

## Strong revenue growth and continued solid order backlog

- Organic order intake growth for the rolling 12-month period was -4% and the backlog remains solid.
- Order intake in the quarter decreased by -14% to SEK 5,526 million (6,440), with organic growth of -15%, against high comparables in the corresponding period last year and due to softer market conditions in some customer segments.
- Revenues increased by 19% to SEK 5,638 million (4,757), with organic growth of 18%, driven by growth in all three divisions.
- Adjusted operating profit (EBIT), increased to SEK 642 million (547), driven by higher revenues, corresponding to a margin of 11.4% (11.5).
- Operating profit (EBIT) amounted to SEK 350 million (1,106), corresponding to a margin of 6.2% (23.3), and included metal price effects of SEK -293 million (649) and items affecting comparability of SEK 0 million (-89).
- Adjusted earnings per share, diluted, was SEK 1.79 (0.91). Earnings per share, diluted was SEK 0.87 (2.67).
- Cash flow from operating activities increased to SEK 111 million (1).
- Free operating cash flow decreased to SEK 72 million (81).
- To expand the offering in the Medical and Aerospace segments, Alleima acquired Söderfors Steel Operations AB.

### Financial overview

SEK M	Q2 2023	Q2 2022	Change, %	Q1-Q2 2023	Q1-Q2 2022	Change, %
Order intake	5,526	6,440	-14	11,942	12,436	-4
Organic growth, %	-15	26	-	-10	33	-
Revenues	5,638	4,757	19	11,014	8,976	23
Organic growth, %	18	13	-	15	13	-
Adjusted EBITDA	866	751	15	1,651	1,352	22
Margin, %	15.4	15.8	-	15.0	15.1	-
Adjusted operating profit (EBIT)	642	547	17	1,209	931	30
Margin, %	11.4	11.5	-	11.0	10.4	-
Operating profit (EBIT)	350	1,106	-68	1,395	1,741	-20
Profit for the period	218	669	-67	1,033	1,224	-16
Adjusted earnings per share, diluted, SEK	1.79	0.91	97	3.54	2.28	55
Earnings per share, diluted, SEK	0.87	2.67	-67	4.12	4.83	-15
Free operating cash flow	72	81	-11	476	28	1631
Net working capital to revenues, % <sup>1</sup>	33.2	31.6	-	34.5	31.9	-
Net debt/Equity ratio	0.03	-0.01	-	0.03	-0.01	-

**Notes to the reader:** Adjusted EBITDA and adjusted operating profit (EBIT) excludes items affecting comparability (IAC) and metal price effects, see Note 2 and the description of Alternative Performance Measures on page 29 for further details. Definitions and glossary can be found on [www.alleima.com/investors](http://www.alleima.com/investors)  
<sup>1</sup> Quarter is quarterly annualized and the annual number is based on a four quarter average. Tables and calculations in the report do not always agree exactly with the totals due to rounding. Comments refer to performance in the quarter and comparisons refer to the corresponding period last year, unless otherwise stated.



*"The strong organic revenue growth of 18% was driven by all three divisions."*



## CEO's comment

In the quarter, our performance was solid, and we noted double-digit growth both for our revenues and earnings, despite a softening market environment. The strong organic revenue growth of 18% was driven by all three divisions. We are maintaining focus on executing our strategy to build an even stronger and more resilient company.

In the quarter, order intake declined -15% organically against high comparables in the corresponding period last year. However, at an absolute level our order intake remained high, with high book-to-bill and a maintained solid backlog. We saw high demand in the Oil and Gas segment, and received three major orders for umbilicals and OCTG (Oil Country Tubular Goods) tubes. Demand in our Industrial Heating, Transportation (mainly Aerospace) and Medical segments remained solid, and our view of the development in these segments in the near future is positive. In addition, the demand in Asia is continued solid.

The subdued demand noted for the low-refined Industrial and Consumer related segments persisted. This could mainly be seen in North America and Europe, where we also noted a dampened demand for our application tubing products for the Chemical and Petrochemical segment. Some of this is related to customer and distributor destocking, while some is related to overall softer market conditions.

We delivered an adjusted EBIT margin of 11.4% compared with 11.5% last year, despite lower production volumes that follow from declining orders in some segments. We are focusing on continuous improvements for more cost-effective production, and we are continuing to drive price management to offset the significant cost inflation. We have a solid backlog to deliver from and we have an advantage from our diversified exposure to various customer segments. With this, we have good visibility ahead, and we are confident about our near-term deliveries.

It is gratifying to see our industrial heating solutions in targeted applications such as solar, lithium-ion battery manufacturing and steel production, continuing to grow through significant project orders. The Kanthal division posted another strong quarter, with an adjusted EBIT margin of 19.3% driven by broad-based revenue growth and a positive revenue mix across the division. The Medical business noted record high revenues, and the outlook is solid.

We have completed the acquisition of Söderfors Steel, and we are starting to integrate the company into our Group and value chain. Though this, we are expanding into several new product applications in the attractive niches of Medical and Aerospace. We are also showing progress in the Medical segment in other parts of the company, and as an example, we received orders for precision strip to be used in two new applications.

Our industry is constantly evolving, and the need for carbon neutral energy solutions is increasing. During the quarter, we made an important break-through with the receipt of an order for 200 kilometers steam generator tubes for Small Modular Reactors (SMRs). I am pleased that this business is taking off and that we are playing an important role in enabling the sustainable energy solutions of the future. This order proves that we are a front-runner when it comes to advancing a more sustainable energy landscape.

We took action to reverse the negative trend in the total recordable injury frequency rate (TRIFR), and intensified focus on our safety principles and defined key activities in each division. The improved quarterly TRIFR outcome was a step in the right direction, and safety will remain at the top of our agenda.

Please save the date for our Capital Markets Day update on November 14, when we will elaborate on how we aim to improve our company further and strengthen our position as the leader in our niches.

Göran Björkman, President and CEO



# Market development and outlook

## Market development

In addition to meeting high year on year comparables, demand was lower in the quarter in some customer segments, somewhat mitigated by the long-term trends and underlying tailwinds. The underlying demand, excluding major orders to the Oil & Gas segment, increased in Asia, while it declined in North America and Europe.

- In the **Industrial segment**, demand was negative on a sequential basis and declined in all regions for low-refined products compared with the corresponding period last year.
- In the **Oil and Gas segment**, a continued solid demand was noted. Several umbilical and OCTG tubing orders were received, of which two of the OCTG and one of the umbilical orders were classified as major orders.
- Demand for application tubing to the **Chemical and Petrochemical segment** was lower both year on year and sequentially, with some customer and distributor destocking effects, and overall softer market conditions in Europe and North America. Demand in Asia continued solid.
- The **Industrial Heating segment** showed stable demand on a high level and received several significant project orders, mainly for the solar industry. Gas-to-electric conversion inquiries remained at a high level in all regions.

- In the **Consumer segment**, demand declined year on year mainly due to Strip products such as compressor valve steel and knife steel, as well as heating materials such as appliance wire. Demand stabilized on a sequential basis.
- Demand in the **Mining and Construction segment** declined year on year, impacted by stock adjustments among some customers. Underlying demand was solid.
- In the **Power Generation segment**, the activity level remained high. A breakthrough order for SMRs received in the quarter is signaling a new phase in the commercialization of this technology.
- In the **Transportation segment**, demand increased year on year, driven mainly by titanium tubing for Aerospace.
- The **Medical segment** demonstrated continued solid demand for the full product portfolio and successful new product launches are expected to continue to support growth.
- The **Hydrogen and Renewable Energy segment** noted a continued positive underlying trend related to hydrogen refueling stations (HRS). Some customers for pre-coated strip steel for hydrogen fuel cells reported delays in ramp-up of production.

## Perception of year on year underlying market demand trend

	INDUSTRIAL	OIL AND GAS	CHEMICAL AND PETROCHEMICAL	INDUSTRIAL HEATING	CONSUMER
Year on year underlying demand trend					
% of Group revenues 2022	25%	17%	16%	12%	10%
	MINING AND CONSTRUCTION	POWER GENERATION	TRANSPORTATION	MEDICAL	HYDROGEN & RENEWABLE ENERGY
Year on year underlying demand trend					
% of Group revenues 2022	7%	5%	4%	3%	1%

## Outlook for the third quarter 2023

While market demand was mixed during the quarter, underlying megatrends are expected to continue to mitigate the impact of uncertainties in the macroeconomic environment throughout the year. With our strong backlog, we are confident in our near-term deliveries. We remain cautious regarding the impact from cost inflation and under-absorption of cost from lower production

volumes in certain areas. The product mix is expected to be similar to the second quarter. Orders, revenues and adjusted margin in the third quarter are normally lower than in the second quarter based on seasonal trends due to summer shut-downs. Cash flow is normally higher in the second half of the year compared with the first half.

Note: Comments about market development and outlook are based on the company's current perceptions. Comments about the underlying demand are based on the company's perception about the market environment, and are not based on order intake in isolated quarters.



18%

Organic revenue growth

## Order intake and revenues

Order intake decreased organically by -4% for the rolling 12-month period. Order intake decreased by -14% to SEK 5,526 million (6,440) in the quarter. Organic order intake declined -15% against high year on year comparables and due to weaker demand in some customer segments. Excluding major orders of SEK 830 million (219), organic growth was -25%. Organic growth in Europe was 13%, driven by three major Oil and Gas orders. Excluding major orders, Europe noted organic growth of -15%, due to a negative development in the Industrial and Power Generation segments in particular. North America reported negative organic growth of -39% due to a broad based negative development, partly offset by Oil and Gas orders. Asia increased by 3% organically which was attributable to a broad-based positive development.

Revenues increased by 19% to SEK 5,638 million (4,757), with organic growth of 18%. All divisions noted positive organic development, with the main drivers being the Oil and Gas, Chemical and Petrochemical, Industrial Heating and Medical segments.

Book-to-bill was 98% in the quarter, and 106% on a rolling 12-month basis.

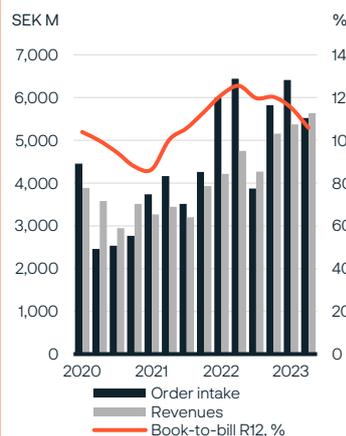
Structure had a positive impact of 1% on both order intake and revenues, while currency had an impact of 4% on order intake and revenues. Alloy surcharges had a negative impact of -3% on order intake and -4% on revenues, mainly attributable to lower nickel prices compared to the corresponding period last year.

### Order intake and revenue bridge

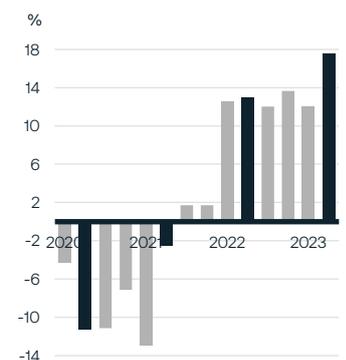
SEK M	Order intake	Revenues
<b>Q2 2022</b>	<b>6,440</b>	<b>4,757</b>
Organic, %	-15	18
Structure, %	1	1
Currency, %	4	4
Alloys, %	-3	-4
<b>Total growth, %</b>	<b>-14</b>	<b>19</b>
<b>Q2 2023</b>	<b>5,526</b>	<b>5,638</b>

Change compared to the corresponding quarter last year.

