



**Where entrepreneurs
feel at home**

Welcome to Indutrade

People make the difference

Since our beginnings in 1978, our business concept has remained intact – to generate sustainable profitable growth in a decentralised way by developing and acquiring successful companies managed by passionate entrepreneurs. Today, we are a leading international technology and industrial group comprising some 200 companies. Our strong corporate culture that focuses on people permeates our work and our vision: an entrepreneurial world where people make the difference.

In 2022, the Indutrade model once again demonstrated its strength. Despite challenges linked to disruptions in our supply chains, component shortages, and a turbulent macro situation as a result of the war in Ukraine, our financial performance was very strong and we achieved record-high net sales and EBITA margin. At the same time, we maintained a high pace in our acquisition processes, welcoming 16 well-managed and successful companies into the Indutrade family. During the year we also took several important steps linked to sustainability and organisational development, among others, and our strategic platform for continued sustainable, profitable growth is stronger than ever.

We have a decentralised model and corporate culture that is characterised by an entrepreneurial spirit, in which committed leaders grow while continually developing and improving their companies. We believe that the best decisions are made locally, by those who are closest to the customer. To gain a better understanding of what it is like to be a part of Indutrade, you will meet a few of our committed entrepreneurs further on in this brochure. For instance, you can read about Daniel Mattsson, MD of Belos, a company specialising in water supply products; he talks about the value he gains from the various leadership programmes and network meetings that Indutrade organises. You can also read about Acumo, which was acquired by Indutrade in 2019. For MD Mikael Törnberg, a stable partner and shared core values were decisive factors when the time came to sell the company. In addition, you can read about the Danish company Alflow, which offers flow equipment to the pharma, biotech, and food industries, and their exciting growth plans in the years ahead.

Engaged owners

Many entrepreneurs regard Indutrade as an attractive buyer since they are allowed to retain their decentralised responsibility while being supported in their development by a long-term owner. We exercise active ownership primarily by participating on the boards of directors of our subsidiaries with the aim of developing them to generate long-term value growth and contributing to society. All of Indutrade's companies have the same clear, shared values. We also share the same overall goal of sustainable, profitable growth.



What sets us apart is the fact that we focus on understanding the people and culture of each company we acquire.

In addition to that, all companies in the Group have their own vision, goals and strategy, which are discussed and decided by each of their boards. As a committed and professional owner, we work in a structured manner through our business areas and boards of directors to develop our leaders and provide the knowledge and capital to allow the companies to choose the right strategic direction, to invest in business development and to improve their customer offerings.

Professional acquirer

We have extensive experience of successful company acquisitions and working with driven entrepreneurs. There are many different types of companies working with company acquisitions. We do not consider ourselves being one in the crowd, but what sets us apart is the fact that we focus on understanding the people and culture of each company we acquire. Moreover, we are owners with a very long-term perspective, which often appeals to entrepreneurs who are considering selling their companies. We acquire companies in order to hold on to them permanently. For us, it is important that company management stays in place following the acquisition and that the corporate culture and the company name remain the same. It is incredibly important that the seller is as happy with the deal as we are, since an acquisition is typically the start of a long and fruitful relationship.

Access to knowledge and development

Companies that are part of Indutrade gain access to a vast network of employees with extensive knowledge. Through network

meetings and seminars, for example, we exchange experiences and knowledge in various fields, which also generates conditions for various forms of collaborations that generate business opportunities. Additionally, they have access to our in-house digital communication platform where best practice and tools are available in several strategic areas, such as strategy planning, pricing, working capital efficiency, IT security and sustainability. On the other hand, we do not work with central synergy projects that are mandatory – it is always up to the individual company to determine what is value creating for them, and what they want to make use of.

Our success is based to a large extent on having competent management in our companies. As such, attracting and recruiting leaders is something that we focus intently on, but most of all, we focus on the development of our existing leaders. A large part of this development takes place via the position of MD, but there is always a mentoring board to provide support as well as constructive critique. We also work with an in-house leadership program that is adapted to our vision of entrepreneurship and our corporate culture, providing us with a better platform for sustainable, profitable growth. I look forward to welcoming even more successful companies to Indutrade in the years ahead.

