS Book value	5,439	2,798	347	92	94	8,770

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Note 16 continued

Group, 1 Jan– 31 Dec 2020	Goodwill	Agencies, customer relationships, etc.	Trademarks	Software, licences, etc.	Other intangible assets	Total intangible assets
Opening book value	4,031	2,189	303	73	108	6,704
Exchange rate differences	-189	-106	-7	-4	-2	-308
Investments during the year	-	-	0	24	12	36
Company acquisitions	634	459	17	3	8	1,121
Reclassification	-19	19	-	-	-	-
Sales and disposals	-	0	-	-1	-	-1
Adjustment of preliminary purchase price allocation	5	-	-	-	-	5
Depreciation/amortisation	-	-344	-2	-29	-21	-396
Impairment losses	-141	-	-	-	-1	-142
Company divestment	-15	-5	-	-	-	-20
BS Closing book value	4,306	2,212	311	66	104	6,999
As per 31 Dec 2020						
Cost	4,566	4,502	374	252	218	9,912
Accumulated depreciation/amortisation and impairment	-260	-2,290	-63	-186	-114	-2,913
BS Book value	4,306	2,212	311	66	104	6,999

Impairment testing of goodwill

Goodwill is not amortised continuously; instead, the value is tested yearly for impairment in accordance with IAS 36. Testing was conducted most recently in December 2021.

Goodwill is apportioned over cash-generating units, which for Indutrade are equated with 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 done at the smallest, joint unit, which is the business area, except for newly acquired companies with remaining contingent earn-out payments, which is tested separately. During the period until the contingent earn-out payments are settled, normally 1-3 years, virtually no changes are made in a newly acquired company, as the conditions for calculating the contingent earn-out payments 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 earn-out payments. 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 value 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 2022 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 capital cost that corresponds to approximately 8% (8%) before 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. Operational risk in cash flows is considered to be similar among the segments, and thus the same discount rate (WACC) has been used for all segments. With respect to financial risk, the segments are active in related sectors, and the segments' financing structures are therefore considered to be similar.

The calculation shows that value in use exceeds the carrying amount at the segmental 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. The impairment testing in 2021 resulted in recognition of impairment losses for SEK 39 million (141).

Other impairment testing

Every year impairment testing is conducted for trademarks at the segmental level in accordance with the same principles and at the same point in time as for goodwill.

No events or changed conditions that would motivate impairment testing of other intangible assets that are amortised have been identified.

Group breakdown of goodwill at segmental level

	2021	2020
Benelux	768	575
DACH	442	406
Finland	323	199
Flow Technology	692	535
Fluids & Mechanical Solutions	658	525
Industrial Components	790	720
Measurement & Sensor Technology	1,079	987
UK	687	359
Total	5,439	4,306

Note 16 continued

Group breakdown of trademarks at segmental level

	2021	2020
Benelux	43	14
DACH	79	76
Finland	0	0
Flow Technology	10	10
Fluids & Mechanical Solutions	19	18
Industrial Components	5	5
Measurement & Sensor Technology	191	188
UK	0	0
Total	347	311

Parent company	2021	2020
<i>Software and licences</i>		
Opening cost	2	2
Investments during the year	0	0
Closing accumulated cost	2	2
Opening depreciation/amortisation	-2	-2
Depreciation for the year	0	0
Closing accumulated depreciation/amortisation	-2	-2
BS Residual value according to plan	0	0

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Property, plant and equipment

Accounting principles

Property, plant and equipment are stated at cost less accumulated depreciation according to plan. Cost includes charges that are directly attributable to acquisition of the asset. Additional charges are added to the asset's carrying amount or are reported as a separate asset, depending on which is suitable, only when it is probable that the future economic benefit associated with the asset will accrue to the Group and the asset's cost can be measured in a reliable manner. All other forms of repairs and maintenance are reported as costs in the income statement in the period in which they were incurred.

Property, plant and equipment are depreciated over the asset's estimated useful life. The following amortisation schedules 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 for impairment 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 indefinite useful life and is not depreciated, but is instead tested at least annually for impairment. Impairment is judged on the basis of a decline in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is recognised in the amount in which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less selling costs and its value in use. In calculations of value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest and the risk associated with the specific asset. When determining any need to recognise impairment, assets are grouped at the lowest levels in which there are separate, identifiable cash flows (cash-generating units). For Indutrade this normally entails that such determination is normally done at the segment level, which corresponds to Indutrade's business areas. For assets other than financial assets and goodwill for which an impairment loss has previously been recognised, a test is performed as per each balance sheet date to determine if any reversals should be made.

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Note 17 continued

Group, 1 Jan – 31 Dec 2021	Land and buildings	Machinery	Equipment	Construction-in-progress	Total property, plant and equipment
Opening book value	1,155	559	280	73	2,067
Exchange rate differences	38	27	7	0	72
Investments during the year	58	99	130	61	348
Company acquisitions	38	38	55	-	131
Sales and disposals	0	-1	-11	0	-12
Reclassification	69	21	5	-95	-
Depreciation/amortisation	-43	-130	-111	-	-284
Company divestment	-	-1	-	-	-1
BS Closing book value	1,315	612	355	39	2,321
As per 31 Dec 2021					
Cost	1,911	2,244	1,365	39	5,559
Accumulated depreciation/amortisation and impairment	-596	-1,632	-1,010	-	-3,238
BS Book value	1,315	612	355	39	2,321

Group, 1 Jan – 31 Dec 2020	Land and buildings	Machinery	Equipment	Construction-in-progress	Total property, plant and equipment
Opening book value	1,091	609	266	54	2,020
Exchange rate differences	-56	-28	-9	-2	-95
Investments during the year	84	77	106	104	371
Company acquisitions	35	10	16	-	61
Sales and disposals	-3	-4	-13	-	-20
Reclassification	42	36	5	-83	-
Depreciation/amortisation	-38	-129	-90	-	-257
Company divestment	-	-12	-1	-	-13
BS Closing book value	1,155	559	280	73	2,067
As per 31 Dec 2020					
Cost	1,646	1,945	1,125	73	4,789
Accumulated depreciation/amortisation and impairment	-491	-1,386	-845	-	-2,722
BS Book value	1,155	559	280	73	2,067

Parent company	2021	2020
<i>Equipment</i>		
Opening cost	3	3
Investments during the year	0	1
Sales and disposals	-	-1
Closing accumulated cost	3	3
Opening depreciation/amortisation	-2	-2
Depreciation for the year	0	-1
Sales and disposals	-	1
Closing accumulated depreciation/amortisation	-2	-2
BS Residual value according to plan	1	1

Leases

Accounting principles***The Group's leasing activity and reporting of such***

Indutrade's leases are primarily for rented premises. There are however, also leases on machinery and cars. Typically, leases are amortised over a fixed duration of between 1 and 15 years, with the option to extend. The Group has both small and medium-sized subsidiaries at many locations and in several countries. Because of that, there are also 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 rights-of-use with a corresponding liability as of the date when the leased asset is available for use by the Group. Each lease payment is allocated between amortisation of the liability and the financial expense. The financial expense is allocated over the lease period such that an amount corresponding to a fixed interest for the reported liability is recognised 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 fees (including fees which, in substance, are fixed)
- variable lease fees linked to an index or rate of interest
- guaranteed residual value that the lessee expects to pay to the lessor

The lease payments are discounted using the implicit rate of interest if that can be determined. Otherwise, the Group's established interest rate is used.