### Order intake and revenues



### Organic revenue growth





# Earnings

SEK M	Adjusted EBIT
<b>Q2 2022</b>	<b>547</b>
Organic	83
Currency	18
Structure	-6
<b>Q2 2023</b>	<b>642</b>

Change compared to the corresponding quarter last year.

Gross profit amounted to SEK 1,009 million (1,772). Adjusted gross profit increased by 16% to SEK 1,301 million (1,123), corresponding to an adjusted gross margin of 23.1% (23.6).

Sales, administrative and R&D costs amounted to SEK -650 million (-708). Adjusted sales, administrative and R&D costs increased by 5% to SEK -650 million (-619), mainly due to higher activity, cost inflation and increased costs for operating as a standalone company. Adjusted sales, administrative and R&D costs in relation to revenues decreased to 11.5% (13.0), which was attributable to higher revenues.

Adjusted EBIT increased by 17% to SEK 642 million (547) corresponding to a margin of 11.4% (11.5). The increased adjusted EBIT was attributable to higher revenues, an overall positive product mix, and price increases which offset cost inflation. The slight margin decline was due to temporary performance and productivity issues and negative mix effects in the Power Generation and Transportation segments, as well as under absorption effects due to lower production volumes and reduced inventory compared to the corresponding

period last year. Alloy surcharges had a margin impact of 0.4%. Electricity grants in Sweden had a positive effect of SEK 38 million. Currency had a positive impact of SEK 18 million compared with the corresponding period last year. Depreciation and amortization amounted to SEK -224 million (-205).

Reported EBIT decreased to SEK 350 million (1,106), corresponding to a margin of 6.2% (23.3). Metal price effects had a negative impact of SEK -293 million (649) in the quarter. Items affecting comparability amounted to SEK 0 million (-89).

Net financial items were SEK -39 million (-171).

The reported tax rate was 29.7% (28.4). The normalized tax rate, excluding the impact related to metal price effects and items affecting comparability in operating profit, was 24.2% (26.8) for the first six months.

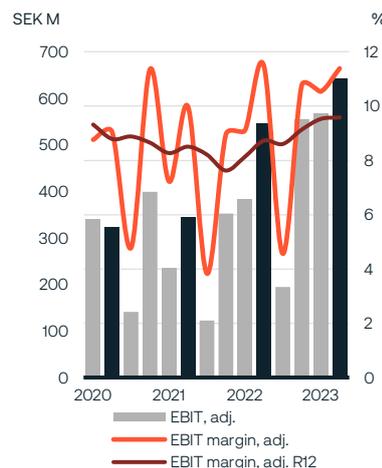
Profit for the period amounted to SEK 218 million (669), corresponding to earnings per share, diluted, of SEK 0.87 (2.67). Adjusted profit for the period amounted to SEK 449 million (228) and adjusted earnings per share, diluted, amounted to SEK 1.79 (0.91). See page 30 for further details.

## Adjusted earnings per share, diluted

SEK

1.79

## Adjusted EBIT



## Adjusted EBIT margin

11.4%



# Cash flow and financial position

Capital employed excluding cash increased to SEK 16,446 million (15,311), due to higher net working capital and currency effects. Return on capital employed excluding cash decreased to 11.1% (17.8), due to changed metal prices.

Net working capital increased both year on year to SEK 7,738 million (6,641), and sequentially. The increase was driven by higher accounts receivable and lower accounts payable, partly offset by reduced inventory, which decreased both in value and tons compared to the preceding quarter. Net working capital in relation to revenues was 33.2% (31.6) for the quarter.

Net investments (capex) increased to SEK -150 million (-115), corresponding to 79.5% (64.8) of scheduled depreciation and -2.7% (-2.4) of revenues.

Total net debt amounted to SEK 448 million (-139), and increased sequentially mainly due to a dividend payment of SEK 351 million and payments for acquisitions. The net debt to equity ratio was 0.03 (-0.01). The financial net debt position was SEK -516 million (-841), i.e. a net cash position. Available credit facilities were unutilized at the end of the second quarter. With a decline in the long-term discount rate in Sweden, the net pension liability increased year on year to SEK -569 million (-447). Total net debt corresponded to 0.16 (-0.06) of rolling 12-month adjusted EBITDA.

Cash flow from operating activities increased to SEK 111 million (1).

Free operating cash flow decreased to SEK 72 million (81).

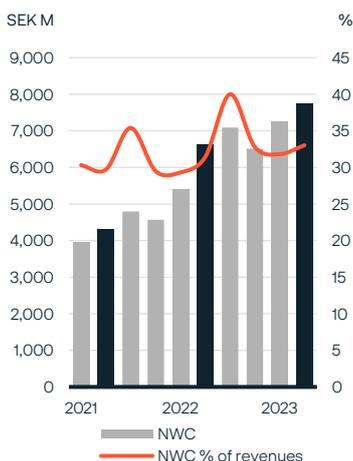


## Free operating cash flow

SEK M	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022
EBITDA	572	1,310	1,835	2,162
Non-cash items	-13	-54	-24	-59
Changes in working capital	-310	-1,038	-1,012	-1,851
Capex <sup>1</sup>	-150	-115	-267	-182
Amortization, lease liabilities	-27	-22	-55	-43
<b>Free operating cash flow<sup>2</sup></b>	<b>72</b>	<b>81</b>	<b>476</b>	<b>28</b>

1) Including investments in tangible and intangible assets of SEK -151 million (-116) for Q2 2023 and SEK -268 million (-190) Q1-Q2 2023.  
2) Free operating cash flow before acquisitions and disposals of companies, net financial items and paid taxes.

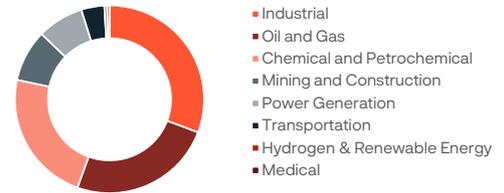
## Net working capital



## Net debt to Equity

Ratio

0.03<sub>x</sub>



# Tube

Tube develops and manufactures seamless tubes and other long products in advanced stainless steels and special alloys used primarily in the customer segments of Industrial, Chemical and Petrochemical, Oil and Gas, Mining and Construction, Power Generation and Transportation. The offering also includes products and solutions for the growing Hydrogen and Renewable Energy segment.



## Order intake and revenues

Order intake decreased by -15% to SEK 4,129 million (4,869), with organic growth of -16%, due to reduced order intake for low-refined products to the Industrial segment and application tubing to the Chemical and Petrochemical segment in North America and Europe. Order intake was also below last year in the Power Generation and Mining and Construction segments. Order intake for the Oil and Gas and Transportation segments was strong. Excluding major orders of SEK 830 million (219), organic order intake growth was -29%. Organic order intake growth on a rolling 12-month basis was -5%.

Revenues increased by 21% to SEK 4,025 million (3,329), with organic growth of 20%, mainly driven by the Oil and Gas segment. Other main contributors to growth were application tubing products to the Chemical and Petrochemical segment in Asia, along with an overall positive development for most segments and regions. Book-to-bill was 103% in the quarter, and 109% for the rolling 12-month period.

## Earnings

Adjusted EBIT totaled SEK 457 million (428), corresponding to a margin of 11.4% (12.9). The increase was primarily due to higher revenues and price increases which compensated for cost inflation. The margin decline was primarily attributable to negative mix effects and temporary performance and productivity issues in the Power Generation segment and for high pressure tubing to the Transportation segment, as well as some under absorption effects due to lower production volumes and reduced inventory. EBIT amounted to SEK 189 million (914) and included metal price effects of SEK -268 million (489) and items affecting comparability of SEK 0 million (-4). Changes in exchange rates had a positive impact of SEK 8 million (57). Amortization and depreciation amounted to SEK -178 million (-164).

## Other quarterly highlights

During the quarter, Alleima continued to execute on its profitable growth strategy through the acquisition of Söderfors Steel Operations AB, thereby adding capabilities in hot rolling of small diameter bars and profiles. This enables Alleima to broaden the offering of advanced materials for the Medical and Aerospace segments, and to expand to several new product applications within attractive niches.

SEK M	Order intake	Revenues	Adj. EBIT
<b>Q2 2022</b>	<b>4,869</b>	<b>3,329</b>	<b>428</b>
Organic	-16%	20%	26
Structure	0%	0%	-5
Currency	4%	4%	8
Alloys	-3%	-4%	N/A
<b>Total growth</b>	<b>-15%</b>	<b>21%</b>	<b>29</b>
<b>Q2 2023</b>	<b>4,129</b>	<b>4,025</b>	<b>457</b>

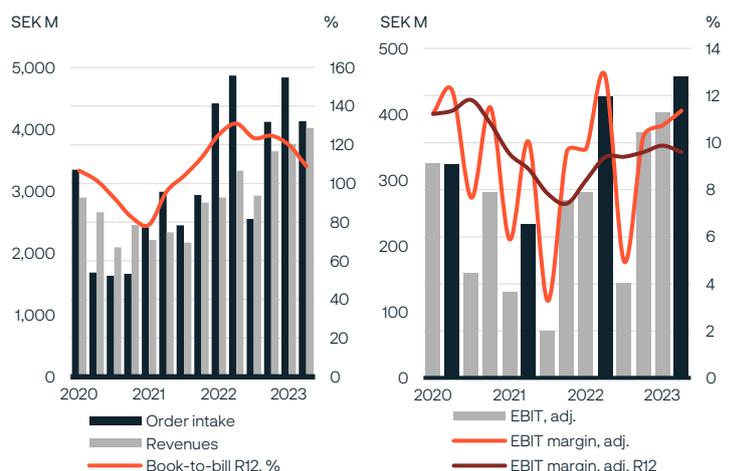
Change compared to same quarter last year. For order intake and revenues, the table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

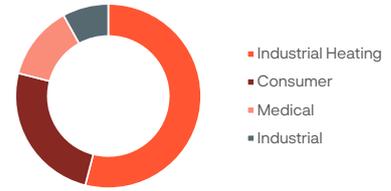
SEK M	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %
Order intake	4,129	4,869	-15	8,966	9,288	-3
Organic growth, %	-16	32	-	-10	46	-
Revenues	4,025	3,329	21	7,787	6,226	25
Organic growth, %	20	17	-	17	16	-
Adjusted EBITDA	635	592	7	1,213	1,050	16
Margin, %	15.8	17.8	-	15.6	16.9	-
Adjusted EBIT	457	428	7	861	710	21
Margin, %	11.4	12.9	-	11.1	11.4	-
EBIT	189	914	-79	1,027	1,420	-28
Margin, %	4.7	27.4	-	13.2	22.8	-
Number of employees	4,019	3,890	3	4,019	3,890	3

Adjusted EBITDA and adjusted EBIT excludes metal price effects and items affecting comparability, for more information see page 25.