Bo Annvik
President and CEO of Indutrade

BUSINESS CONCEPT

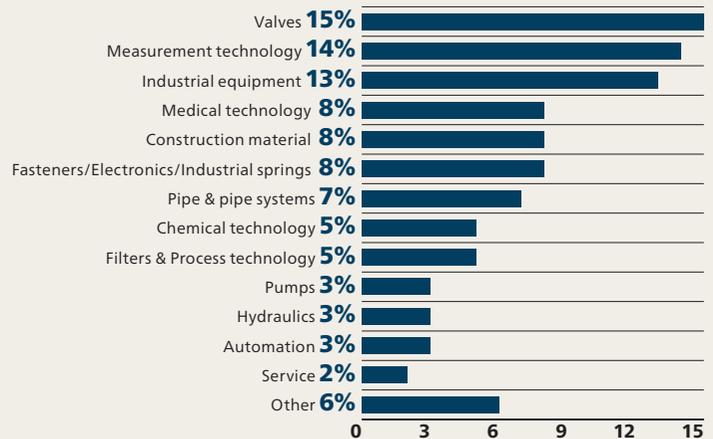
To generate sustainable profitable growth by developing and acquiring successful companies managed by passionate entrepreneurs in a decentralised way.

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.

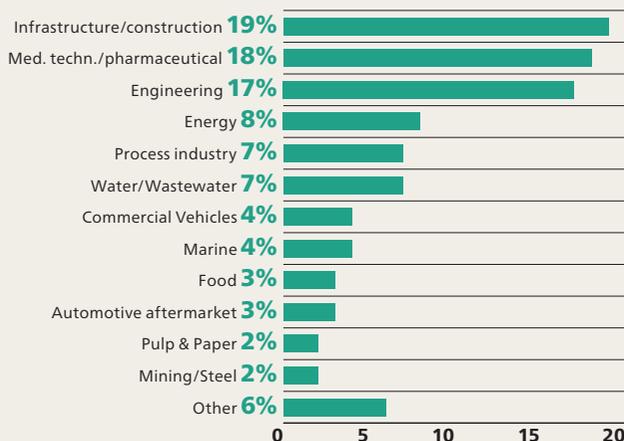
Net sales per product area



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.