Right-of-use assets are measured at cost and include the following:

- the amount at which the lease liability was originally valued
- initial direct expenses

Short-term leases and contracts where the right-of-use asset has a low value are expensed on an ongoing basis over the duration of the lease. 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 revalued and adjusted against the right-of-use.

Interest

In instances where interest has not been specified in the lease agreement, Indutrade has (for each currency that applies) used a risk-free interest rate with a duration corresponding to the average term for leases as the 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.

Fees pertaining to the guaranteed residual value

The Group initially estimates the amounts of guaranteed residual values that are expected to be paid 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 associated with lease liabilities amounted to SEK 0.3 million (0.3).

Important estimates and assumptions regarding the duration of the lease

When the duration of a lease has been established, management considers all available information providing an economic incentive to utilise an option to extend, or not utilise an option to cancel an agreement. Opportunities to extend an agreement are only included in the duration of the lease if it is reasonable to assume that the lease will be extended.

The assessment is re-evaluated if any important events arise, or, if a change in circumstances occurs that impacts this assessment and the change is within the lessee's control.

Financial statements

Note 18 continued

Right-of-use assets

Group, 1 Jan – 31 Dec 2021	Buildings	Cars	Production equipment	Other	Total Right-of-use assets
Opening book value	861	142	22	14	1,039
Exchange rate differences	30	2	1	0	33
Additional rights-of-use	151	115	6	2	274
Company acquisitions	79	10	5	1	95
Leases ended	-7	-9	-6	0	-22
Depreciation/amortisation ¹⁾	-244	-95	-11	-5	-355
Company divestment	0	-	-	-	0
BS Closing book value	870	165	17	12	1,064
As per 31 Dec 2021					
Cost	1,499	345	43	27	1,914
Accumulated depreciation/ amortisation	-629	-180	-26	-15	-850
BS Book value	870	165	17	12	1,064

¹⁾ In the income statement, amortisation associated with leases is reported for each function

Right-of-use assets

Group, 1 Jan – 31 Dec 2020	Buildings	Cars	Production equipment	Other	Total Right-of-use assets
Opening book value	791	144	36	11	982
Exchange rate differences	-26	-2	-2	0	-30
Additional rights-of-use	250	96	3	9	358
Company acquisitions	83	3	-	0	86
Leases ended	-4	-8	-	0	-12
Depreciation/amortisation	-231	-91	-15	-6	-343
Company divestment	-2	-	-	-	-2
BS Closing book value	861	142	22	14	1,039
As per 31 Dec 2020					
Cost	1,252	273	54	24	1,603
Accumulated depreciation/ amortisation	-391	-131	-32	-10	-564
BS Book value	861	142	22	14	1,039

Note 18 continued

Amount recognised in the income statement

	2021	2020
Amortisation of leases	-355	-343
Interest expense on lease liabilities (included in financial expenses)	-32	-27
Lease expense on short-term contracts	-5	-5
Lease expense on assets with a low value	-16	-16
Costs associated with variable lease payments	-1	-1
Revenue from subleasing of rights-of-use	0	0
Total amount recognised in the income statement	-409	-392

Contractual duration for financial liabilities

	2021	2020
Maturity in year 2021	-	323
Maturity in 2022	362	247
Maturity in 2023	273	185
Maturity in year 2024	177	122
Maturity in year 2025	112	138
Maturity in 2026 or later	263	138
Total contractual cash flows	1,187	1,153
Carrying amount of lease liability	1,099	1,068

Cash flow disclosures**Cash flow from operating activities**

	2021	2020
Payments for short-term contracts and contracts of lesser value	-21	-21
Costs associated with variable lease payments	-1	-1
Interest paid	-32	-27
Total cash flow from operating activities	-54	-49

Cash flow from financing activities

Amortisation of lease liabilities attributable to leases	-351	-367
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Shares and participations

The Group's holdings of shares and participations in other companies

	Domicile	Share of capital %	Share of votes %	No. shares	Book value
Kytäjän Golf Oy	Finland	-	-	6	1
EGA Matic ApS	Denmark	27	27	125	1
Veng Norge AS	Norway	30	30	330	9
Other		-	-	-	2

Holdings of shares and participation in unlisted companies

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For the Group's holdings of shares and participations in other companies, fair value is considered to be equal to cost. See also Note 2.

Shares and participations

	Group		Parent company	
	2021	2020	2021	2020
Opening cost	12	14	6,881	6,590
External acquisitions	-	-	754	312
External divestiture/liquidations	-	-2	-	-
Shareholder contribution	-	-	25	23
Internal restructuring	-	-	-33	-
Adjustment of estimated contingent earn-out payment	-	-	-18	-44
Increase via company acquisition	3	2	-	-
Decrease via company acquisition	-2	-2	-	-
Exchange rate differences	0	0	-	-
Closing accumulated cost	13	12	7,609	6,881
Opening write-ups	-	-	8	8
Closing accumulated write-ups	-	-	8	8
Opening impairment	0	0	-679	-679
Impairment for the year	-	-	-	-
Closing accumulated impairment	0	0	-679	-679
BS Book value	13	12	6,938	6,210
Effect on cash flow				
Purchase price, external acquisitions			-754	-312
Purchase price not paid out			115	69
Reversal of contingent earn-out payment			-	-
Internal restructuring			33	-
Purchase price paid for previous years' acquisitions			-22	-5
Shareholder contribution paid out			-3	-20
Total			-631	-268

A complete, statutory specification has been appended to the annual report sent in to the Swedish Companies Registration Office. This specification is available upon request from Indutrade AB.

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Non-current receivables

	Group		Parent company	
	2021	2020	2021	2020
Opening balance	64	34	38	13
Additional receivables	0	41	–	22
Repaid deposits/amortisation	–25	–12	–15	–
Company acquisitions	2	–	–	–
Value change, pensions	3	0	3	0
Net reported against pension obligations	2	2	1	3
Exchange rate differences	0	–1	0	0
BS Total	46	64	27	38

The Group's non-current receivables pertain mainly to endowment insurance policies. The book value is judged to correspond to fair value. The maturity dates for the endowment insurance policies is dependent on the date of retirement for the persons insured.

The Parent Company's non-current receivables pertain mainly to an endowment insurance policy.

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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 normal course of business, less relevant variable selling costs.

Inventories are broken down into the following items:

Group	2021	2020
Raw materials and consumables	956	675
Products-in-process	333	317
Finished products and goods for resale	2,721	2,315
BS Total	4,010	3,307

The cost of goods sold for the Group includes impairment of inventory, totalling SEK 44 million (52).

No significant reversals of previous impairment charges were made in 2021 or 2020.