## Order intake and revenues

## Adjusted EBIT





# Kanthal

Kanthal is a leading supplier of materials for electric heating, temperature sensing and heat resistant applications, primarily to customers in the Industrial Heating, Consumer and Industrial segments. Kanthal also offers ultra-fine wire in stainless steel and precious metals for the Medical segment. The largest share of revenues is related to the Industrial Heating segment.



## Order intake and revenues

Order intake decreased by -4% to SEK 1,066 million (1,111), with organic growth of -4%. The Industrial Heating segment noted stable development on a high level, and received several significant project orders, mainly for the solar industry. The Medical segment continued to show strong momentum across the product portfolio, albeit below last year due to the timing of orders. Order intake for heating materials to the Consumer segment declined year on year. Organic order intake growth on a rolling 12-month basis was 4%.

Revenues increased by 16% to SEK 1,179 million (1,012), with organic growth of 15%. Growth was driven by positive development across the division in all regions, with an increased share of revenues from the Medical segment, which noted another quarter with record-high revenues. Book-to-bill was 90% in the quarter, and 104% for the rolling 12-month period.

## Earnings

Adjusted EBIT amounted to SEK 227 million (158), corresponding to a margin of 19.3% (15.6). The improved margin was attributable to higher revenues, a stronger product mix in all segments, and price increases which compensated for cost inflation. EBIT amounted to SEK 203 million (297) and included metal price effects of SEK -24 million (142) and items affecting comparability of SEK 0 million (-3). Changes in exchange rates had a positive impact of SEK 13 million (29). Amortization and depreciation amounted to SEK -29 million (-25).

## Other quarterly highlights

The momentum in electrical heating is solid. In the quarter, Kanthal received several project orders, mainly related to solar, steel and lithium-ion battery manufacturing. To meet the growing demand for electrification across a broad range of industries, Kanthal is expanding its current manufacturing premises with ~2,500 m<sup>2</sup> of floor space to increase production capacity at its site in Walldorf, Germany. The initiative is expected to be fully implemented in Q1 2024. Products such as Fibrothal® heating modules, flow heaters, metallic heating elements, and diffusion cassettes are manufactured at the site. All these products are enabling industries to make the green technology shift.

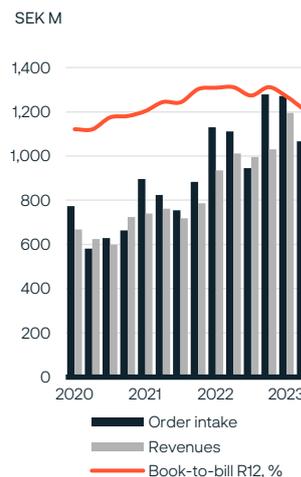
SEK M	Order intake	Revenues	Adj. EBIT
<b>Q2 2022</b>	<b>1,111</b>	<b>1,012</b>	<b>158</b>
Organic	-4%	15%	58
Structure	3%	3%	-1
Currency	5%	6%	13
Alloys	-7%	-8%	N/A
<b>Total growth</b>	<b>-4%</b>	<b>16%</b>	<b>69</b>
<b>Q2 2023</b>	<b>1,066</b>	<b>1,179</b>	<b>227</b>

Change compared to same quarter last year. For order intake and revenues, the table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

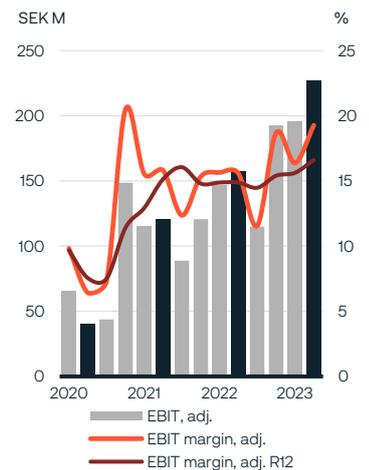
SEK M	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %
Order intake	1,066	1,111	-4	2,337	2,242	4
Organic growth, %	-4	5	-	-3	5	-
Revenues	1,179	1,012	16	2,374	1,947	22
Organic growth, %	15	3	-	13	5	-
Adjusted EBITDA	256	182	41	479	352	36
Margin, %	21.7	18.0	-	20.2	18.1	-
Adjusted EBIT	227	158	44	423	304	39
Margin, %	19.3	15.6	-	17.8	15.6	-
EBIT	203	297	-32	436	531	-18
Margin, %	17.2	29.3	-	18.4	27.3	-
Number of employees	1,254	1,124	12	1,254	1,124	12

Adjusted EBITDA and adjusted EBIT excludes metal price effects and items affecting comparability, for more information see page 25.

## Order intake and revenues



## Adjusted EBIT





## Strip

Strip develops and manufactures a wide range of precision strip-steel products, such as razor blade steel and compressor valve steel, primarily for the Consumer, Industrial, Transportation (primarily automotive) and Medical customer segments. Through the Surface Technology business unit, the division is also exposed to the Hydrogen and Renewable Energy segment through its offering of pre-coated strip steel for one of the most critical components in the hydrogen fuel cell stack – the bipolar plates.



### Order intake and revenues

Order intake decreased by -28% to SEK 331 million (460), with organic growth of -30%. The negative development was attributable to a decline in all regions. Continued weakened demand for stainless compressor valve steel, knife steel and razor blades for the Consumer segment was noted. The weakened demand was due to a combination of lower consumption and high customer stock levels. Demand in the Medical segment was slightly higher year on year. Organic order intake growth on a rolling 12-month basis was -19%.

Revenues increased by 5% to SEK 435 million (416), with organic growth of 1%. The increase was mainly driven by razor blades for the Consumer segment and precision strip for the Medical segment, as well as deliveries of pre-coated strip steel for stationary power projects in the Hydrogen and Renewable Energy segment. Revenues for compressor valve steel and knife steel declined. Book-to-bill was 76% in the quarter, and 86% for the rolling 12-month period.

### Earnings

Adjusted EBIT totaled SEK 44 million (55), corresponding to a margin of 10.0% (13.3). The margin decrease was attributable to continued under absorption effects from lower production volumes, a negative product mix and increased costs, mainly related to production. Mitigating actions to adjust capacity and reduce costs are ongoing. EBIT amounted to SEK 44 million (73) and included metal price effects of SEK 0 million (17). Changes in exchange rates had a positive impact of SEK 10 million (8). Amortization and depreciation amounted to SEK -11 million (-12).

### Other quarterly highlights

To grow the Medical segment, Alleima is focusing on expanding the existing product portfolio through new product development, and thereby increasing the addressable market. During the second quarter, Alleima received precision strip steel orders for two new medical applications. One was an order for Alleima® 7C27Mo2 to be used for cutting balloons in the interventional treatment of coronary disease. The other order was for precision steel for cryogenic microtome blades for cutting slides of frozen human tissue samples. This method allows physicians to extract smaller, more precise samples to be analyzed for the identification of symptoms of cancer.

SEK M	Order intake	Revenues	Adj. EBIT
<b>Q2 2022</b>	<b>460</b>	<b>416</b>	<b>55</b>
Organic	-30%	1%	-21
Structure	-	-	-
Currency	1%	2%	10
Alloys	1%	2%	N/A
<b>Total growth</b>	<b>-28%</b>	<b>5%</b>	<b>-12</b>
<b>Q2 2023</b>	<b>331</b>	<b>435</b>	<b>44</b>

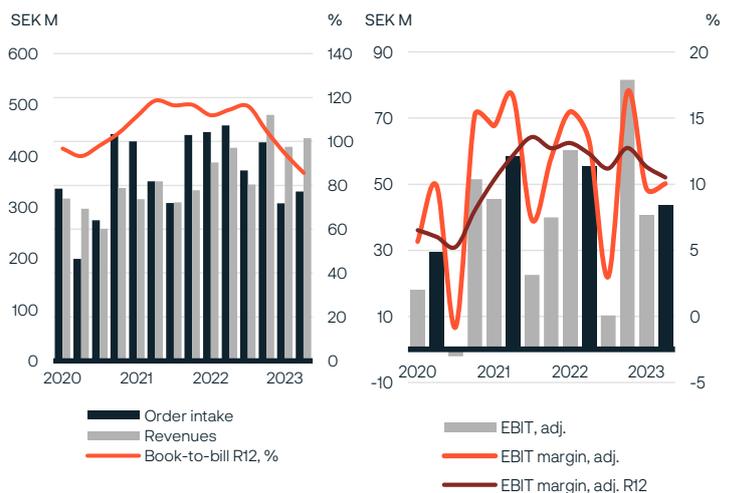
Change compared to same quarter last year. For order intake and revenues, the table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

SEK M	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %
Order intake	331	460	-28	639	906	-29
Organic growth, %	-30	20	-	-32	7	-
Revenues	435	416	5	853	804	6
Organic growth, %	1	7	-	1	10	-
Adjusted EBITDA	55	68	-19	106	139	-24
Margin, %	12.6	16.2	-	12.4	17.4	-
Adjusted EBIT	44	55	-21	84	115	-27
Margin, %	10.0	13.3	-	9.9	14.3	-
EBIT	44	73	-40	91	146	-37
Margin, %	10.0	17.4	-	10.7	18.1	-
Number of employees	513	511	0	513	511	0

Adjusted EBITDA and adjusted EBIT excludes metal price effects and items affecting comparability, for more information see page 25.

### Order intake and revenues

### Adjusted EBIT



# Sustainability

Alleima's strategy includes to be leading in the market from a sustainability perspective, contribute to increased circularity and support general health and well-being, both through our product offering and our operations. Developing a sustainable product offering, combined with several initiatives to reduce the overall environmental impact of the production process, are considered the most important success factors.

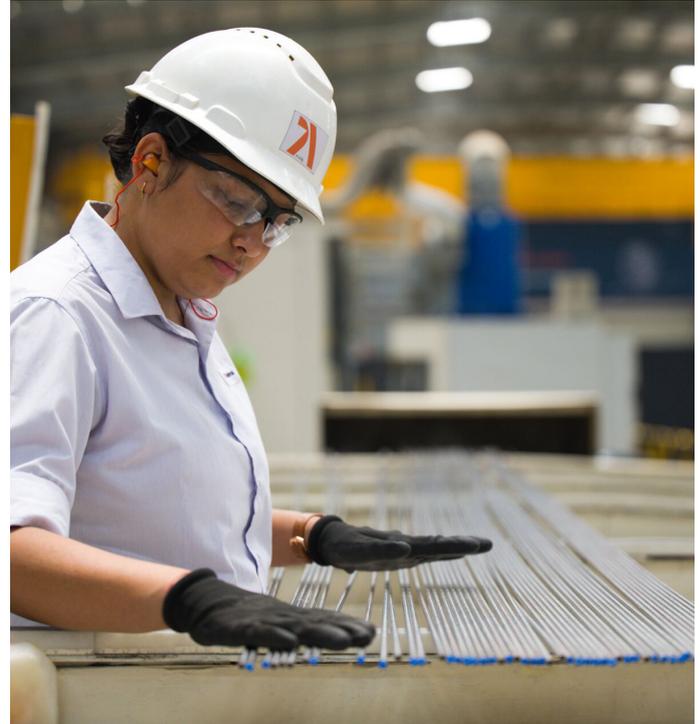
## Having an impact through our offering

The need for more energy as well as the adoption of net zero targets have led to increased demand for carbon neutral energy solutions. During the quarter, Alleima received a breakthrough order to supply steam generator tubes for NuScale Power, a provider of proprietary and innovative advanced Small Modular Reactor (SMR) technology. The tubes will be installed in one of the first VOYGR™ SMR power plants, a milestone for growth in power projects of the future. As a supplier of approximately 200 kilometers of steam generator tubes for NuScale's first NuScale Power Modules™ (NPMs) that are each capable of generating 77 MWe of carbon-free electricity, Alleima is playing an important role in enabling sustainable energy solutions. This order highlights Alleima's ability to capitalize on global megatrends and positions the company as a front-runner in advancing a more sustainable energy landscape.