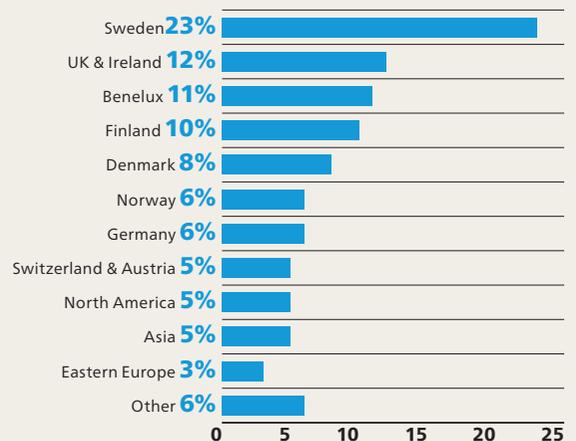
Net sales per customer segment



Where

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

Net sales per market¹⁾

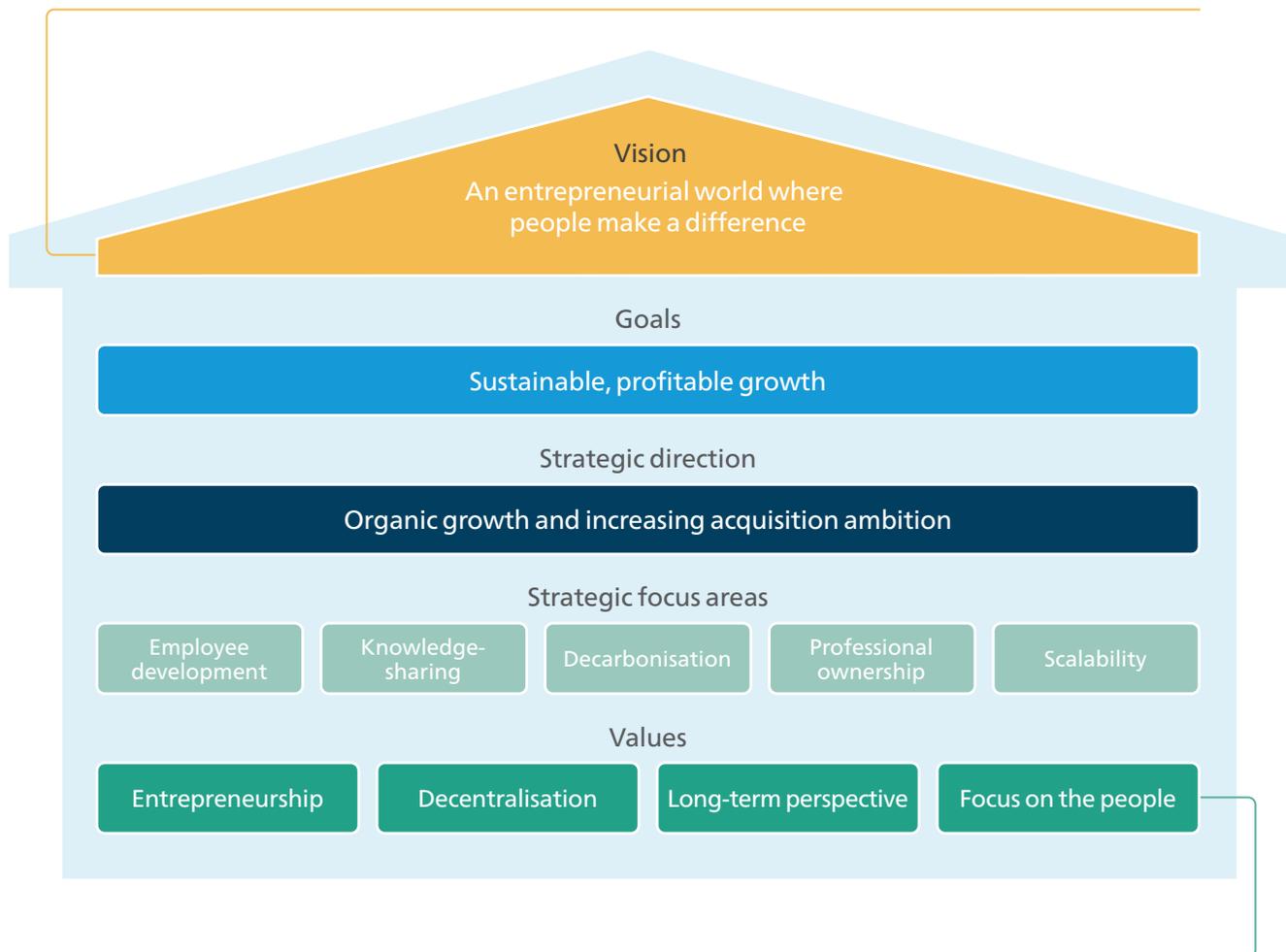


¹⁾ Based on customers' residence.

Strategic platform

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

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



Entrepreneurship

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



Decentralisation

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



Long-term perspective

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



Focus on the people

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

Our companies

We acquire both technical trading companies that prioritise product ranges with market-leading products from the best suppliers, and companies with their own products and brands. What they all have in common is that 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.

COMPANIES WITH TRADING BRANDS

56%

of Indutrade's sales



COMPANIES WITH PROPRIETARY BRANDS

44%

of Indutrade's sales



Engaged owners and professional acquirers

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

INDUTRADE AS OWNER

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

Value-based leadership

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

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

Decentralised organisation

We appoint a board for each company but our decentralised approach enables companies to make own decisions, thereby giving them freedom and flexibility. The best business decisions are made when there is close contact with customers based on their specific needs and processes. Many of our subsidiaries work in smaller cities or towns where the employees become important local ambassadors. They play a key role in our companies being perceived as reliable and responsible, 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.

TRUSTED BY ENTREPRENEURS

Indutrade's brand promise, "Trusted by entrepreneurs" is based on the trust we have gained from this target group since inception in 1978 and that they are also necessary for our continued growth. Now, more than 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 and supplier relationships and good profitability. We perform thorough due diligence on each company prior to acquisition and we have clear expectations on sustainability and profitable growth. Afterwards, we support them on their continued growth journeys.

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

WHAT WE OFFER

Business as usual

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

Professional board

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

Expertise

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 companies. As a stable owner, we take responsibility for the longevity of our companies.

Knowledge-sharing and networks

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

Developing competence and leadership

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



ACQUISITION PROCESS

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

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

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 2022, Indutrade acquired 16 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 value creating for both parties.
- that key individuals will stay involved after the acquisition. These are typically owners of the company that is being acquired, which is why additional earn out payments is often part of the acquisition structure. It will be paid if the company achieves a certain level of profitability after the acquisition.
- that business partners are in favour of the acquisition so that we can retain important customers and suppliers.