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Trade receivables

Accounting principles

Trade receivables

Trade receivables pertain to goods sold as part of operating activities. Trade receivable 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. Bad debt losses are recorded based on an assessment of expected losses during the lifespan of receivables. It is based on historic 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 impairment losses 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. That fact lowers the overall risk, since 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 breakdown of trade receivables and provisions for impaired trade receivables

Group	2021	2020
Trade receivables		
Trade receivables not yet due	2,736	2,240
Trade receivables 0-3 months past due	611	594
Trade receivables 3-6 months past due	82	58
Trade receivables more than 6 months past due	96	90
Provision for doubtful debts	–67	–57
BS Total	3,458	2,925
Provision for doubtful debts		
Provision for doubtful debts, 0–3 months past due	–11	–7
Provision for doubtful debts, 3-6 months past due	–8	–4
Provision for doubtful debts, older than 6 months	–48	–46
Total	–67	–57
Change in provision for doubtful debts during the year		
Opening provision	–57	–64
Receivables written off as bad debt losses	5	10
Reversed unutilised provisions	5	8
Provision for doubtful debts for the year	–17	–11
Company acquisitions	–1	–2
Exchange rate differences	–2	2
Closing provision	–67	–57

For a description of risks associated with the Company's trade receivables, see Note 2.

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Prepaid expenses

	Group		Parent company	
	2021	2020	2021	2020
Prepaid material costs	58	40	–	–
Prepaid rents	33	31	–	–
Prepaid IT/telecom costs	27	22	2	1
Prepaid insurance premiums	19	15	–	0
Prepaid property expenses	8	11	–	–
Other prepaid expenses	68	56	20	20
BS Total	213	175	22	21

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Non-current and current interest-bearing liabilities

Accounting principles

Borrowings

Loans are stated initially at fair value, net after deducting transaction costs. They are thereafter stated at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the income statement allocated over the duration of the loans using the effective interest method.

Borrowings are classified as non-current liabilities unless the Group has an unconditional right to defer repayment by at least 12 months after the balance sheet date.

Contingent earn-out payments

Indutrade typically uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Contingent earn-out payment is typically based on the projected earnings of the acquired company over the next few years. As per the date of the transaction, the contingent earn-out payment is measured at fair value by estimating the present value of the likely outcome. The interest expense is thereafter allocated over the period up until the date of payment. Contingent earn-out payment is remeasured at every reporting date. Excess or deficit amounts are booked as an expense or revenue in the income statement under "Other operating income/expenses". Contingent earn-out payment is reported as a current liability if it is payable within 12 months from the balance sheet date.

Leases

Please see Note 18 for a description of the accounting principles for lease liabilities.

Note 24 continued

	Group		Parent company	
	2021	2020	2021	2020
Non-current liabilities				
Lease liabilities	751	758	0	0
SEK-denominated loans with terms longer than 1 year	2	802	–	800
MTN loans	3,000	2,000	3,000	2,000
EUR-denominated loans with terms longer than 1 year	797	17	788	–
Loans in other currencies with terms longer than 1 year	36	12	–	–
Contingent earn-out payment in SEK with payment due later than 1 year	59	93	19	56
Contingent earn-out payment in EUR with payment due later than 1 year	252	188	–	–
Contingent earn-out payment in other currencies with payment due later than 1 year	289	180	93	37
BS Total	5,186	4,050	3,900	2,893
Current liabilities				
Utilised bank overdraft facilities	1	48	–	35
Lease liabilities	348	310	0	0
MTN loans	500	–	500	–
Commercial paper	150	699	150	699
Stock swap	104	–	104	–
EUR-denominated loans with terms shorter than 1 year	0	–	–	–
Loans in other currencies with terms shorter than 1 year	49	41	–	–
Contingent earn-out payment in SEK with payment due less than 1 year	49	13	33	12
Contingent earn-out payment in EUR with payment due less than 1 year	73	56	–	–
Contingent earn-out payment in other currencies with payment due less than 1 year	139	19	48	11
BS Total	1,413	1,186	835	757

Externally granted bank overdraft facilities amount to SEK 766 million (716) for the Group and SEK 731 million (680) for the Parent Company.

Maturity dates leases, non-current portion	Group	
	2021	2020
Maturity in 2022	–	235
Maturity in 2023	259	173
Maturity in year 2024	165	112
Maturity in year 2025	102	72
Maturity in 2026 or later	225	166
Total	751	758

Financial statements

Note 24 continued

2021	Group						Parent company	
	SEK	EUR	CNY	DKK	GBP	KRW	SEK	EUR
Maturity dates for long-term loans, SEK million								
Maturity in 2023	1,000	300	4	0	3	3	1,000	297
Maturity in year 2024	500	494	–	1	3	–	500	491
Maturity in year 2025	750	2	–	0	2	–	750	–
Maturity in 2026 or later	752	1	6	10	4	–	750	–
Total	3,002	797	10	11	12	3	3,000	788
Variable (V)/Fixed (F) interest	V&F	V&F	V	V&F	V&F	V	V&F	F

2020	Group					Parent company
	SEK	EUR	DKK	GBP	KRW	SEK
Maturity dates for long-term loans, SEK million						
Maturity in 2022	500	7	5	1	1	500
Maturity in 2023	1,300	1	–	1	3	1,300
Maturity in year 2024	1,000	1	–	1	–	1,000
Maturity in 2025 or later	2	8	–	–	–	–
Total	2,802	17	5	3	4	2,800
Variable (V)/Fixed (F) interest	V&F	V&F	V	V&F	V	V&F

2021	Group							Parent company	
	SEK	EUR	DKK	GBP	NOK	CHF	CZK	SEK	DKK
Maturity dates for long-term contingent earn-out payment, SEK million									
Maturity in 2023	12	90	53	16	5	49	–	10	53
Maturity in year 2024	10	162	40	–	2	–	–	9	40
Maturity in year 2025	37	–	–	114	2	–	8	–	–
Maturity in 2026 or later	–	–	–	–	–	–	–	–	–
Total	59	252	93	130	9	49	8	19	93
Present value discounting rate, %	2	2	2	2	2	2	2	2	2

2020	Group							Parent company		
	SEK	EUR	DKK	GBP	NOK	CHF	CZK	SEK	NOK	CZK
Maturity dates for long-term contingent earn-out payment, SEK million										
Maturity in 2022	56	40	3	95	26	–	11	56	26	11
Maturity in 2023	–	16	–	–	–	45	–	–	–	–
Maturity in year 2024	–	132	–	–	–	–	–	–	–	–
Maturity in 2025 or later	37	–	–	–	–	–	–	–	–	–
Total	93	188	3	95	26	45	11	56	26	11
Present value discounting rate, %	2	2	2	2	2	2	2	2	2	2

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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 to which the Group makes set contributions to a separate legal entity.

The liability carried on the balance sheet pertaining to defined benefit pension plans consists of the present value of the defined

benefit obligations on the balance sheet date, less the fair value of the 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 obligations is calculated by discounting the anticipated 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 in 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-based 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 plans on a statutory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Earnings are charged in pace with employees' earnings of 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.

Valuation of pension obligations

In calculations of the liability on the balance sheet pertaining to defined benefit pension plans, various assumptions have been made, as shown in the table.