## Having an impact through our operations

- Total recordable injury frequency rate (TRIFR), for the rolling 12-month period was 8.0 (7.0). The quarterly outcome improved to 5.7 (7.0).
- Share of recycled steel, i.e., scrap metal input in the steel manufacturing for the rolling 12-month period amounted to 81.2% (82.2%). The share declined to 78.4% (83.5) in the quarter, due to the product mix.
- Greenhouse gas (GHG) emissions for the rolling 12-month period decreased to 98 kton (122), a 20% improvement year on year. GHG emissions in the quarter amounted to 26 kton (30), corresponding to a reduction of 11%.
- The share of female managers increased to 23.1% (22.1) in the quarter.

Definitions and glossary can be found at [www.alleima.com/investors](http://www.alleima.com/investors).

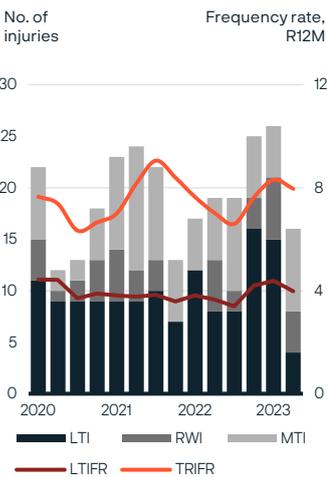


## Sustainability overview

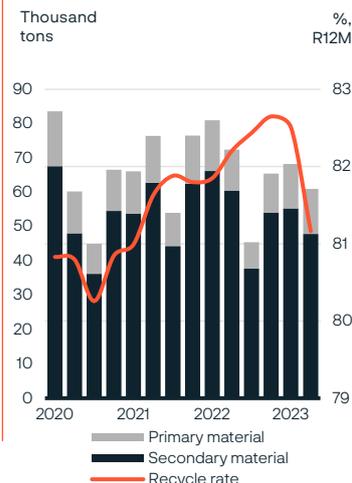
	Q2 2023	Q2 2022	Change, %	R12M, Q2 2023	R12M, Q2 2022	Change, %
TRIFR <sup>1</sup>	5.7	7.0	-18.8	8.0	7.0	13.4
CO <sub>2</sub> , thousand tons	26	30	-11.5	98	122	-20.0
Recycled steel, %	78.4	83.5	-6.1	81.2	82.2	-1.3
Share of female managers, %	23.1	22.1	4.6	-	-	-

<sup>1</sup>) Total Recordable Injury Frequency Rate. Normalization factor: 1,000,000 exposure hours.

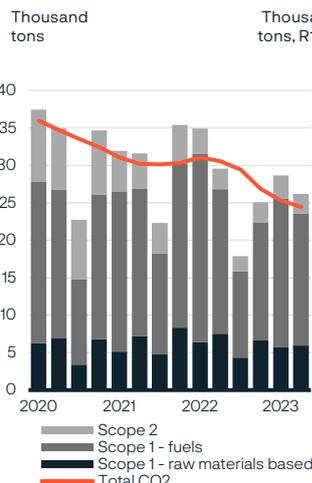
## Health and safety



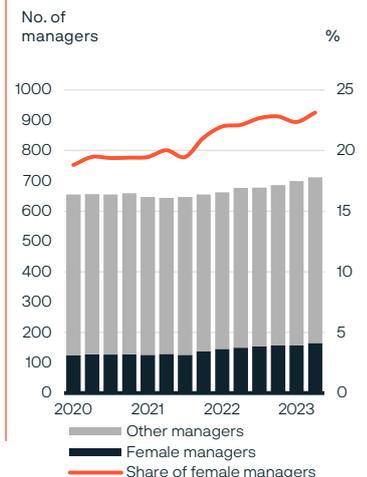
## Recycled steel



## GHG emissions



## Share of female managers





## First six months

### Market development, order intake and revenues

Demand was mixed for various segments during the first six months. The short-cycle business, mainly related to low-refined products in the Industrial and Consumer segments, weakened, while demand in mainly Oil and Gas, Industrial Heating and Transportation increased year on year.

Order intake decreased by -4% to SEK 11,942 million (12,436), with organic growth of -10%, mainly attributable to negative development in the Industrial and Consumer segments. Excluding major orders of SEK 1,712 million (1,558), organic growth was -12%. Organic order intake in Europe increased by 23%, while it decreased in North America and Asia by -44% and -24% respectively.

Revenues increased by 23% to SEK 11,014 million (8,976), with organic growth of 15%. All divisions noted positive organic development, with the main drivers being the Oil and Gas, Chemical and Petrochemical, Industrial Heating and Medical segments.

Book-to-bill was 108%.

### Earnings

Adjusted EBIT increased by 30% to SEK 1,209 million (931) corresponding to a margin of 11.0% (10.4). The development was attributable to higher revenues, a favorable product mix and price increases which offset cost inflation. Depreciation and amortization amounted to SEK -442 million (-422).

Reported EBIT decreased to SEK 1,395 million (1,741), corresponding to a margin of 12.7% (19.4). Metal price effects had a positive impact of SEK 186 million (975). Items affecting comparability amounted to SEK 0 million (-164).

Profit for the period amounted to SEK 1,033 million (1,224), corresponding to earnings per share, diluted of SEK 4.12 (4.83). Adjusted profit for the period amounted to SEK 888 million (584) and adjusted earnings per share, diluted amounted to SEK 3.54 (2.28). See page 30 for further details.

### Cash flow and financial position

Capital employed excluding cash increased to SEK 16,446 million (15,311), due to higher net working capital and currency effects. Return on capital employed excluding cash increased to 11.1% (17.8)

Net working capital increased to SEK 7,738 million (6,641). Net working capital in relation to revenues was 34.5% (31.9).

Net investments (capex) increased to SEK -267 million (-182), corresponding to 71.2% (50.9) of scheduled depreciation and -2.4% (-2.0) of revenues.

Cash flow from operating activities increased to SEK 489 million (-122).

Free operating cash flow increased to SEK 476 million (28).



## Significant events

### During the quarter

-On April 20, Alleima announced that it had signed an agreement to acquire the Swedish company Söderfors Steel Operations AB. The acquisition adds capabilities in hot rolling of small diameter bars and profiles to expand the offering of advanced materials for the Medical and Aerospace segments. The acquisition was completed on May 2.

-On May 17, Alleima appointed Carl von Schantz as new President for the Tube division and member of the Alleima Group Executive Management, effective as of November 17, 2023, at the latest.

-On June 14 and 16, Alleima announced three major orders in the Oil and Gas segment to a total value of approximately SEK 830 million.

### After the quarter

-On July 3, it was announced that Kerstin Konradsson, in conjunction with her appointment as CEO for Erasteel, had decided to resign from the Board of Directors, effective immediately.

## Guidance and financial targets

Guidance relating to certain non-operational key figures considered useful when modeling financial outcome is provided below:

### Guidance

Capex (Cash) (full year)	Estimated at approximately SEK 800 million for 2023.
Currency effects (quarterly)	Based on currency rates at the end of June 2023, it is estimated that transaction and translation currency effects will have a positive impact of about SEK 50 million on operating profit (EBIT) for the third quarter of 2023, compared to the corresponding period last year.
Metal price effects (quarterly)	In view of currency rates, inventory levels and metal prices at the end of June 2023, it is estimated that there will be a negative impact of approximately SEK -300 million on operating profit (EBIT) for the third quarter of 2023.
Tax rate, normalized (full year)	Estimated at 24-26% for 2023.

### Financial targets

Alleima has four long-term financial targets:

Organic growth	Deliver profitable organic revenue growth in line with or above growth in targeted end-markets over a business cycle.
Earnings	Adjusted EBIT margin (excluding items affecting comparability and metal price effects) to average above 9 percent over a business cycle.
Capital structure	A net debt to equity ratio below 0.3x.
Dividend policy	Dividend on average 50 percent of net profit (adjusted for metal price effects) over a business cycle. Dividend to reflect financial position, cash flow and outlook.



# About us

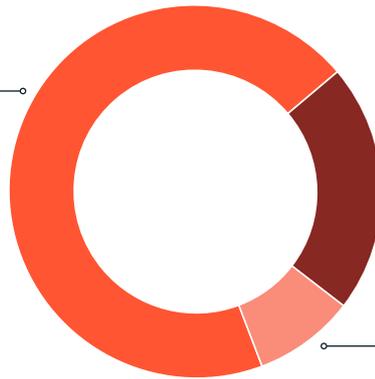
Alleima is a world-leading developer, manufacturer, and supplier of high value-added products in advanced stainless steels and special alloys as well as products for industrial heating, operating with a global footprint. Based on close and long-term customer partnerships, Alleima advances processes and applications in the most demanding industries through materials that are lightweight, durable,

corrosion-resistant and able to withstand extremely high temperatures and pressures.

Through its offering and in-depth expertise in materials technology, metallurgy and industrial processes, Alleima enables its customers to become more efficient, profitable, safe and sustainable.

## Tube

Tube develops and manufactures seamless tubes and other long products in advanced stainless steels and special alloys.



## Kanthal

Kanthal is a provider of products and services in the area of industrial heating technology and resistance materials, and also offers ultra-fine wire in stainless steel for use in medical appliances.

## Strip

Strip develops and manufactures a wide range of precision strip steel products and also offers pre-coated strip steel.

## Purpose

**We advance industries through materials technology**  
Our unique and leading expertise enables more efficient, more profitable and more sustainable processes, products and applications for our customers.

## Values

We care > We deliver > We evolve

## Business model

Alleima's business model is based on close customer cooperation and extensive industry knowledge in combination with materials and process competence and a global footprint. Customer relationships are often characterized by a high degree of technical collaboration, including identifying the customers' needs and finding innovative ways to solve complex challenges. Approximately 80 percent of products are sold directly through Alleima's own global sales network and the remainder is often sold through distributors. Alleima has a fully integrated value chain, including in-house R&D, two steel mills with melt shops, five extrusion presses and several hot working, cold working, and finishing facilities.

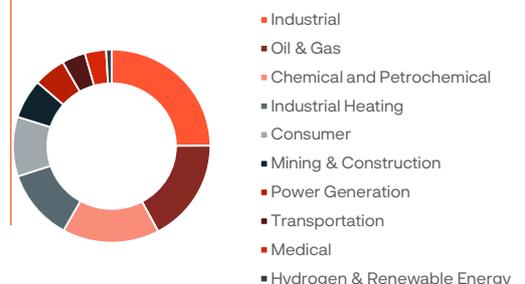
## Strategy

Alleima's strategy is based on four pillars: *Drive profitable growth* by capitalizing on global megatrends such as energy transition, energy efficiency, electrification and medical growth; *Continuous focus of R&D* activities and digital innovations towards new business opportunities, defending and strengthening the current business and widening of the material portfolio; *Operational and commercial excellence* through continuous improvement, footprint optimization, price management, mix optimization, cost flexibility and resilience, and *industry-leading sustainability* that provide benefits to the global climate, contribute to increased circularity and support general health and wellbeing, both through product offering as well as operations.