GOVERNANCE PROCESS

Implementation

An acquisition is always given a clear home in one of Indutrade’s business areas, 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 for the company 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 capital employed. During the year, we also ensure that competence development, succession planning and the sustainability agendas of companies are being monitored and evaluated, which is an important aspect of Indutrade’s role as an active owner.

Belos ensures the world's most important resource

Belos works with the world's most important resource, water. The company specialises in products and equipment for water and wastewater. Organic growth has been strong for quite some time, with good profitability. Daniel Mattsson took over as the company's record young MD three years ago. Indutrade's support with their ongoing efforts to grow is important, both for the company and for Daniel, personally.

Belos

Sales, SEKm

207

Number of employees

18

Founded

1944

Acquired by Indutrade

1999



Daniel Mattsson
MD



Indutrade works in a decentralised way, long-term, with an infinite owner horizon. It gives us freedom and own responsibility, yet with stated requirements, expectations and the support needed to continuously develop.

Belos specialises in water supply products for sustainable water and wastewater systems. The company is the leading Swedish distributor of products such as valves and ductile iron pipes for below ground water and wastewater installations, i.e., water supply products for underground applications. Belos works with leading European manufacturers. Its customers are municipalities that own water and wastewater networks, as well as contractors, wholesalers and water and wastewater consultants.

"We work with the most important resource there is: water," says MD Daniel Mattsson. "Part of our business model is based on having a close relationship with end customers in our processing, and on generating needs by demonstrating the unique benefits of our products and drawing on all our expertise in water and wastewater. We are to be the first company they contact."

The needs of the water and wastewater market are estimated to be great. In Sweden alone – Belos' main market – many of the municipal water and wastewater networks are in need of renovation. Industry association Svenskt Vatten estimates the investment requirement to be SEK 31 billion per year up to 2040. As well as in Sweden, Belos has operations in Denmark, where a branch was established in 2005.

Crucial team spirit

Alongside strong products and a high skills level, Daniel highlights the corporate culture as an asset. The company currently has 18 employees who work closely with each other.

"Several of us have a sporting background, and we function very much as a team. Everyone is committed to the same goals, persistent in what they do and able to achieve results. My role is to help develop the company through analysis, supplier and customer negotiations and by creating resources for organic growth.

This, combined with having all the processes in place, allowing staff to concentrate on developing the business."

Cooperation with suppliers is a strength. Belos has a unique opportunity to influence suppliers' product development, providing insights into what customers require and how the market is evolving. Another competitive advantage is the company's close cooperation with wholesalers, which gives customers access to Belos' wide range of products.

An abundance of skills

The company was founded in 1944, and some of its supplier partnerships date back to the 1960s. Daniel's own history as MD of Belos, on the other hand, is much shorter. He took over as MD in 2020, aged just 28. By then, Belos had been part of Indutrade for more than 20 years.

"One of the owners wanted to develop the business and his own role further, selling it to Indutrade in 1999. That owner is now part of Indutrade's Group management. Growth has been strong for a long time. We've grown profitably by more than 110% over the last ten years, excluding 2022. In 2022 organic growth was 20%."

The support from Indutrade is evident in several ways. As a young MD, Daniel joined a group of companies that offers an abundance of skills through seminars and joint MD meetings. Another example is the Indutrade portal, which is a hub for sharing information and experiences.

"Indutrade has supported my development since day one. For example, I was able to participate in the Indutrade Leadership Programme and the expanded network I have gained has been invaluable. I'm constantly challenged to grow and continue raising the bar on my performance."

“Overall, Indutrade has given me an invaluable network of contacts. I’m constantly challenged to develop and perform a little better than before,” Daniel continues.

Many of these contacts are made in exchanges with the management of the Fluid & Mechanical Solutions business area, of which Belos is part. The focus obviously concerns continuing to achieve profitable growth, but also specific issues, such as optimal inventory management.

“Indutrade works in a decentralised way, long-term, with an infinite owner horizon. It gives us freedom and own responsibility, yet with stated requirements and the support needed to continuously develop, which I appreciate. As a company, it makes us more flexible and able to make quicker decisions based on how the market develops. That was really evident to us during the pandemic, when it also suddenly became much more important.”