The Parent Company's pension obligation consists of an endowment insurance policy.

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. In 2021, one company in Sweden settled its debt.

Breakdown of net liability in SEK million

	2021	2020
PRI plan	138	175
Defined benefit plans, Netherlands, Switzerland and the UK	147	190
Total defined benefit plans	285	365
Other pension obligations	65	35
BS Total	350	400

The Group's plan assets, totalling SEK 972 million (943), consist for Switzerland and the Netherlands 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 irrevocable.

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 2021 Indutrade does not have access to such information that would make it possible to report this plan as a defined benefit plan, which is why the plan is reported as a defined contribution plan. Premiums paid during the year for pension plans with Alecta amounted to SEK 35 million (29).

Premiums for 2022 are expected to be in line with 2021. Alecta's collective funding ratio was 172% (148%) in December 2021.

Assumptions used in actuarial computations

Group, 2021	Sweden	Netherlands	Switzerland	Great Britain
Assumptions in calculating pension obligations				
Discount rate, %	1.75	1.20	0.40	1.70
Future salary increases, %	3.25	1.80	0.75	–
Anticipated inflation, %	2.00	1.80	0.75	3.90
Future pension increases, %	2.00	0.50	0.00	2.90
Employee turnover, %	2.00	1)	1)	–

1) Age-related.

Assumptions used in actuarial computations

Group, 2020	Sweden	Netherlands	Switzerland	Great Britain
Assumptions in calculating pension obligations				
Discount rate, %	0.90	0.90	0.20	1.10
Future salary increases, %	3.25	1.80	0.50	–
Anticipated inflation, %	1.50	1.80	0.50	3.30
Future pension increases, %	1.50	0.50	0.00	2.30
Employee turnover, %	2.00	1)	1)	–

1) Age-related.

Duration

Duration, years	2021	2020
Sweden	20	20
Netherlands	20	20
Switzerland	15	17
Great Britain	13	13

Financial statements

Note 25 continued

Sensitivity analysis for changes in significant assumptions

Impact on defined benefit obligation, SEK million	Sweden	Netherlands	Switzerland	Great Britain
Discount rate, increase by 0.50%	-13	-44	-35	-5
Discount rate, decrease by 0.50%	11	51	41	5
Salary increase, increase of 0.50%	6	0	3	-

Amounts reported in the balance sheet

	2021	2020
Present value of funded obligations	1,119	1,133
Fair value of plan assets	-972	-943
	147	190
Present value of unfunded obligations	138	175
	138	175
Net liability, defined benefit plans, in the balance sheet	285	365

Revaluation in the liability and other comprehensive income

	2021	2020
Experience-based adjustments of defined benefit obligations	3	5
Return on plan assets, excl. interest income	29	-12
Demographic adjustments of defined benefit obligations	-25	-13
Financial adjustments of defined benefit obligations	-61	36
Total	-54	16

	2021	2020
Present value of pension obligations at start of year	1,308	1,325
Pension costs	11	31
Redemption of pension liability	-26	-
Interest expenses	9	11
Employee contributions	11	11
Pension payments	-25	-50
Actuarial gains (-)/losses (+)	-83	28
Exchange rate differences	52	-48
Present value of pension obligations at year-end	1,257	1,308
Plan assets at start of year	943	978
Interest income	6	7
Employee contributions	11	12
Company contributions	19	20
Pension payments	-21	-46
Return on plan assets, excl. interest income	-29	12
Exchange rate differences	43	-40
Plan assets at year-end	972	943
Net liability at start of year	365	347
Net cost reported in the income statement	15	35
Redemption of pension liability	-26	-
Pension payments	-5	-5
Company contributions	-19	-20
Actuarial gains (-)/losses (+)	-54	16
Exchange rate differences in foreign plans	9	-8
Net liability at year-end	285	365

Amounts reported in income statement	2021			2020		
	Defined benefit plans	Defined contribution plans	Total	Defined benefit plans	Defined contribution plans	Total
Costs relating to service in current and past periods	12	336	348	31	284	315
Interest on obligation	9	-	9	11	-	11
Return on plan assets	-6	-	-6	-7	-	-7
Net cost in income statement	15	336	351	35	284	319
of which, included in selling costs	12	244	256	31	207	238
of which, included in administrative expenses	0	92	92	0	77	77
of which, included in financial items	3	-	3	4	-	4

Anticipated company contributions to defined benefit pension plans in 2022 amount to SEK 20 million.

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Other provisions

Accounting principles

A provision is reported on the balance sheet when the Group has a formal or constructive obligation as a result of an event that has occurred and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been calculated in a reliable manner.

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	
	2021	2020	2021	2020
Guarantee commitments	22	20	–	–
Total long-term provisions	22	20	–	–

	Guarantee commitments
Opening balance, 1 January 2021	20
Guarantee commitments in acquired companies	0
Change in guarantee commitments for the year	2
BS Closing balance, 31 December 2021	22

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Accrued expenses

	Group		Parent company	
	2021	2020	2021	2020
Accrued vacation pay	260	251	6	5
Other payroll costs	367	312	13	12
Accrued social security costs	111	97	10	8
Accrued expenses for purchase of materials	115	102	–	–
Customer bonuses and discounts	79	74	–	–
Accrued audit and consulting fees	48	37	3	2
Accrued financial expenses	8	9	8	8
Other	77	77	1	2
BS Total	1,065	959	41	37

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Pledged assets

	Group		Parent company	
	2021	2020	2021	2020
For own liabilities:				
Real estate mortgages	79	73	–	–
Chattel mortgages	20	14	–	–
Assets subject to liens ¹⁾	194	178	–	–
Blocked funds	5	5	–	–
Total	298	270	–	–

¹⁾ Primarily leases on cars.

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Contingent liabilities

Accounting principles

A contingent liability is recognised when a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events, or when an obligation currently exists that is not reported as a liability or provision because it is not probable that an outflow or resources will be required to settle the obligation.

	Group		Parent company	
	2021	2020	2021	2020
Guarantees pledged for subsidiaries' PRI liabilities	–	–	64	80
Guarantees pledged for the benefit of subsidiaries	–	–	36	28
Contingent liabilities for own PRI liabilities	1	2	–	–
Other contingent liabilities	–	0	–	–
Total	1	2	100	108

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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 stated on the balance sheet under the item "Current interest-bearing liabilities".

Cash and cash equivalents on the balance sheet and in the statement of cash flows consist of:

	Group		Parent company	
	2021	2020	2021	2020
Cash and bank balances	1,456	755	489	0
Short-term investments	4	3	–	0
BS Total	1,460	758	489	0

Cash flow

	Non-cash changes										31 Dec 2021
	1 Jan 2021	Items affecting cash flow	Acquisition	Divestments	Interest	Transfer from non-current to current	Translation difference	Adjustment in income statement	New loans raised	Fair value	
Current interest-bearing liabilities	788	-469	3	-	-	500	-18	-	-	-	804
Non-current interest-bearing liabilities	2,831	1,227	11	-	-	-500	266	-	-	-	3,835
Lease liabilities	1,068	-351	95	-20	-	-	34	-	273	-	1,099
Total, excl. contingent earn-out payment	4,687	407	109	-20	-	-	282	-	273	-	5,738
Contingent earn-out payment ¹⁾	549	-73	-	-	9	-	20	-62	418	-	861
Total interest-bearing liabilities	5,236	334	109	-20	9	-	302	-62	691	-	6,599
Financial assets used for hedging purposes ²⁾	30	-	-	-	-	-	-	-	-42	-	-12
Short-term investments	3	1	-	-	-	-	0	-	-	-	4
Cash and bank balances	755	653	-	-	-	-	48	-	-	-	1,456
Total cash and bank balances	758	654	-	-	-	-	48	-	-	-	1,460

¹⁾ Items affecting cash flow are reported in investing activities.