## Customer segments sales exposure

Revenues per customer segment based on full-year 2022. Historically, these percentages have not changed substantially between the quarters and the full year figures of 2022 will therefore give a good approximation.

Revenues per customer segment, full year 2022





## Other information

### Risks and uncertainties

As an international group with a wide geographical spread, Alleima is exposed to several strategic, business and financial risks. Strategic risk at Alleima is defined as emerging risks affecting the business long-term, such as industry shifts, technological shifts, and macroeconomic developments. The business risks can be divided into operational, sustainability, compliance, legal and commercial risks. The financial risks include currency risks, interest rates, raw material prices, tax risks and more. These risk areas can all impact the business negatively both long and short-term but often also create business opportunities if managed well. Risk management at Alleima begins with an assessment in operational management teams where the material risks to their operations are first identified, followed by an evaluation of the probability of the risks occurring and their potential impact on the Group. Once the key risks have been identified and evaluated, risk mitigating activities to eliminate or reduce the risks are agreed on. For a more detailed description of Alleima's analysis of risks and risk universe, see the Annual Report 2022.

### The conflict in Ukraine

Uncertainties in the economy caused by the conflict in Ukraine may still be visible, and the constantly evolving nature of the conflict makes it difficult to predict its ultimate adverse impact on Alleima. Although Alleima has no significant direct exposure to Russia and Ukraine, the conflict continues to present general uncertainty and risk and could have material adverse effects on revenues, cash flows, financial condition, and results of operations.

### Certification

The Board of Directors and the CEO certify that the six-month report gives a fair overview of the Parent Company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, July 21, 2023

**Alleima AB (publ)**

559224-1433

**Andreas Nordbrandt**

Chairman of the Board

**Claes Boustedt**

Board member

**Tomas Kärnström**

Board member,  
Employee representative

**Mikael Larsson**

Board member,  
Employee representative

**Ulf Larsson**

Board member

**Susanne Pahlén Åklundh**

Board member

**Karl Åberg**

Board member

**Göran Björkman**

President and CEO  
Board member

The Company's Auditor has not reviewed the report for the second quarter of 2023.



# Financial reports summary

## The Group

### Condensed consolidated income statement

SEK M	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022
Revenues		5,638	4,757	11,014	8,976
Cost of goods sold		-4,629	-2,985	-8,338	-5,944
<b>Gross profit</b>		<b>1,009</b>	<b>1,772</b>	<b>2,676</b>	<b>3,033</b>
Selling expenses		-330	-303	-652	-586
Administrative expenses		-248	-353	-481	-646
Research and development costs		-71	-52	-133	-106
Other operating income		71	80	119	110
Other operating expenses		-81	-38	-135	-63
<b>Operating profit</b>	<b>2</b>	<b>350</b>	<b>1,106</b>	<b>1,395</b>	<b>1,741</b>
Financial income		-26	126	22	173
Financial expenses		-13	-297	-59	-272
<b>Net financial items</b>		<b>-39</b>	<b>-171</b>	<b>-37</b>	<b>-99</b>
<b>Profit after net financial items</b>		<b>310</b>	<b>935</b>	<b>1,358</b>	<b>1,643</b>
Income tax	3	-92	-266	-325	-419
<b>Profit for the period</b>		<b>218</b>	<b>669</b>	<b>1,033</b>	<b>1,224</b>
<i>Profit for the period attributable to</i>					
Owners of the parent company		218	669	1,033	1,212
Non-controlling interests		-	-	-	12
<b>Earnings per share, SEK</b>					
Basic	6	0.87	2.67	4.12	4.83
Diluted	6	0.87	2.67	4.12	4.83



## The Group

### Condensed consolidated comprehensive income

SEK M	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022
<b>Profit for the period</b>		<b>218</b>	<b>669</b>	<b>1,033</b>	<b>1,224</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit (loss)</i>					
Actuarial gains (losses) on defined benefit pension plans		-107	644	-56	698
Tax relating to items that will not be reclassified		22	-136	12	-145
<b>Total items that will not be reclassified to profit (loss)</b>		<b>-85</b>	<b>509</b>	<b>-45</b>	<b>553</b>
<i>Items that may be reclassified to profit (loss)</i>					
Foreign currency translation differences		224	221	278	296
Hedge reserve adjustment		-261	424	-1,135	474
Tax relating to items that may be reclassified		54	-87	234	-98
<b>Total items that may be reclassified to profit (loss)</b>		<b>17</b>	<b>557</b>	<b>-624</b>	<b>673</b>
<b>Total other comprehensive income</b>		<b>-68</b>	<b>1,066</b>	<b>-668</b>	<b>1,226</b>
<b>Total comprehensive income</b>		<b>150</b>	<b>1,735</b>	<b>365</b>	<b>2,450</b>
<i>Total comprehensive income attributable to</i>					
Owners of the parent company		150	1,735	365	2,436
Non-controlling interests		-	-	-	14



## The Group

### Condensed consolidated balance sheet

SEK M	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Goodwill		1,750	1,422	1,615
Other intangible assets		223	140	194
Property, plant and equipment		7,331	7,238	7,350
Right-of-use assets		395	233	392
Financial assets	4	365	1,159	714
Deferred tax assets		162	215	174
<b>Non-current assets</b>		<b>10,227</b>	<b>10,408</b>	<b>10,440</b>
Inventories		8,095	7,717	7,355
Current receivables	4	4,609	4,404	4,712
Cash and cash equivalents		542	1,328	892
<b>Current assets</b>		<b>13,245</b>	<b>13,449</b>	<b>12,960</b>
<b>Total assets</b>		<b>23,472</b>	<b>23,857</b>	<b>23,399</b>
Equity attributable to owners of the parent company	6	15,908	15,374	15,901
Non-controlling interest		0	0	0
<b>Total equity</b>		<b>15,908</b>	<b>15,374</b>	<b>15,901</b>
Non-current interest-bearing liabilities		957	728	916
Non-current non-interest-bearing liabilities	4	1,093	1,556	1,398
<b>Non-current liabilities</b>		<b>2,049</b>	<b>2,285</b>	<b>2,314</b>
Current interest-bearing liabilities		124	536	94
Current non-interest-bearing liabilities	4	5,391	5,662	5,090
<b>Current liabilities</b>		<b>5,515</b>	<b>6,198</b>	<b>5,184</b>
<b>Total equity and liabilities</b>		<b>23,472</b>	<b>23,857</b>	<b>23,399</b>



## The Group

### Condensed consolidated cash flow statement

SEK M	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022
<b>Operating activities</b>					
Operating profit		350	1,106	1,395	1,741
Adjustments for non-cash items:					
Depreciation, amortization and impairments		222	204	440	421
Other non-cash items		-13	-54	-24	-59
Received and paid interest		-7	-49	11	-133
Income tax paid		-131	-169	-320	-241
Changes in working capital		-310	-1,038	-1,012	-1,851
<b>Cash flow from operating activities</b>		<b>111</b>	<b>1</b>	<b>489</b>	<b>-122</b>
<b>Investing activities</b>					
Investments in intangible and tangible assets		-151	-116	-268	-190
Proceeds from sale of intangible and tangible assets		1	1	2	9
Acquisition and sale of shares and participations	7	-170	-145	-170	-141
Other investments and financial assets, net		-1	-1	0	6
<b>Cash flow from investing activities</b>		<b>-321</b>	<b>-262</b>	<b>-437</b>	<b>-317</b>
<b>Financing activities</b>					
Proceeds from loans		18	170	18	186
Repayments of loans		-1	-	-2	-1,338
Amortization of lease liabilities		-27	-22	-55	-43
New share issue and capital contribution from shareholders		0	-	0	1,400
Equity swap	1,6	-20	-	-20	-
Dividends paid	6	-351	-	-351	-3
<b>Cash flow from financing activities</b>		<b>-381</b>	<b>147</b>	<b>-410</b>	<b>203</b>
<b>Net change in cash and cash equivalents</b>		<b>-590</b>	<b>-113</b>	<b>-359</b>	<b>-236</b>
Cash and cash equivalents at beginning of period		1,124	1,490	892	1,661
Exchange rate differences in cash and cash equivalents		8	37	9	51
Other cash flow from transactions with shareholders		-	-86	-	-148
<b>Cash and cash equivalents at end of the period</b>		<b>542</b>	<b>1,328</b>	<b>542</b>	<b>1,328</b>



## The Group

### Condensed consolidated statements of changes in equity

SEK M	Note	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
<b>Equity at January 1, 2022</b>		<b>11,663</b>	<b>97</b>	<b>11,761</b>
<i>Changes</i>				
Net profit		1,212	12	1,224
Other comprehensive income for the period, net of tax		1,224	2	1,226
<i>Total comprehensive income for the period</i>		<i>2,436</i>	<i>14</i>	<i>2,450</i>
New share issue		251	-	251
Capital contribution from shareholders		1,149	-	1,149
Dividends		-	-3	-3
Transactions with shareholders	5	-89	0	-89
Transactions with non-controlling interests		-36	-109	-145
<i>Total transactions with owners</i>		<i>1,275</i>	<i>-112</i>	<i>1,163</i>
<b>Equity at June 30, 2022</b>		<b>15,374</b>	<b>0</b>	<b>15,374</b>
<i>Changes</i>				
Net profit		259	-	259
Other comprehensive income for the period, net of tax		272	-	272
<i>Total comprehensive income for the period</i>		<i>531</i>	<i>-</i>	<i>531</i>
Cash flow hedge, transferred to cost of hedged item		37	-	37
Tax on cash flow hedge, transferred to cost		-8	-	-8
<i>Net cash flow hedge, transferred to cost</i>		<i>30</i>	<i>-</i>	<i>30</i>
Transactions with shareholders	5	-34	-	-34
<i>Total transactions with owners</i>		<i>-34</i>	<i>-</i>	<i>-34</i>
<b>Equity at December 31, 2022</b>		<b>15,901</b>	<b>0</b>	<b>15,901</b>
<i>Changes</i>				
Net profit		1,033	-	1,033
Other comprehensive income for the period, net of tax		-668	-	-668
<i>Total comprehensive income for the period</i>		<i>365</i>	<i>-</i>	<i>365</i>
Cash flow hedge, transferred to cost of hedged item		16	-	16
Tax on cash flow hedge, transferred to cost		-3	-	-3
<i>Net cash flow hedge, transferred to cost</i>		<i>13</i>	<i>-</i>	<i>13</i>
Equity swap	1,6	-20	-	-20
Dividends	6	-351	-	-351
<i>Total transactions with owners</i>		<i>-371</i>	<i>-</i>	<i>-371</i>
<b>Equity at June 30, 2023</b>		<b>15,908</b>	<b>0</b>	<b>15,908</b>