Sustainable all the way

Working with water means that sustainability is a cornerstone of the entire business. The company works on several specific sustainability issues, such as offering products made from more sustainable materials and with a long lifespan. This is crucial, because the products form part of a technical infrastructure that is buried in the ground and is expected to function flawlessly for 50 to 100 years.

“Internally at Belos, we try to offer more sustainable transport and view sustainability as a business opportunity. We’ve also reviewed our own vehicle fleet, investing in vehicles that generate less pollution,” he says. “When we look at sustainability efforts in general, we’re also supported by Indutrade.”

This support includes their Code of Conduct. All companies can benefit from this, both when customers demand documented guidelines for work on sustainability and when Belos has its own requirements for suppliers and partners regarding environmental issues and corporate social responsibility.

Need for digitisation

Belos can look back on 2022 as a year in which the business grew by around 20%. The number of employees also increased – from 15 to 18.

“Our next step is to take advantage of this reinforcement so that we grow even further and capture market share,” says Daniel Mattsson, summing up. “In the long term, as mentioned, the lifespan of our products is a key issue in terms of development, as it will help to secure water resources. Another area is digitisation, where new technologies will need to be used to monitor and control water and wastewater networks.”



Acumo - quick, measurable and sustainable

When it needs to happen quickly and be exact, Acumo is the right supplier. Acumo is a technical trading company specialised in industrial automation, i.e. components that optimise the performance of a machine. Sustainability is part of the offering as well, since Acumo contributes to lower raw material use and energy consumption.



Sales, SEKm

65

Number of employees

13

Founded

2003

Acquired by Indutrade

2019



Mikael Törnberg
MD



We choose Indutrade in part because of the Group's financial strength, but also because we share the same values.

A machine is no better than its mechanical design. This is where Acumo comes in. The company specialises in industrial automation, where components and end-to-end solutions help the mechanics of a machine to function optimally.

"The name Acumo is a portmanteau of 'accurate motion' and captures what we're all about – ensuring all parts of our customers' machines move as quickly and accurately as possible," says MD Mikael Törnberg, to summarise. "Based on the data provided by the customer, we come up with the right proposal for their needs. This in turn is based on moving something in the machine from one point to another, usually with a motion that must be measurable."

"One of our strengths is that we have skills in both mechanics and electronics," he continues. "This is unusual in our industry and allows us to provide better end-to-end solutions than our competitors."

"Our customers are companies in the packaging industry, medtech or the engineering industry, for example. Sweden is our main market, currently accounting for about 90% of sales."

Sustainable value proposition

Acumo purchases industrial automation components from suppliers around the world. The components are sold individually or bundled, with the focus constantly on mechanical performance. Mikael also stresses that it is important to highlight other aspects too, because they broaden the value proposition.

"The sustainability of what we deliver is something we haven't previously talked about in our communication. We're now focusing on this area. By correctly dimensioning our automation solutions, we reduce the need for raw materials for the mechanical parts. Lubrication intervals for a machine can also be extended

and energy consumption reduced. Combined with technical optimisation, these aspects are crucial, especially as they achieve greater cost-effectiveness for the customer."

Alongside traditional technology trading activities, product processing has grown in importance in recent years. Acumo now has its own workshop where customisations are made, including of the metal channels used for control in many machine processes.

"We cut and grind channels according to customer specifications. This type of processing is one of our fastest growing areas and one that will definitely become even more important in the future."

Secure, long-term approach

Mikael Törnberg mentions Acumo's sales-driven company culture and the strong team spirit among its 14 employees. They are accustomed to identifying opportunities that arise and then quickly acting on them. The entrepreneurial working method was also one of the reasons why Acumo became part of the Indutrade Group in 2019.

Four years ago, the company was ready to take the next steps on its growth journey. Mikael and the other joint owners felt that a wider context and different owner was needed in order for that to happen. Consolidation was also happening in the market. Acumo, was thus at a crossroads.

"We choose Indutrade in part because of the Group's financial strength, but also because we share the same values. That's really important, because we want things to match on many levels," emphasizes Mikael.

"Indutrade offers us more security. Acumo's business is project-run, so there can be a lot of fluctuation from one year to the next. That's when it's good to have a stable, long-term owner."

Access to knowledge

The competence network is something else Mikael appreciates – a network of which the board is an essential part.

“I can always turn to them for help, which is invaluable,” he says. “For example, we’ve mapped out our future growth journey, with the board challenging me and providing a framework that has given Acumo a realistic growth plan.”