²⁾ For liabilities reported in financing activities.

	Non-cash changes										31 Dec 2020
	1 Jan 2020	Items affecting cash flow	Acquisition	Divestments	Interest	Transfer from non-current to current	Translation difference	Adjustment in income statement	New loans raised	Fair value	
Current interest-bearing liabilities	1,671	-1,406	6	-	-	504	13	-	-	-	788
Non-current interest-bearing liabilities	3,225	366	9	34	-	-504	-299	-	-	-	2,831
Lease liabilities	1,011	-367	86	-14	27	-	-32	-	357	-	1,068
Total, excl. contingent earn-out payment	5,907	-1,407	101	20	27	-	-318	-	-	-	4,687
Contingent earn-out payment ¹⁾	565	-104	-	-	5	-	-23	-213	319	0	549
Total interest-bearing liabilities	6,472	-1,511	101	20	32	-	-341	-213	676	0	5,236
Financial assets used for hedging purposes ²⁾	14	-	-	-	-	-	-	-	16	-	30
Short-term investments	3	0	-	-	-	-	0	-	-	-	3
Cash and bank balances	716	94	-	-	-	-	-55	-	-	-	755
Total cash and bank balances	719	94	-	-	-	-	-55	-	-	-	758

¹⁾ Items affecting cash flow are reported in investing activities.

²⁾ For liabilities reported in financing activities.

Acquisitions and divestments of subsidiaries

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), Advance Welding Group (UK), Alflow Scandinavia A/S (Denmark), SILROC CZ, a.s. (Czech Republic), Italprotec Industries S.r.l. (Italy), Dewaco Oy (Finland), Klay Instruments B.V. (Netherlands), Svenssons i Tenhult AB (Sweden), and North West Metal Sections Ltd (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 products.

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 specialises 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.

DACH

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

On 27 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.

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.

On 29 October, Dewaco Oy (Finland) was acquired, with annual sales of SEK 130 million. Dewaco develops and manufactures equipment and solutions for sludge thickening, sludge removal, and dewatering.

Flow Technology

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

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 Swedish industries such as medical technology, energy, electronics and the engineering industry.

On 3 December, Svenssons i Tenhult AB (Sweden) was acquired, with annual sales of SEK 100 million. Svenssons i Tenhult is a technical trading company that offers different types of locks and fittings to OEM customers on the Swedish market.

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.

Measurement & Sensor Technology

On 30 November, Klay Instruments B.V. (Netherlands) was acquired, with annual sales of SEK 60 million. Klay Instruments develops and manufactures measuring instruments for automation of industrial processes.

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.

On 10 December, North West Metal Sections Ltd (UK) was acquired, with annual sales of SEK 245 million. North West Metal manufactures steel reinforcing sections for the uPVC (Unplasticized Polyvinyl Chloride) window and door market in the UK.

Divestments

On 15 June, the partly-owned company, 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.

Financial statements

Note 32 continued

Effects of acquisitions carried out in 2021 and 2020

SEK million	2021		2020	
	Net sales	EBITA	Net sales	EBITA
Business area				
Benelux	502	98	345	40
DACH	27	3	158	23
Finland	128	23	57	15
Flow Technology	210	40	137	22
Fluids & Mechanical Solutions	123	22	28	2
Industrial Components	152	26	215	38
Measurement & Sensor Technology	125	42	99	16
UK	26	1	51	2
Effect on Group	1,293	255	1,090	158
Acquisitions carried out in 2019			619	76
Acquisitions carried out in 2020	470	112	471	82
Acquisitions carried out in 2021	823	143	–	–
Effect on Group	1,293	255	1,090	158

The table above shows the net sales and EBITA that the acquired companies have had since the acquisition date and which are included in the Group's earnings for each period. If all acquired units had been consolidated as from 1 January 2021, net sales for the year would have amounted to SEK 22,586 million, and EBITA would have totalled SEK 3,366 million.

Acquired assets

Preliminary purchase price allocations

SEK million	2021	2020
Purchase price, incl. contingent earn-out payments	2,272	1,359
of which contingent earn-out payment	403	324

Acquired assets	2021			2020		
	Book value	Fair value adjustment	Fair value	Book value	Fair value adjustment	Fair value
Goodwill	–	1,022	1,022	–	634	634
Agencies, trademarks, customer relationships, licenses etc.	9	900	909	11	476	487
Property, plant and equipment	131	–	131	61	–	61
Financial assets	2	–	2	0	–	0
Inventories	213	–	213	180	–	180
Other current assets ¹⁾	315	–	315	242	–	242
Cash and cash equivalents	222	–	222	124	–	124
Deferred tax liability	–15	–202	–217	–3	–118	–121
Provisions including pension liabilities	–23	–	–23	–	–	–
Other operating liabilities	–302	–	–302	–248	–	–248
	552	1,720	2,272	367	992	1,359

¹⁾ Primarily trade receivables.

Since disclosures about the individual acquisitions are insignificant, they are provided here in aggregate form. The cost amount of the value of customer relationships and agencies is reported on the balance sheet as agencies, trademarks, customer relationships, licences, etc. They will be amortised over a period of 5 to 20 years, with the exception of trademarks, which are assumed to have indefinite useful life. Trademarks are included at a value of SEK 29 million (17). Good-

will is justified by the good profitability and personnel included in the acquired companies.

Indutrade typically uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payment is valued at the present value of the likely outcome, which for the acquisitions made during the year amount to SEK 403 (324) million. The contingent earn-out payments fall due for

Note 32 continued

payment within three years and can amount to a maximum of SEK 449 million (364). If the conditions are not met, the outcome can be in the range of SEK 0-449 million (0-364).

Transaction costs for the acquisitions carried out during the year totalled SEK 21 million (11) and are included in "Other operating expenses" in the income statement. Contingent earn-out payments have been restated in the amount of SEK 64 million (214). The effect is reported under Other operating income/expenses in the amount of SEK 62 million (208) and under Net financial items in the amount of SEK 2 million (6).

The purchase price allocation calculations for the companies acquired through December 2020 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	2021	2020
Purchase price, incl. contingent earn-out payments	2,272	1,359
Purchase price not paid out	-458	-327
Cash and cash equivalents in acquired companies	-222	-124
Payments pertaining to previous years' acquisitions	75	116
Total cash flow impact	1,667	1,024

Acquisitions and divestments after the end of the reporting period

On 4 January, Autoroll UK Ltd was acquired, with annual sales of SEK 67 million. Autoroll is a manufacturer and supplier of steel industrial doors and aluminium roller garage doors.