## The Parent Company

### Condensed income statement

SEK M	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022
Revenues		6	5	12	11
<b>Gross profit</b>		<b>6</b>	<b>5</b>	<b>12</b>	<b>11</b>
Administrative expenses		-22	-49	-42	-64
<b>Operating loss</b>		<b>-16</b>	<b>-45</b>	<b>-30</b>	<b>-53</b>
Interest revenue and similar income		8	0	15	0
<b>Loss after financial items</b>		<b>-8</b>	<b>-45</b>	<b>-15</b>	<b>-53</b>
Income tax		2	9	3	11
<b>Loss for the period</b>		<b>-7</b>	<b>-36</b>	<b>-13</b>	<b>-43</b>

### Condensed balance sheet

SEK M	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Financial assets		11,907	11,907	11,907
Deferred tax assets		4	11	1
<b>Non-current assets</b>		<b>11,911</b>	<b>11,918</b>	<b>11,908</b>
Current receivables		1,061	905	1,441
<b>Current assets</b>		<b>1,061</b>	<b>905</b>	<b>1,442</b>
<b>Total assets</b>		<b>12,972</b>	<b>12,823</b>	<b>13,350</b>
Restricted equity		251	251	251
Unrestricted equity	6	12,685	12,532	13,069
<b>Total equity</b>		<b>12,936</b>	<b>12,783</b>	<b>13,320</b>
Non-current non-interest-bearing liabilities		9	2	4
<b>Non-current liabilities</b>		<b>9</b>	<b>2</b>	<b>4</b>
Current non-interest-bearing liabilities		27	38	25
<b>Current liabilities</b>		<b>27</b>	<b>38</b>	<b>26</b>
<b>Total equity and liabilities</b>		<b>12,972</b>	<b>12,823</b>	<b>13,350</b>



## Order intake by division and region

SEK M	Note	Q2 2023	Q2 2022	Organic %	Organic ex. major orders <sup>1</sup> %	Q1-Q2 2023	Q1-Q2 2022	Organic %	Organic ex. major orders <sup>1</sup> %
<b>Tube</b>									
Europe		2,843	2,396	18	-15	5,872	4,200	32	-1
North America		523	855	-41	-41	1,212	2,284	-53	-25
Asia		600	590	3	3	1,109	1,648	-36	-7
Other		163	1,029	-85	-80	772	1,155	-36	-50
<b>Total</b>		<b>4,129</b>	<b>4,869</b>	<b>-16</b>	<b>-29</b>	<b>8,966</b>	<b>9,288</b>	<b>-10</b>	<b>-12</b>
<b>Kanthal</b>									
Europe		357	311	6	6	777	652	6	6
North America		292	472	-35	-35	681	800	-21	-21
Asia		355	308	20	20	727	680	5	5
Other		62	20	188	188	152	110	24	24
<b>Total</b>		<b>1,066</b>	<b>1,111</b>	<b>-4</b>	<b>-4</b>	<b>2,337</b>	<b>2,242</b>	<b>-3</b>	<b>-3</b>
<b>Strip</b>									
Europe		140	210	-35	-35	261	426	-41	-41
North America		38	56	-38	-38	89	100	-22	-22
Asia		145	190	-25	-25	281	369	-26	-26
Other		8	3	140	140	9	12	-33	-33
<b>Total</b>		<b>331</b>	<b>460</b>	<b>-30</b>	<b>-30</b>	<b>639</b>	<b>906</b>	<b>-32</b>	<b>-32</b>
<b>GROUP</b>									
Europe		3,339	2,917	13	-15	6,910	5,278	23	-3
North America		854	1,383	-39	-39	1,982	3,184	-44	-24
Asia		1,101	1,089	3	3	2,117	2,697	-24	-7
Other		232	1,052	-79	-73	933	1,277	-31	-42
<b>Total</b>		<b>5,526</b>	<b>6,440</b>	<b>-15</b>	<b>-25</b>	<b>11,942</b>	<b>12,436</b>	<b>-10</b>	<b>-12</b>

1) Major orders are defined as orders above SEK 200 million.



## Revenues by division and region

SEK M	Note	Q2 2023	Q2 2022	Organic %	Q1-Q2 2023	Q1-Q2 2022	Organic %
<b>Tube</b>							
Europe		2,206	1,907	17	4,318	3,629	13
North America		833	878	-8	1,537	1,570	-11
Asia		613	407	52	1,071	722	41
Other		373	136	156	861	305	165
<b>Total</b>		<b>4,025</b>	<b>3,329</b>	<b>20</b>	<b>7,787</b>	<b>6,226</b>	<b>17</b>
<b>Kanthal</b>							
Europe		372	318	13	776	615	14
North America		427	375	14	844	705	10
Asia		335	281	22	666	560	16
Other		45	38	5	88	67	17
<b>Total</b>		<b>1,179</b>	<b>1,012</b>	<b>15</b>	<b>2,374</b>	<b>1,947</b>	<b>13</b>
<b>Strip</b>							
Europe		192	187	0	405	386	1
North America		67	48	26	129	80	43
Asia		171	173	-4	310	323	-8
Other		6	7	-25	9	15	-43
<b>Total</b>		<b>435</b>	<b>416</b>	<b>1</b>	<b>853</b>	<b>804</b>	<b>1</b>
<b>GROUP</b>							
Europe		2,770	2,413	15	5,499	4,630	12
North America		1,326	1,302	0	2,510	2,355	-3
Asia		1,119	861	31	2,047	1,604	23
Other		423	182	118	958	387	131
<b>Total</b>		<b>5,638</b>	<b>4,757</b>	<b>18</b>	<b>11,014</b>	<b>8,976</b>	<b>15</b>



## Quarterly by division

Alleima has three reportable operating segments, Tube, Kanthal and Strip. Items not included in the operating segments, mainly related to Group staff functions typically to run the Group or items Alleima considers to be centrally decided, are presented as Common functions.

	Note	Q1-Q2 2023	Q1-Q2 2022	Full year 2022	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Order intake, SEK M</b>										
Tube		8,966	9,288	15,959	4,129	4,837	4,119	2,552	4,869	4,419
Kanthal		2,337	2,242	4,466	1,066	1,271	1,279	945	1,111	1,130
Strip		639	906	1,705	331	308	427	372	460	447
<b>Total<sup>1</sup></b>		<b>11,942</b>	<b>12,436</b>	<b>22,130</b>	<b>5,526</b>	<b>6,416</b>	<b>5,825</b>	<b>3,869</b>	<b>6,440</b>	<b>5,996</b>
<b>Revenues, SEK M</b>										
Tube		7,787	6,226	12,804	4,025	3,763	3,647	2,931	3,329	2,897
Kanthal		2,374	1,947	3,972	1,179	1,195	1,031	995	1,012	934
Strip		853	804	1,628	435	418	481	344	416	388
<b>Total<sup>1</sup></b>		<b>11,014</b>	<b>8,976</b>	<b>18,405</b>	<b>5,638</b>	<b>5,376</b>	<b>5,159</b>	<b>4,270</b>	<b>4,757</b>	<b>4,219</b>
<b>Adjusted EBITDA, SEK M</b>										
	2									
Tube		1,213	1,050	1,922	635	577	562	311	592	458
Kanthal		479	352	708	256	223	217	139	182	170
Strip		106	139	254	55	51	92	22	68	72
Common functions		-147	-189	-344	-80	-67	-86	-69	-90	-99
<b>Total<sup>1</sup></b>		<b>1,651</b>	<b>1,352</b>	<b>2,540</b>	<b>866</b>	<b>785</b>	<b>785</b>	<b>403</b>	<b>751</b>	<b>601</b>
<b>Adjusted EBITDA margin, %</b>										
Tube		15.6	16.9	15.0	15.8	15.3	15.4	10.6	17.8	15.8
Kanthal		20.2	18.1	17.8	21.7	18.7	21.1	14.0	18.0	18.2
Strip		12.4	17.4	15.6	12.6	12.3	19.2	6.5	16.2	18.6
Common functions		N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
<b>Total<sup>1</sup></b>		<b>15.0</b>	<b>15.1</b>	<b>13.8</b>	<b>15.4</b>	<b>14.6</b>	<b>15.2</b>	<b>9.4</b>	<b>15.8</b>	<b>14.2</b>
<b>Adjusted EBIT, SEK M</b>										
	2									
Tube		861	710	1,229	457	404	374	145	428	282
Kanthal		423	304	611	227	196	193	115	158	146
Strip		84	115	207	44	41	82	10	55	60
Common functions		-159	-199	-367	-86	-73	-92	-75	-94	-105
<b>Total<sup>1</sup></b>		<b>1,209</b>	<b>931</b>	<b>1,681</b>	<b>642</b>	<b>567</b>	<b>555</b>	<b>195</b>	<b>547</b>	<b>384</b>
<b>Adjusted EBIT margin, %</b>										
Tube		11.1	11.4	9.6	11.4	10.7	10.2	4.9	12.9	9.7
Kanthal		17.8	15.6	15.4	19.3	16.4	18.7	11.6	15.6	15.6
Strip		9.9	14.3	12.7	10.0	9.7	17.0	3.0	13.3	15.5
Common functions		N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
<b>Total<sup>1</sup></b>		<b>11.0</b>	<b>10.4</b>	<b>9.1</b>	<b>11.4</b>	<b>10.5</b>	<b>10.8</b>	<b>4.6</b>	<b>11.5</b>	<b>9.1</b>
<b>EBIT, SEK M</b>										
Tube		1,027	1,420	1,691	189	838	259	12	914	507
Kanthal		436	531	802	203	233	164	107	297	234
Strip		91	146	232	44	48	71	15	73	73
Common functions		-159	-356	-603	-86	-73	-87	-160	-177	-179
<b>Total<sup>1</sup></b>		<b>1,395</b>	<b>1,741</b>	<b>2,122</b>	<b>350</b>	<b>1,045</b>	<b>407</b>	<b>-26</b>	<b>1,106</b>	<b>635</b>

1) Internal transactions had negligible effect on division profits.



# Notes

## Note 1 | Accounting principles

The financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board. The accounting principles and computation methods applied in the preparation of this interim report are the same as those applied in the Annual Report 2022 as amended below. All amounts are in million SEK (SEK M) unless otherwise stated. Roundings may occur.

The interim information on pages 1–33 is an integrated part of these financial statements.

### Share-based payments

Following the decision on Alleima's Annual General Meeting held on May 2, 2023, Alleima grants share-based payments to be settled with Alleima shares, so called equity-settled payments, under the terms and conditions of the incentive program. The costs for equity-settled payments are based on the fair value of the share rights calculated by an independent party at the date of grant. These payments are reported as employee costs during the vesting period with a corresponding increase in equity. The vesting conditions in the program are linked to non-market performance conditions (earnings per share and reduction of carbon dioxide) and service conditions (employment period) which are taken into account in employee cost during the vesting period by the change in the number of shares that are expected to finally vest. Alleima records a liability for social security expenses, at each reporting period, for all outstanding share-based payments. Social security expenses attributable to equity-based instruments to employees as compensation for purchased services are expensed in the periods during which the services are performed. The provision for social security expenses is based on the fair value of the share rights at each reporting period.

Equity swap raised to secure the delivery of shares under the incentive program is reported in equity with adjustment for related expenses and any dividends on the shares.