In addition to the work with the board, Mikael participates in MD conferences and the meetings held within the Industrial Components business area, of which Acumo is part.

“We also hold something known as cluster meetings. They bring together a smaller number of companies with similar operations and focus on a few selected issues. These are fruitful meetings with generally good discussions.”

Currently, Mikael is also taking part in the Indutrade Leadership Programme (ILP), which also provides additional skills of great value.

“So basically, all the skills you could possibly need can be found somewhere in the network surrounding Indutrade,” he says. “And if you have your own questions, it’s up to you to find the answers in the right place.”

Growing sustainably

Sustainability has become a more distinct part of Acumo’s offering, which also reflects how sustainability efforts throughout Indutrade are evolving. In 2022, the Group joined the Science Based Targets initiative, which aims to reduce greenhouse gas emissions.

“These goals also affect us and require us to look at how we can contribute. They also make sustainability a natural part of our business, not something running parallel to it.”

“So, in the long term, I see us as a leading supplier in industrial automation, with sustainability considerations running through our entire customer offering,” concludes Mikael Törnberg. “This will enable us and our solutions to also help customers who are on their own sustainability journey.”



Alflow – a technical trading company that adds value

Danish company Alflow specialises in optimising the flow processes of its customers. Alongside its flow products, Alflow is a technical trading company that always seeks to add value to what it delivers – via problem-solving, support, and advice that gives its customers that little extra.



Jens Martin Andersen
MD



Those of us running Alflow have always been entrepreneurial and as part of Indutrade, we still can be.

Helping customers optimise their process flows and technical applications – meaning higher yields from a process or fewer standstills in production – is the core of Alflow’s operation. The company’s flow equipment – everything from pumps and valves to hoses and tank equipment – are used in the pharma, biotech, and food industries. Pharma is the primary segment, and customers are mainly in Denmark as well as the other Nordic countries.

“We want to be a distributor that can always add some extra value to the products we deliver. By that, I mean we dare to think differently and go further than our competitors in supporting our customers. Helping with problem-solving, for example, or advice, or another type of support that lets them feel they are in safe hands,” says Jens Martin Andersen, MD of Alflow.

In an industry like the pharma industry, the requirements for documentation and quality control regarding equipment and components are extensive. For one of its customers – a major Danish company – Alflow also manages much of this work. It’s a step that simplifies the customer’s own administration, and thus adds extra value to the partnership.

More efficient customer processes

Even in its routine work with flow processes, Alflow seeks to advance its position and make improvements for its customers. One such example concerns the heat treatment of food, where a few years ago a new and more efficient process for heating cheese was developed. With Alflow’s support, the customer’s production time could be shortened while the energy consumption of the process decreased. This treatment can be applied to several types of food products.

“Together with our flow equipment suppliers, we are also expanding our offering within pharmaceutical manufacturing through investments in our own clean room. A clean room is

an area with extreme hygiene requirements where we assemble applications and produce prototypes for this industry.”

Another area of investment is the ongoing expansion of the facility in Jutland, where the company is preparing office space to accommodate another 20 colleagues. The increased demand, from the pharma and food industry, paved the way for this expansion.

Attractive business model

Jens Martin stresses that in the initiatives being carried out, being a part of Indutrade means being secure. Alflow joined the Group in 2021. Jens Martin and the other owners had a clear strategic vision that Alflow should be developed to become an attractive acquisition candidate for potential buyers.

“Selling to Indutrade was a natural step, especially since none of us had family members who could take over Alflow in the long term.”

Alflow was courted by several buyers, but the choice fell to Indutrade. A key reason for this is Indutrade’s business model.

“Those of us running Alflow have always been entrepreneurial and as part of Indutrade, we still can be,” explains Jens Martin Andersen, MD of Alflow. “It’s business as usual, in other words. The difference is, that we have access to more expertise and financial resources than we did before.”

Much of the knowledge sharing and support comes during the cluster meetings held for the Flow Technology business area, which Alflow is a part of. Short, quick decision paths is another thing that Jens Martin likes about Indutrade. As a MD, he is involved in a way that enables him to grow and develop.

“I like that those of us working in the companies are recognised in a good way. Indutrade listens to us and they are skilled at capturing good ideas in the dialogue between us.”