On 17 February, the Liechtenstein-based company, NTi Audio AG was acquired with annual sales of approximately SEK 90 million. NTi Audio manufactures test and measurement equipment for acoustics, audio and vibration applications.

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Related party transactions

Intra-Group purchases and sales were only limited in extent. Investments with 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, Wages, salaries and other remuneration, and social security costs.

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Events after the balance sheet date

During January-March 2022, two company acquisitions were made. For further information, see Note 32.

In other respects, no significant events for the Group have occurred after the end of the reporting period.

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Disclosures about 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

The share capital of Indutrade AB as per 31 December 2021 consisted of 364,188,000 shares with a share quota value of SEK 2, for a total of SEK 728 million.

At the Annual General Meeting on 5 April 2022, a dividend of SEK 2.30 per share will be proposed for the 2021 financial year, for a total of SEK 838 million. The proposed dividend has not been reported as a liability in these financial statements.

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Tax allocation reserves

	Parent company	
	2021	2020
Provision 2015		110
Provision 2016	108	108
Provision 2017	142	142
Provision 2018	120	120
Provision 2019	120	120
Provision 2020	75	75
Provision 2021	190	
BS Total	755	675

Auditor's 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 2021 except for the corporate governance statement and sustainability report on pages 38-45 and 6-13, 19-24, and 32-34. The annual accounts and consolidated accounts of the company are included on pages 14-17, 25-29, 31-45, 48 and 50-91 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 2021 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 2021 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 and sustainability report on pages 38-45 and 6-13, 19-24, and 32-34. 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 focus and scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered areas where management made subjective judgments; 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 have assigned different audit scopes. These scopes vary from no audit (non-significant subsidiary or no statutory audit obligation) to so called full audit which means interim audit procedures during fall with a focus on internal controls, review procedures as of September 30 and year-end audit procedures. Through this scope of our work we as Group auditors obtain enough coverage from subsidiaries in Group reporting scope when we issue this Auditor's 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 some the 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 including a review of interim reports for the third quarter and year-end, we reported our main observations to Group management, audit committee and the Board of Directors. For the third quarter, we issued a public review report.

We have considered the impact covid-19 has had on our audit and tailored our procedures to properly cover any new and/or increased risks. On an overall level we have been able to conduct our audit although the pandemic has led to other ways of working and use of digital tools for communication and collection of audit evidence.

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 judgment, 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 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 2021 inventory amounts to SEK 4 billion. During the year there has disturbance in the supply chain. 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

How our audit addressed the key audit matter

In our audit we have 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 stocktaking 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 trade receivables

Accounts receivable amount to SEK3,4 billion as of December 31, 2021 which constitutes a significant balance sheet item. Key audit areas to consider when auditing accounts receivable are existence and valuation. Accounts receivables also are affected by elements of management's judgments in terms of impaired accounts receivable and assessment of credit risk. Allowances for account receivables are recorded based on assessment of the expected credit losses during the lifespan of the receivables. The model is based on historical data and various risk scenarios. The historical loss level is adjusted according to the most likely scenario. As the Group consists of more than 200 companies the balance consists of several minor amounts.

Refer to the Annual Report Not 2 – Risk and risk management and note 22 – Trade accounts receivable

How our audit addressed the key audit matter

The sales process, covering controls related to credit assessment, follow-up and monitoring of receivables past due and valuation of impaired accounts receivable, is an important process to focus on in our audit. In connection with the year-end audit we have had a specific focus in our audit on provisions for impaired trade accounts receivable, where we need to assess the chosen model for provisioning and management's judgment with respect to significant credit risks or customers with payment difficulties. We have also performed tests over subsequent payments in order to confirm the existence of accounts receivable. Based on our work, we had no material observations for the overall audit on Indutrade's valuation of accounts receivable.

We have traced the disclosures information included in Note 22 Trade accounts receivables to the accounting records and other supporting documentation and ensured that they are in line with the disclosure requirements in IFRS 9 Financial instruments.

Goodwill impairment

Goodwill amount to SEK 5 billion as of December 31, 2021 which constitutes a significant balance sheet item. Goodwill is subject to the risk of impairment. Goodwill is tested for goodwill impairment based on the lowest levels of separable identified cash flows (cash generated units). This represents the segment levels for Indutrade with the exception of newly acquired entities with a remaining earn out period which are evaluated separately. Management is performing a goodwill impairment test on a yearly basis which includes estimates and judgements relating to future expected cash flows, market growth rate and discount rate (WACC). The estimates are subject to management's estimates and judgements.

Refer to the Annual Report Note 16 Intangible assets

How our audit addressed the key audit matter

We have included a combination of analytical procedures and a detailed test of managements impairment test of goodwill which included a test of significant assumptions. We have included assistance from our valuation experts to challenge some estimates applied by management.

We have traced the disclosures information included in Note 16 Intangible assets to the accounting records and other supporting documentation and ensured that they are in line with the disclosure requirements in IAS 36 Impairment of assets.

Valuation of Earn out liabilities

Indutrade typically uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Contingent earn-out payment is typically based on the projected 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 determinations related to business combinations, including the valuation of contingent earn-out payments, 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

How our audit addressed the key audit matter

We have examined significant purchase agreements including contingent earn-out payments and Evaluated management's assessments and valuations of contingent earn-out payments.

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 1-5, 18, 30, 49, 97-101 and the statutory sustainability report on pages 6-13, 19-24 and 32-34 and remuneration report on pages 46-47. 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 Directors 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. 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 (publ) for the year 2021 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' 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. 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 Indutrade AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 38-45 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 Stockholm, was appointed auditor of Indutrade AB (publ) by the general meeting of the shareholders on the 13 April 2021 and has been the company's auditor since 1994.

Stockholm 2022-03-15

PricewaterhouseCoopers AB

Anna Rosendal

Authorized Public Accountant
Lead partner

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 2021 on pages 6-13, 19-24 and 32-34 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 opinions.

Opinion

A statutory sustainability report has been prepared.