### Changes in IFRS standards

IASB has published amendments of standards that are effective as of January 1, 2023 or later. The standards have not had any material impact on the financial reports.



## Note 2 | Adjustment items on EBITDA/EBIT

SEK M	Q1-Q2 2023	Q1-Q2 2022	Full year 2022	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>EBITDA</b>									
<b>Items affecting comparability</b>									
Tube	0	-5	-12	0	0	-3	-4	-3	-2
Kanthal	0	-2	-5	0	0	-2	-1	-3	1
Strip	0	0	-1	0	0	-1	0	0	0
Common functions	0	-157	-236	0	0	5	-85	-83	-74
<b>Total</b>	<b>0</b>	<b>-164</b>	<b>-254</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-90</b>	<b>-89</b>	<b>-75</b>
<b>Metal price effect</b>									
Tube	166	715	474	-268	434	-112	-129	489	226
Kanthal	13	230	196	-24	38	-26	-7	142	88
Strip	7	30	25	0	7	-10	5	17	13
<b>Total</b>	<b>186</b>	<b>975</b>	<b>695</b>	<b>-293</b>	<b>479</b>	<b>-149</b>	<b>-131</b>	<b>649</b>	<b>327</b>
<b>Total adjustment items EBITDA</b>									
Tube	166	710	462	-268	434	-115	-133	486	224
Kanthal	13	228	190	-24	38	-29	-8	139	88
Strip	7	30	24	0	7	-11	5	17	13
Common functions	0	-157	-236	0	0	5	-85	-83	-74
<b>Total</b>	<b>186</b>	<b>811</b>	<b>441</b>	<b>-293</b>	<b>479</b>	<b>-149</b>	<b>-221</b>	<b>559</b>	<b>252</b>
<b>EBIT</b>									
<b>Impairment of tangible and intangible fixed assets</b>									
Tube	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total adjustment items EBIT</b>									
Tube	166	710	462	-268	434	-115	-133	486	224
Kanthal	13	228	190	-24	38	-29	-8	139	88
Strip	7	30	24	0	7	-11	5	17	13
Common functions	0	-157	-236	0	0	5	-85	-83	-74
<b>Total</b>	<b>186</b>	<b>811</b>	<b>441</b>	<b>-293</b>	<b>479</b>	<b>-149</b>	<b>-221</b>	<b>559</b>	<b>252</b>
<b>Items affecting comparability, EBITDA, consists of:</b>									
Separation costs	0	-164	-254	0	0	0	-90	-89	-75
Reversal restructuring provisions	0	0	0	0	0	0	0	0	0
Capital gain from divestment of property	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>-164</b>	<b>-254</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-90</b>	<b>-89</b>	<b>-75</b>
<b>Items affecting comparability, impairments, consists of:</b>									
Reversal of impairment	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total items affecting comparability</b>	<b>0</b>	<b>-164</b>	<b>-254</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-90</b>	<b>-89</b>	<b>-75</b>



## Note 3 | Taxes

SEK M	Q2 2023		Q2 2022		Q1-Q2 2023		Q1-Q2 2022	
Reported tax	-92	29.7%	-266	28.4%	-325	23.9%	-419	25.5%
Tax on adjustment items (note 2)	-61	-21.0%	118	-21.2%	41	-22.2%	171	-21.0%
<b>Tax excluding adjustment items</b>	<b>-154</b>	<b>25.5%</b>	<b>-147</b>	<b>39.2%</b>	<b>-284</b>	<b>24.2%</b>	<b>-248</b>	<b>29.8%</b>
Adjustment for one time items taxes	0	-0.1%	25	-6.7%	0	0.0%	25	-3.0%
<b>Normalized tax rate</b>	<b>-153</b>	<b>25.4%</b>	<b>-122</b>	<b>32.5%</b>	<b>-283</b>	<b>24.2%</b>	<b>-223</b>	<b>26.8%</b>

Adjustment for one time items taxes during Q1 and Q2 2023 consist of revaluation of tax loss-carry-forwards of SEK -3 million (-) and temporary differences of SEK 2 million (-) and other one time tax items of SEK 1 million (25).

## Note 4 | Financial assets and liabilities

### Financing

During Q2 2023, Alleima has prolonged the revolving credit facility of SEK 3,000 million with one year by utilizing a one-year option, extending the facility to 2028. The facility was not utilized as of June 30, 2023.

### Financial instruments - fair values

In order to mitigate financial risks, the Group has entered into financial instruments such as currency-, commodity- and electricity- and gas derivatives. All derivatives belong to Level 2 in the fair value hierarchy, i.e. observable inputs have been used in deriving the fair values. Fair values, which equals carrying amounts, of outstanding derivatives amounted at each reporting period to the amounts below.

SEK M	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Financial assets derivatives	527	1,566	1,540
Financial liabilities derivatives	793	918	623

The carrying amounts for other financial assets and liabilities are considered to represent a good approximation of the fair values due to the short durations.

## Note 5 | Related party transactions

The Group companies have related party relationships with their subsidiaries. All related party transactions are based on market terms and negotiated on an arm's length basis.

On August 31, 2022, the Alleima shares were delivered to the shareholders of Sandvik and Alleima is no longer part of the Sandvik Group. Alleima former shareholder was Sandvik AB. Transactions with the Sandvik Group are presented in the Annual Report 2022 in Note 1 and in Note 27. Where also remuneration to senior executives for Alleima is presented in Note 3.

## Note 6 | Equity, number of shares and incentive programs

	Jun 30, 2023	Dec 31, 2022
<b>Number of shares</b>		
Total number of shares	250,877,184	250,877,184
Number of treasury shares via equity swap (LTI)	-410,620	-
<b>Number of outstanding shares</b>	<b>250,466,564</b>	<b>250,877,184</b>
Number of outstanding shares, weighted average	250,740,311	250,877,184
Number of shares after dilution	250,877,184	250,877,184
Number of shares after dilution, weighted average	250,877,184	250,877,184

### Outstanding share right programs

Alleima's General Meeting held on May 2, 2023 approved the Board's proposal for a long-term share-based incentive program for 30 senior executives and key employees in the Group (LTI 2023). Participation requires an investment in Alleima shares. Each acquired Alleima share entitles the participant to be allotted, after a period of three years, a certain number of Alleima shares free of charge, provided that certain performance targets with respect to earnings per share and reduction of carbon dioxide (CO<sub>2</sub>) are met. As of June 30, 2023, LTI 2023 comprises 410,620 share rights. The delivery of these shares is secured through an equity swap agreement with a third party. Total costs before tax for outstanding rights in the incentive program are expensed over the three-year vesting period. These costs are expected to amount to SEK 16 million, of which social security costs amount to SEK 4 million.

### Dividend

The Annual General Meeting held on May 2, 2023, resolved for the financial year 2022 on an ordinary dividend of SEK 1.40 per share. The dividend of SEK 351 million was distributed to the shareholders on May 9, 2023.

## Note 7 | Business acquisitions

On May 2, 2023, Alleima acquired Söderfors Steel Operations AB ("Söderfors Steel"). The acquisition will add capabilities in hot rolling of small diameter bars and profiles to expand the offering of advanced materials for the Medical and Aerospace segments. The company will be reported within the Tube division. The production facility and head office of Söderfors Steel is located in Söderfors, Sweden, with approximately 50 employees. In 2022, Söderfors Steel had revenues of approximately SEK 145 million. During Q2 2023, the company's impact on Alleima's revenues and profit was minimal. Impact on earnings per share is expected to be accretive going forward. The acquisition was made through the purchase of 100% of shares and voting rights. Alleima assumed control over the operations upon the date of closing. No equity instruments have been issued in connection with the acquisition. The acquisition have been accounted for using the acquisition method.

On November 30, 2022, Alleima acquired Endosmart Gesellschaft für Medizintechnik mbH (Endosmart), a German-based manufacturer of medical devices and components made of the shape memory alloy nitinol. The company is reported in division Kanthal. The preliminary purchase price allocation disclosed in the Annual Report 2022 has been adjusted during Q1 and Q2 2023 based on the deferred purchase price settlement and the valuation of identified intangible assets and related deferred tax. The carrying value of intangible assets has been increased by SEK 30 million (whereof customer relationships SEK 28 million). And in addition, some other minor adjustments have been made. Related deferred tax liability of SEK 10 million has been recognized. Goodwill has been reduced by the corresponding net amount of SEK 16 million. The cost of the combination, the fair values of net assets acquired and goodwill for the combination are presented in the table below. For more information on the Endosmart acquisition, see Note 28 in the Annual Report 2022.

Assets, liabilities and contingent liabilities included in the acquired operations are stated below. The valuations of acquired assets and assumed liabilities are still preliminary for the Kanthal acquisition Endosmart and the Tube acquisition Söderfors.

SEK M	Endosmart	Söderfors
Intangible assets	30	-
Property, plant and equipment	12	39
Right of use assets	20	-
Inventories	29	6
Receivables	35	21
Cash and cash equivalents	8	-
Other liabilities and provisions	-77	-68
Deferred tax assets/liabilities, net	-10	-
<b>Net identifiable assets and liabilities</b>	<b>48</b>	<b>-2</b>
Goodwill	142	101
<b>Purchase consideration</b>	<b>189</b>	<b>99</b>
Payment for debt in acquired companies	-	49
	<b>189</b>	<b>148</b>
Debt for additional purchase price	-	-4
Less: cash and cash equivalents in acquired companies	-8	-
<b>Net cash outflow (+)</b>	<b>180</b>	<b>144</b>

Goodwill from the acquisitions is not deductible for tax purposes.

## Note 8 | Significant events after the quarter

-On July 3, 2023 it was announced that Kerstin Konradsson, in conjunction with her appointment as CEO for Erasteel, has informed the Chairman of the Alleima Board of Directors of her decision to resign from the Board of Directors, effective immediately.



## Key ratios

	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022	Full year 2021	Full year 2020	Full year 2019
Adjusted gross margin, %	23.1	23.6	22.6	22.9	21.8	20.6	22.2	23.2
Adjusted EBITDA margin, %	15.4	15.8	15.0	15.1	13.8	13.1	13.9	14.9
Adjusted EBIT margin, %	11.4	11.5	11.0	10.4	9.1	7.6	8.7	9.7
Normalized tax rate, % (Note 3)	25.4	32.5	24.2	26.8	24.3	24.9	31.6	35.2
Net working capital to revenues, % <sup>1</sup>	33.2	31.6	34.5	31.9	32.8	31.2	30.4	26.1
Return on capital employed, % <sup>2</sup>	10.5	16.6	10.5	16.6	13.2	10.4	3.8	10.7
Return on capital employed excluding cash, % <sup>2</sup>	11.1	17.8	11.1	17.8	14.2	11.0	3.8	10.8
Net debt/Adjusted EBITDA ratio	0.16	-0.06	0.16	-0.06	0.01	0.73	0.90	2.04
Net debt/Equity ratio	0.03	-0.01	0.03	-0.01	0.00	0.11	0.17	0.54
Cash flow from operations, SEK M	111	1	489	-122	687	1,151	1,671	1,617
Adjusted earnings per share, diluted, SEK	1.79	0.91	3.54	2.28	4.46	3.82	3.69	2.94
Average number of shares, diluted, at the end of the period (millions)	250.877	250.877	250.877	250.877	250.877	250.877	250.877	250.877
Number of shares at the end of the period (millions)	250.467	250.877	250.467	250.877	250.877	250.877	250.877	250.877
Number of employees <sup>3</sup>	6,006	5,731	6,006	5,731	5,886	5,465	5,084	5,726
Number of consultants <sup>3</sup>	613	557	613	557	612	413	287	513

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) Based on rolling 12 months and a four-quarter average.