Sustainable process optimisation

As part of the expansion in pharma and biotech, Alflow is also growing in the area of single-use products. Like the operation as a whole, it is an issue of optimising processes, but here the solutions build on products that are used only once. The customers are companies where the requirements for hygiene and safety are extremely stringent.

“The fact is that our single-use products can reduce the burden on the environment,” Jens Martin says. “For the customer, the alternative to single-use products is cleaning and sterilising equipment and products on a regular basis. Not only would powerful chemicals be used, but the cleaning and sterilisation processes are also energy intensive. That is why our production method is not less sustainable.”

Alflow is also engaged in reducing its own environmental footprint. Heat pumps were recently installed at the company’s facility, enabling the old gas heating system to be dismantled. At the same time, efforts are under way to reduce carbon emissions under Scope 3, which are emissions that Alflow cannot itself control but are part of the company’s value chain.

“We can get help from Indutrade on these issues as well, since many companies in the Group are working on similar challenges in sustainability,” Jens Martin says.

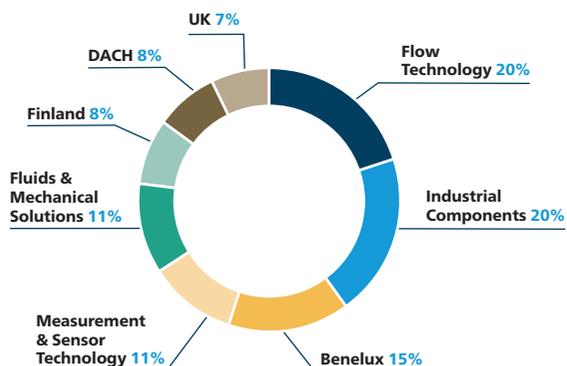
His most immediate goal is ensuring continued growth for Alflow. The trend so far has been positive, and organic sales grew just over 20% between 2021 and 2022.

“Naturally we want to continue to grow, especially through the robust demand we are encountering from the pharma industry. Another goal is finding more employees and scaling up operations,” Jens Martin Andersen says. “Over the long term, we also want to further develop our service operation, which at present is relatively small. We can then offer on-site service for customers regarding the solutions that Alflow delivers.”