Stockholm 2022-03-15

PricewaterhouseCoopers AB

Anna Rosendal

Authorized Public Accountant
Lead partner

Multi-year overview and definitions

Condensed income statements

SEK million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net sales	21,715	19,217	18,411	16,848	14,847	12,955	11,881	9,746	8,831	8,384
Cost of goods sold	-14,106	-12,681	-12,126	-11,099	-9,881	-8,607	-7,847	-6,464	-5,833	-5,545
Development costs	-258	-227	-217	-204	-178	-156	-133	-107	-110	-95
Selling costs	-3,279	-3,009	-2,990	-2,737	-2,463	-2,179	-2,044	-1,708	-1,601	-1,527
Administrative expenses	-1,231	-1,123	-1,103	-991	-893	-791	-635	-535	-449	-426
Other operating income/expenses	-16	89	41	8	-52	50	13	49	18	6
Operating profit	2,825	2,266	2,016	1,825	1,380	1,272	1,235	981	856	797
Financial income/expenses	-100	-126	-124	-75	-70	-78	-98	-86	-100	-83
Profit after financial items	2,725	2,140	1,892	1,750	1,310	1,194	1,137	895	756	714
Income Tax	-628	-471	-409	-382	-280	-258	-243	-192	-169	-145
Net profit for the year	2,097	1,669	1,483	1,368	1,030	936	894	703	587	569
EBITA	3,202	2,615	2,330	2,087	1,613	1,484	1,427	1,134	990	905
EBITA margin, %	14.7	13.6	12.7	12.4	10.9	11.5	12.0	11.6	11.2	10.8

Condensed balance sheets

SEK million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assets										
Goodwill	5,439	4,306	4,031	3,170	2,845	2,388	1,942	1,572	1,308	1,188
Other intangible assets	3,331	2,693	2,672	2,169	2,102	1,879	1,636	1,445	1,286	1,215
Property, plant and equipment	3,385	3,106	3,002	1,736	1,618	1,451	1,117	971	849	741
Financial assets	204	228	182	158	139	117	101	87	61	59
Inventories	4,010	3,307	3,400	2,834	2,517	2,249	1,931	1,617	1,546	1,472
Trade receivables	3,458	2,925	3,025	2,877	2,469	2,292	1,995	1,702	1,435	1,411
Other receivables	713	639	513	418	412	345	300	336	208	204
Cash and cash equivalents	1,460	758	719	708	464	332	339	357	261	243
Total assets	22,000	17,962	17,544	14,070	12,566	11,053	9,361	8,087	6,954	6,533
Liabilities and equity										
Equity	10,303	8,634	7,170	6,218	5,168	4,399	3,707	3,162	2,626	2,290
Non-current interest-bearing liabilities, incl. pension liabilities	5,536	4,450	4,707	2,811	1,569	2,274	1,260	1,216	2,201	1,158
Other non-current liabilities and provisions	976	770	720	619	600	563	480	412	353	333
Current interest-bearing liabilities	1,413	1,186	2,142	1,806	2,724	1,686	2,028	1,635	381	1,424
Trade payables	1,597	1,136	1,237	1,168	1,081	968	848	763	602	586
Other current liabilities	2,175	1,786	1,568	1,448	1,424	1,163	1,038	899	791	742
Total liabilities and equity	22,000	17,962	17,544	14,070	12,566	11,053	9,361	8,087	6,954	6,533

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.

Condensed cash flow statements

SEK million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Cash flow from operating activities before changes in working capital	3,195	2,582	2,271	1,821	1,514	1,318	1,315	970	790	720
Changes in working capital	-342	198	-349	-461	40	-111	-239	-66	69	-201
Cash flow from operating activities	2,853	2,780	1,922	1,360	1,554	1,207	1,076	904	859	519
Net capital expenditures in non-current assets	-357	-399	-403	-299	-236	-320	-221	-124	-206	-127
Company acquisitions and divestments	-1,660	-978	-1,484	-586	-1,007	-1,164	-878	-585	-444	-572
Change in other financial assets	17	11	3	0	1	8	-1	3	1	-5
Cash flow from investing activities	-2,000	-1,366	-1,884	-885	-1,242	-1,476	-1,100	-706	-649	-704
Net borrowing	407	-1,407	541	225	116	620	303	165	88	442
Dividend paid out	-655	-	-544	-453	-384	-360	-310	-282	-282	-270
Payment for issued warrants	-	-	-	0	8	-	-	-	-	-
New issues	48	87	-	7	95	-	-	-	-	-
Cash flow from financing activities	-200	-1,320	-3	-221	-165	260	-7	-117	-194	172
Cash flow for the period	653	94	35	254	147	-9	-31	81	16	-13
Cash and cash equivalents at start of year	758	719	708	464	332	339	357	261	243	264
Exchange rate differences	49	-55	-24	-10	-15	2	13	15	2	-8
Cash and cash equivalents at end of year	1,460	758	719	708	464	332	339	357	261	243

Financial metrics

SEK million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Non-current interest-bearing liabilities	5,536	4,450	4,707	2,811	1,569	2,274	1,260	1,216	2,201	1,158
Current interest-bearing liabilities	1,413	1,186	2,142	1,806	2,724	1,686	2,028	1,635	381	1,424
Cash and cash equivalents	-1,460	-758	-719	-708	-464	-332	-339	-357	-261	-243
Interest-bearing net debt	5,489	4,878	6,130	3,909	3,829	3,628	2,949	2,494	2,321	2,339
Net debt/equity ratio, %	53	56	85	63	74	82	80	79	88	102
Interest coverage ratio, times	24.7	21.0	17.2	25.1	21.1	16.5	14.6	12.2	8.9	9.0
Equity ratio, %	47	48	41	44	41	40	40	39	38	35
Net debt/EBITDA, times	1.4	1.5	2.1	1.7	2.1	2.2	1.8	1.9	2.1	2.3
Return measures										
Capital employed, average, SEK million	14,516	13,541	12,416	9,839	8,444	7,491	6,537	5,324	4,894	4,078
Return on capital employed, %	22	19	19	21	19	20	22	21	20	22
Equity, average, SEK million	9,297	7,899	6,715	5,715	4,746	3,976	3,440	2,818	2,377	2,113
Return on equity, %	23	21	22	24	22	24	26	25	25	27
Number of employees										
Average number of employees	7,715	7,349	7,167	6,710	6,156	5,495	4,978	4,418	4,151	3,939
Number of employees at year-end	8,185	7,270	7,357	6,778	6,545	5,705	5,107	4,578	4,218	4,086

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.

Key ratios per share ¹⁾

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share price at 31 December, SEK	277.2	176.2	111.7	68.5	74.5	61	53.4	34.7	29.8	21.9
Market cap at 31 December, SEK million	100,953	64,069	40,511	24,848	27,011	21,960	19,220	12,480	10,740	7,880
Dividend, SEK	2.30 ²⁾	1.80	–	1.50	1.25	1.07	1.00	0.86	0.78	0.78
Earnings before dilution, SEK	5.76	4.60	4.09	3.77	2.85	2.60	2.48	1.96	1.63	1.58
Earnings after dilution, SEK	5.75	4.59	4.09	3.77	2.84	2.59	2.48	1.96	1.63	1.58
Number of shares outstanding, 000s	364,188	363,615	362,565	362,565	362,397	360,000	360,000	360,000	360,000	360,000
Average number of shares before dilution, '000	363,921	362,721	362,565	362,496	361,371	360,000	360,000	360,000	360,000	360,000
Average number of shares after dilution, '000	364,180	363,320	362,754	362,529	361,851	360,753	360,282	360,000	360,000	360,000
Number of shareholders at 31 December	20,533	12,880	10,287	9,553	9,816	10,518	7,965	5,970	6,038	5,721
Highest price paid during the financial year, SEK	295	179.9	112.8	83.1	77.7	63.7	54.3	35.5	30.3	25.5
Lowest price paid during the financial year, SEK	164.6	73.7	67.6	67.3	55.7	45.4	34.5	26.8	22	19.4
Direct yield ³⁾ , %	0.8	1.0	–	2.2	1.7	1.7	1.9	2.5	2.6	3.6
Equity, SEK	28.26	23.72	19.74	17.11	14.21	12.19	10.29	8.78	7.29	6.36
Cash flow from operating activities, SEK	7.84	7.66	5.30	3.75	4.30	3.35	2.99	2.51	2.39	1.44

¹⁾ A 2:1 bonus issue was executed during December 2020. All comparison figures have been restated for the new number of shares.