3) Full-time equivalent.



## Alternative Performance Measures

This interim report contains certain alternative performance measures that are not defined by IFRS. These measures are included as they are considered to be important performance indicators of the operating performance and liquidity of Alleima. They should not be considered a substitute for Alleima's financial statements prepared in accordance with IFRS. Alleima's definitions of these measures are described below, and as other companies may calculate non IFRS measures differently, these measures are therefore not always comparable to similar measures used by other companies.

### Organic order intake and revenue growth

Change in order intake and revenues after adjustments for exchange rate effects and structural changes such as divestments and acquisitions and alloy surcharges. Organic growth is used to analyze the underlying sales performance in the Group, as most of its revenues are in currencies other than in the reporting currency (i.e. SEK, Swedish Krona). Alloy surcharges are used as an instrument to pass on changes in alloy costs along the value chain and the effects from alloy surcharges may fluctuate over time.

### Adjusted EBITDA and adjusted operating profit (EBIT)

Alleima considers Adjusted EBITDA and Adjusted operating profit (EBIT) and the related margin to be relevant measures to present profitability of the underlying business excluding metal price effects and items affecting comparability (IAC).

Metal price effect is the difference between sales price and purchase price on metal content used in the production of products. Metal price effect on operating profit in a particular period arises from changes in alloy prices arising from the timing difference between the purchase, as included in cost of goods sold, and the sale of an alloy, as included in revenues, when alloy surcharges are applied. IAC includes capital gains and losses from divestments and larger restructuring initiatives, impairments, capital gains and losses from divestments of financial assets as well as other material items having a significant impact on the comparability.

*Adjusted EBITDA and margin:* Operating profit (EBIT) excluding depreciations, amortization of intangible assets, items affecting comparability and metal price effects. Margin is expressed as a percentage of revenues.

*Adjusted operating profit (EBIT) and margin:* Operating profit (EBIT) excluding items affecting comparability and metal price effects. Margin is expressed as a percentage of revenues.

### Adjusted EBITDA and adjusted operating profit (EBIT)

SEK M	Q1-Q2 2023	Q1-Q2 2022	Full year 2022	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Operating profit/loss</b>	<b>1,395</b>	<b>1,741</b>	<b>2,122</b>	<b>350</b>	<b>1,045</b>	<b>407</b>	<b>-26</b>	<b>1,106</b>	<b>635</b>
Reversal (Note 2):									
Items affecting comparability	0	164	254	0	0	0	90	89	75
Metal price effect	-186	-975	-695	293	-479	149	131	-649	-327
Impairments	0	0	0	0	0	0	0	0	0
<b>Adjusted operating profit (EBIT)</b>	<b>1,209</b>	<b>931</b>	<b>1,681</b>	<b>642</b>	<b>567</b>	<b>555</b>	<b>195</b>	<b>547</b>	<b>384</b>
Reversal:									
Depreciation and amortization	442	422	859	224	218	229	208	205	217
<b>Adjusted EBITDA</b>	<b>1,651</b>	<b>1,352</b>	<b>2,540</b>	<b>866</b>	<b>785</b>	<b>785</b>	<b>403</b>	<b>751</b>	<b>601</b>
Revenues	11,014	8,976	18,405	5,638	5,376	5,159	4,270	4,757	4,219
Adjusted operating profit (EBIT) margin, %	11.0	10.4	9.1	11.4	10.5	10.8	4.6	11.5	9.1
Adjusted EBITDA margin, %	15.0	15.1	13.8	15.4	14.6	15.2	9.4	15.8	14.2



### Adjusted earnings per share, diluted

Alleima considers Adjusted earnings per share (EPS), diluted to be relevant to understand the underlying performance, which excludes items affecting comparability and metal price effects between periods.

*Adjusted EPS, diluted:* Profit/loss, adjusted for items affecting comparability and metal price effects, attributable to equity holders of the Parent Company divided by the average number of shares, diluted, outstanding during the period.

### Adjusted profit for the period and adjusted earnings per share, diluted

SEK M	Q1-Q2 2023	Q1-Q2 2022	Full year 2022	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Profit/loss for the period</b>	<b>1,033</b>	<b>1,224</b>	<b>1,483</b>	<b>218</b>	<b>815</b>	<b>413</b>	<b>-154</b>	<b>669</b>	<b>555</b>
Reversal:									
Adjustment items EBITDA/EBIT (Note 2)	-186	-811	-441	293	-479	149	221	-559	-252
Tax on adjustment items (Note 3)	41	171	89	-61	103	-34	-48	118	52
<b>Adjusted profit for the period</b>	<b>888</b>	<b>584</b>	<b>1,131</b>	<b>449</b>	<b>439</b>	<b>528</b>	<b>19</b>	<b>228</b>	<b>356</b>
Attributable to									
Owners of the parent company	888	572	1,118	449	439	528	19	228	343
Non-controlling interests	-	12	12	-	-	-	-	-	12
Average number of shares, diluted, at the end of the period (millions)	250.877	250.877	250.877	250.877	250.877	250.877	250.877	250.877	250.877
Adjusted earnings per share, diluted, SEK	3.54	2.28	4.46	1.79	1.75	2.11	0.07	0.91	1.37



### Net working capital (NWC) in relation to revenues and return on capital employed (ROCE)

Alleima considers NWC in relation to revenues for the quarter relevant as a measure of both the Group's efficiency and its short-term financial health.

*Net working capital (NWC):* Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as liabilities and assets held for sale, but excluding tax assets and liabilities and provisions.

*Net working capital (NWC) in relation to revenues:* Quarter is quarterly annualized and year-to-date numbers are based on a four-quarter average.

Alleima considers ROCE to be useful for the readers of its financial reports as a complement in assessing the possibility of implementing strategic investments and considering the Group's ability to meet its financial commitments.

In addition, it is useful to also follow ROCE excluding cash, as it is focused on the operating capital employed.

*Capital employed:* Total assets less non-interest-bearing liabilities (including deferred tax liabilities).

*ROCE:* Rolling 12 months' operating profit/loss plus financial income (excl derivatives), as a percentage of a four-quarter average capital employed.

*ROCE excluding cash:* Rolling 12 months' operating profit/loss, as a percentage of a four-quarter average capital employed excluding cash and cash equivalents.

SEK M	Q2 2023	Q2 2022	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Inventories	8,095	7,717	8,095	7,717	7,355
Trade receivables	3,556	3,127	3,556	3,127	2,981
Account payables	-2,514	-2,922	-2,514	-2,922	-2,619
Other receivables	663	624	663	624	662
Other liabilities	-2,063	-1,906	-2,063	-1,906	-1,860
<b>Net working capital</b>	<b>7,738</b>	<b>6,641</b>	<b>7,738</b>	<b>6,641</b>	<b>6,519</b>
Average net working capital	7,492	6,022	7,047	5,143	6,044
Revenues annualized	22,552	19,029	20,442	16,108	18,405
Net working capital to revenues, %	33.2	31.6	34.5	31.9	32.8
Tangible assets			7,331	7,238	7,350
Intangible assets			1,973	1,562	1,809
Cash and cash equivalents			542	1,328	892
Other assets			13,626	13,729	13,348
Other liabilities			-6,484	-7,219	-6,488
<b>Capital employed</b>			<b>16,988</b>	<b>16,638</b>	<b>16,911</b>
Average capital employed			17,030	14,847	16,280
Operating profit rolling 12 months			1,775	2,429	2,122
Financial income, excl. derivatives, rolling 12 months			13	29	28
<b>Total return rolling 12 months</b>			<b>1,789</b>	<b>2,457</b>	<b>2,150</b>
Return on capital employed (ROCE), %			10.5	16.6	13.2
Average capital employed excl. cash			16,035	13,617	14,989
Return on capital employed excl. cash, %			11.1	17.8	14.2



### Free operating cash flow (FOCF)

Alleima considers free operating cash flow (FOCF) to be useful for providing an indication of the funds the operations generate to be able to implement strategic investments, make amortizations and pay dividends to the shareholders.

*Free operating cash flow (FOCF):* EBITDA adjusted for non-cash items plus the change in net working capital minus investments and disposals of tangible and intangible assets and plus the amortization of lease liabilities.

### Net debt to Equity and Net debt to Adjusted EBITDA

Alleima considers both Net debt to Equity and Net debt to Adjusted EBITDA to be useful for the readers of its financial reports as a complement for assessing the possibility of divi-

dends, implementing strategic investments and considering the Group's ability to meet its financial commitments. Net debt to Equity ratio is included in Alleima's financial targets.

*Net debt:* Interest-bearing current and non-current liabilities, including net pension liabilities and leases, less cash and cash equivalents

### Financial net debt

Alleima considers financial net debt to be a useful indicator of the business's ability to pay off all debt, excluding pension liabilities and lease liabilities, at a certain point in time.

*Financial net debt:* Net debt, excluding net pension and lease liabilities.

### Net debt to Equity and Net debt to Adjusted EBITDA

SEK M	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Interest-bearing non-current liabilities	957	728	916
Interest-bearing current liabilities	124	536	94
Prepayment of pensions	-91	-75	-97
Cash & cash equivalents	-542	-1,328	-892
<b>Net debt</b>	<b>448</b>	<b>-139</b>	<b>21</b>
Net pension liability	-569	-477	-513
Leasing liabilities	-395	-226	-391
<b>Financial net debt</b>	<b>-516</b>	<b>-841</b>	<b>-883</b>
Adjusted EBITDA accumulated current year	1,651	1,352	2,540
Adjusted EBITDA previous year	1,188	814	-
<b>Adjusted EBITDA rolling 12 months</b>	<b>2,839</b>	<b>2,166</b>	<b>2,540</b>
<b>Total equity</b>	<b>15,908</b>	<b>15,374</b>	<b>15,901</b>
Net debt/Equity ratio	0.03	-0.01	0.00
Net debt/Adjusted EBITDA ratio (multiple)	0.16	-0.06	0.01



# Shareholder information

## Disclaimer statement

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

This report is published in Swedish and English. The Swedish version shall prevail in any instance where the two versions differ.



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## Conference call and webcast:

A conference call will be held on July 21, 2023 at 13:00 PM CEST.



## Dial-in details for the conference call:

Participants in Sweden: +46 (0)8 5051 0031  
Participants in the UK: +44 (0) 207 107 06 13  
Participants in the US: +1 (1) 631 570 56 13



## Presentation for download and webcast link:

<https://www.alleima.com/en/investors/>

## Financial calendar

Q3 interim report January - September	October 24, 2023
Capital Markets Day update	November 14, 2023
Q4 and full-year report January - December	January 23, 2024
Q1 interim report January - March	April 23, 2024
Q2 interim report January - June	July 19, 2024
Q3 interim report January - September	October 22, 2024

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