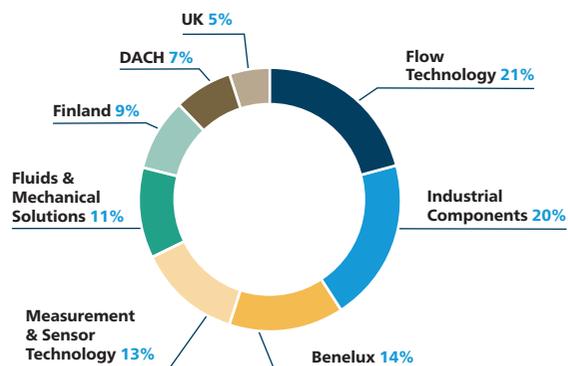


Indutrade in numbers

Net sales per business area, %



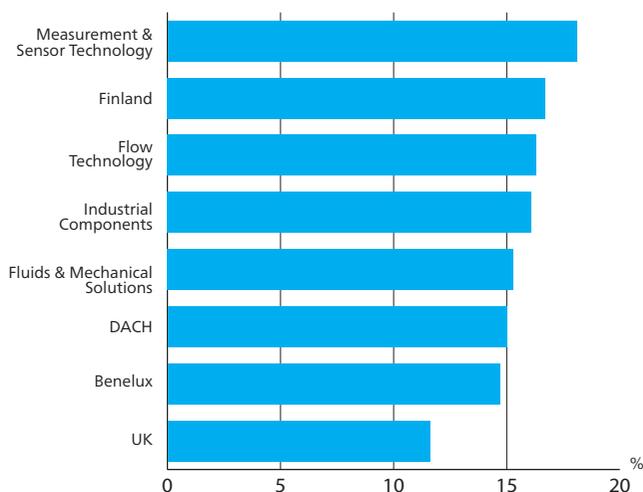
EBITA per business area, %



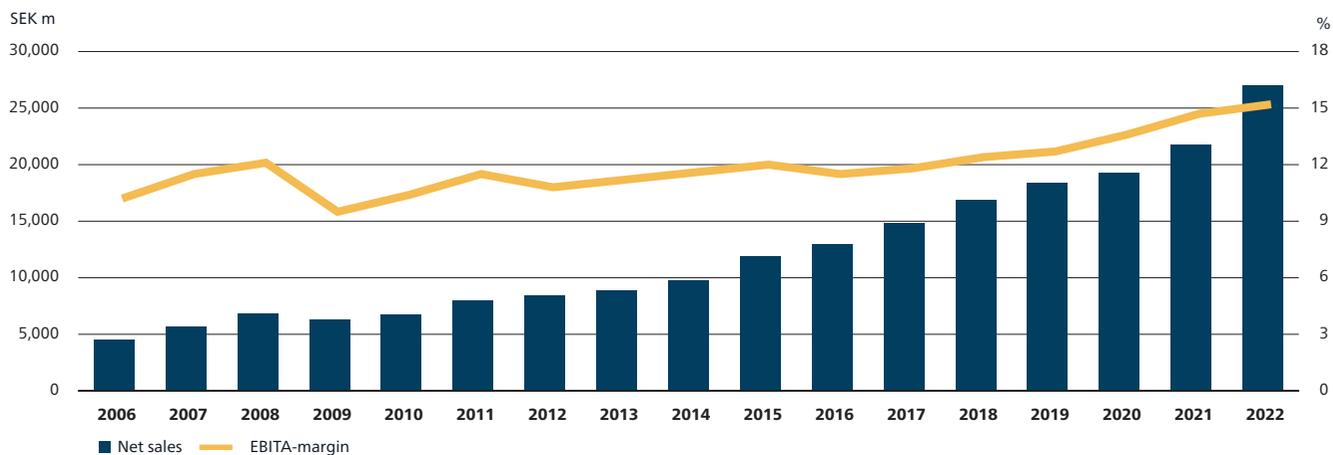
Key data

SEK m	2022	2021	Change,%
Net sales	27,016	21,715	24
Operating profit	3,620	2,825	28
EBITA	4,098	3,202	28
EBITA margin, %	15.2	14.7	
Profit before tax	3,440	2,725	26
Net profit for the year	2,681	2,097	28
Earnings per share before dilution, SEK	7.36	5.76	28
Dividend per share, SEK	2.60	2.30	
Return on operating capital, %	23	22	
Cash flow from operating activities	2,372	2,853	-17
Net debt/equity ratio, %	67	53	
Average number of employees	8,483	7,715	

EBITA margin per business area, %



Profitable growth



Four reasons to invest in Indutrade

Sustainable growth

- Average annual sales growth of 12% since stock market listing in 2005
- 1,033% 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

Stable profitability and strong cash flow

- Historically stable profitability
- Average EBITA margin of 13.7% during last five years
- Average return on capital employed of 21% during last five years
- Strong operating cash flow generated over the years
- Stable dividend over time, 38% of net profit over the last five years including this year's dividend and not including 2019 when no dividends were distributed
- Equity ratio 44% at year-end 2022

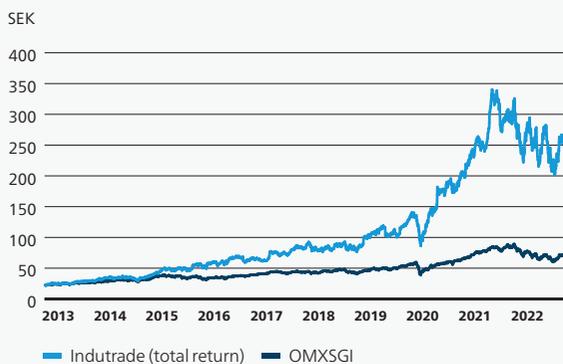
Attractive market position and risk profile

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

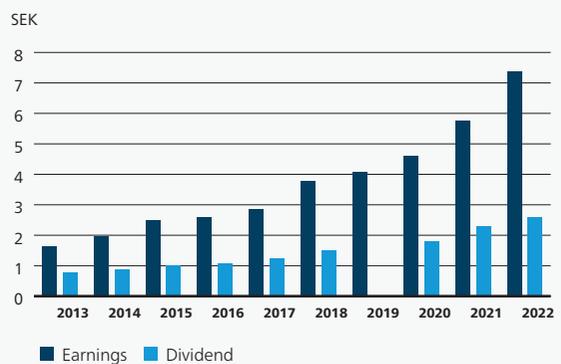
Strong culture and extensive expertise

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

Total return



Earnings and dividend per share





www.indutrade.com