²⁾ The Board's proposal for 2021.

³⁾ Dividend divided by the share price on 31 December.

Definitions

In this annual report Indutrade presents certain key ratios (Alternative Performance Measures – APMs) that complement the financial measures defined in IFRS. Indutrade believes that these key ratios 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 their financial key ratios in the same way, they are not always comparable. They should therefore not be regarded as a substitute for the key ratios defined in IFRS. Following are definitions of Indutrade's key ratios, of which most are APMs.

Capital employed

Shareholders' equity plus interest-bearing net debt.

Earnings per share 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 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.

Interest coverage ratio

Operating profit/loss plus interest income divided by interest expenses.

Net capital expenditures

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

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Net debt/EBITDA

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

Return on capital employed

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

Return on equity

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

Quarterly overview

Net sales

SEK million	2021					2020				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	3,331	843	823	864	801	2,773	714	688	695	676
DACH	1,661	457	424	409	371	1,529	362	360	394	413
Finland	1,826	525	462	453	386	1,679	417	394	432	436
Flow Technology	4,301	1,109	1,045	1,144	1,003	4,071	1,054	996	976	1,045
Fluids & Mechanical Solutions	2,367	643	596	603	525	1,979	507	479	481	512
Industrial Components	4,473	1,192	1,015	1,113	1,153	3,803	1,130	842	862	969
Measurement & Sensor Technology	2,372	622	570	610	570	2,120	545	523	495	557
UK	1,467	360	377	375	355	1,322	314	329	294	385
Parent company and Group items	-83	-25	-22	-19	-17	-59	-15	-12	-15	-17
	21,715	5,726	5,290	5,552	5,147	19,217	5,028	4,599	4,614	4,976

EBITA

SEK million	2021					2020				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	464	127	100	122	115	360	103	89	85	83
DACH	236	69	63	59	45	169	39	42	43	45
Finland	283	81	81	76	45	247	61	72	66	48
Flow Technology	668	168	175	185	140	607	154	162	151	140
Fluids & Mechanical Solutions	382	108	105	96	73	268	66	66	73	63
Industrial Components	733	184	167	196	186	569	193	122	130	124
Measurement & Sensor Technology	428	112	104	113	99	334	89	96	58	91
UK	158	32	43	45	38	159	31	41	37	50
Parent company and Group items	-150	-45	-28	-49	-28	-98	-24	-5	-41	-28
	3,202	836	810	843	713	2,615	712	685	602	616

EBITA-margin

SEK million	2021					2020				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	13.9	15.1	12.2	14.1	14.4	13.0	14.4	12.9	12.2	12.3
DACH	14.2	15.1	14.9	14.4	12.1	11.1	10.8	11.7	10.9	10.9
Finland	15.5	15.4	17.5	16.8	11.7	14.7	14.6	18.3	15.3	11.0
Flow Technology	15.5	15.1	16.7	16.2	14.0	14.9	14.6	16.3	15.5	13.4
Fluids & Mechanical Solutions	16.1	16.8	17.6	15.9	13.9	13.5	13.0	13.8	15.2	12.3
Industrial Components	16.4	15.4	16.5	17.6	16.1	15.0	17.1	14.5	15.1	12.8
Measurement & Sensor Technology	18.0	18.0	18.2	18.5	17.4	15.8	16.3	18.4	11.7	16.3
UK	10.8	8.9	11.4	12.0	10.7	12.0	9.9	12.5	12.6	13.0
	14.7	14.6	15.3	15.2	13.9	13.6	14.2	14.9	13.0	12.4

Annual General Meeting and reporting dates

Annual General Meeting

Time and place

Indutrade AB (publ) (CIN 556017-9367) will hold its AGM on 5 April 2022.

Due to the COVID-19 pandemic, Indutrade has decided that the Annual General Meeting shall be conducted without the physical presence of shareholders, proxies and third parties and that shareholders shall have the opportunity to exercise their voting rights only by postal voting. Information on the decisions made by the Annual General Meeting will be published on 5 April 2022, as soon as the outcome of the postal vote is known and can be published.

A speech by the CEO Bo Annvik, in which he comments on the company's operations during the past year, will be posted on the company's website, www.indutrade.se, on Tuesday 5 April 2022.

Right to participate and notification

Those who would like to participate in the AGM via postal voting must meet the following requirements:

- be listed as a shareholder in the share register kept by Euroclear Sweden AB as of Monday 28 March 2022,
- no later than Monday, 4 April 2022, register by casting their postal vote in accordance with the instructions under the heading, Postal Voting, below so that the postal vote is received by Euroclear Sweden AB no later than that date.

In order to be entitled to participate in the AGM, any shareholder who has had their shares registered with a proxy must, in addition to registering for the AGM by casting their postal vote, make sure that the shares are registered in their own name so that they are included in the share register as of the reconciliation date of Monday 28 March 2022. This can be a temporary registration (voting right registration) that is requested of the proxy in accordance with their stated routines and by the date specified by them. Postal voting that is done by the proxy no later than Wednesday 30 March 2022 will be included in the compilation of the share register.

Information that is submitted for the application will be processed in accordance with GDPR and only used for the purposes of the 2022 AGM.

Postal voting

Shareholders may exercise their voting rights at the AGM only via postal voting in accordance with the Section of the Swedish Act on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

For postal voting, a special form must be used. The form is available at www.indutrade.se. The postal voting form is valid as notification to attend the AGM. The completed postal voting form must be received by Euroclear Sweden AB no later than Monday 4 April 2022. Send the completed form by regular mail to: Indutrade AB, Annual General Meeting, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm or by email to: generalmeetingservice@euroclear.com.

Shareholders (who are not legal entities) may also cast their vote electronically and sign with BankID in accordance with instructions at: <https://anmalan.vpc.se/euroclearproxy>.

If the shareholder casts their postal vote by proxy, a written and dated power of attorney signed by the shareholder must be attached to the postal voting form. The power of attorney form can be downloaded from the company's website: www.indutrade.se. If the shareholder is a legal entity, a copy of the registration certificate or other authorization document must be included with the form.

The shareholder may not attach any special terms or conditions to the postal vote. If so, the postal vote will be cast aside as invalid in its entirety. Other instructions and terms are detailed on the postal voting form.

Dividend

The Board proposes a dividend of SEK 2.30 per share.

The proposed reconciliation date for the dividend is 7 April 2022. If the AGM resolves to approve the proposal, it is expected that the dividend will be paid via Euroclear Sweden AB on Tuesday 12 April 2022.

Reporting dates

Interim reports

1 January–31 March 2022	29 April 2022
1 January–30 June 2022	19 July 2022
1 January–30 September 2022	28 October 2022

Production: Indutrade and Addira

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