Q1 2023

Interim report

Solid start to the year

- Organic order intake growth for the rolling 12-months period was 6%. Order intake in the quarter increased by 7% to SEK 6,416 million (5,996), with organic growth of -5%, due to high comparables resulting from major orders in the corresponding period of the preceding year. Organic order intake growth excluding major orders was 6%.
- Revenues increased by 27% to SEK 5,376 million (4,219), with organic growth of 12%, driven by growth in all three divisions.
- Adjusted operating profit (EBIT), amounted to SEK 567 million (384), corresponding to a margin of 10.5% (9.1), supported by higher revenues, a favorable product mix and price increases which offset cost inflation.
- Operating profit (EBIT) amounted to SEK 1,045 million (635), corresponding to a margin of 19.4% (15.1), and included metal price effects of SEK 479 million (327) and items affecting comparability of SEK 0 million (-75).
- Adjusted earnings per share was SEK 1.75 (1.37). Earnings per share was SEK 3.25 (2.16).
- Cash flow from operating activities increased to SEK 377 million (-123).
- Free operating cash flow increased to SEK 404 million (-53).
- After the quarter, Alleima signed an agreement to acquire a production facility for small diameter bars (Söderfors Steel Operations AB).

Financial overview

SEK M	Q1 2023	Q1 2022	Change, %	Full year 2022
Order intake	6,416	5,996	7	22,130
Organic growth, %	*-5*	*41*	–	*19*
Revenues	5,376	4,219	27	18,405
Organic growth, %	*12*	*13*	–	*13*
Adjusted EBITDA	785	601	31	2,540
Margin, %	*14.6*	*14.2*	–	*13.8*
Adjusted operating profit (EBIT)	567	384	48	1,681
Margin, %	*10.5*	*9.1*	–	*9.1*
Operating profit (EBIT)	1,045	635	65	2,122
Profit for the period	815	555	47	1,483
Adjusted earnings per share, SEK	1.75	1.37	28	4.46
Earnings per share, SEK	3.25	2.16	50	5.86
Free operating cash flow	404	-53	–	505
Net working capital to revenues, % [1]	32.0	29.5	–	32.8
Net debt/Equity ratio	-0.02	0.01	–	0.00

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 28 for further details. Definitions and glossary can be found on www.alleima.com/investors
1) 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.

"2023 got off to a solid start and we continued to consistently execute on our strategy."

CEO's comment

2023 got off to a solid start and we continued to consistently execute on our strategy. The first quarter demonstrated strong order intake and we reported double digit revenue growth, higher earnings and an improved adjusted EBIT margin.

Demand for our products remained high, driven by the Oil and Gas segment in particular, where we received several umbilical orders and two major orders for OCTG (Oil Country Tubular Goods) tubes. Another strong contributor to the order intake was application tubing products for the Chemical and Petrochemical segment. During the quarter, we opened a new production line in our factory in Mehsana, India, to meet this growing demand. As of the second half of last year, we have noted a subdued demand in low-refined products for the Industrial segment as well as in the Consumer segment. Despite a decline in order intake for these segments year on year, there was a slight improvement on a sequential basis for the Group in total. Organic order intake growth in the quarter was -5%, and positive at 6% excluding major orders.

Uncertainties remain in the macroeconomic environment, with noticeable effects of inflationary pressures and high energy prices, and we need to continue to proactively mitigate increased costs. For some time now, we have seen a decline in demand for the Strip division's products to the Consumer segment. Despite this is not having a significant impact on the Group in total, we need to protect the division's profitability going forward. Hence, we are now taking swift actions to adjust capacity and reduce cost, by using the flexibility in our workforce.

Revenues in the quarter increased organically by 12% with an improved product mix. We improved the adjusted EBIT margin to 10.5%, compared to 9.1% for the corresponding quarter last year, and we successfully offset significant cost inflation through price increases.

An important driver of our profitable growth strategy is to expand our portfolio of products that enable the green transition. We received several orders for industrial heating solutions in targeted applications such as solar, lithium-ion battery manufacturing and downstream steel. These solutions are contributing to reducing our customers' and their products' CO_2 emissions. In April, the Kanthal division also entered a strategic partnership with Rath, a leading manufacturer of insulation and refractory products, which will enable us to jointly go to market with a unique combined offering for our customers' industrial heating needs.

In addition, the small but fast-growing Hydrogen and Renewable Energy segment continued to show strong momentum. Gerling, an acquisition that was made last year, secured yet another order for high-pressure tubes that will be used to support the build-out of vital infrastructure for hydrogen gas refueling stations in Europe. Our Surface Technology business also continued its positive development, and deliveries for pre-coated strip steel to be used in stationary power projects were ramped up during the quarter. I am pleased about this progress and I strongly believe in the potential for this segment.

As mentioned before, we have a good momentum in our Medical business in Kanthal. We are also aiming to increase our market shares in the Medical and Aerospace segments in our Tube division. In April, we announced the acquisition of Söderfors Steel, that allows us to further broaden our offering in these segments through adding complementary capabilities that enable expansion to many new product applications in these attractive niches.

I am proud of our consistent strategy execution with a focus on profitable growth, as well as our actionable mindset to improve stability in the organization. With some caution regarding the impact from cost inflation, we have a tailwind in most of our customer segments, and a backlog that grew in the quarter. The Oil and Gas prospect list remains solid and we are well positioned to capitalize on the global trends that play in our favor.

Göran Björkman, President and CEO

Market development and outlook

Market development

Demand during the quarter noted a sequential improvement in most customer segments, while parts of the business noted a decline compared to the corresponding period last year. Overall, long-term trends and underlying tailwinds are offsetting uncertainties in the market environment. Slightly lower volumes compared to the corresponding period last year are supported by pricing, alloy surcharges and a positive product mix. Demand in Europe was positive and North America was flat, excluding major orders. Demand in Asia declined, mainly explained by high comparables.

- In the **Industrial segment**, demand was slightly positive on a sequential basis but declined in all regions for low-refined products compared to the corresponding period last year.
- In the **Oil and Gas segment**, a continued strong development was noted. Several umbilical and OCTG tubing orders were received, of which two of the OCTG orders were classified as major orders. The outlook remains positive and the project list for umbilicals is solid.
- Demand for application tubing to the **Chemical and Petrochemical segment** was positive compared to the corresponding period last year, mainly driven by Asia and Europe.
- The **Industrial Heating segment** noted continued increased demand in the quarter, mainly driven by end-customer segments of solar and metals. Gas-to-electric conversion inquiries remained at a high level in all regions.
- In the **Consumer segment**, total demand was up on a sequential basis but declined year on year, showing a mixed picture for different products. Strip products such as compressor valve steel and knife steel, noted a sharp sequential decline, while heating materials such as appliance wire, were slightly positive.
- Demand in the **Mining and Construction segment** declined year on year, impacted by stock adjustments at some customers. Underlying demand remained solid and is expected to recover in the medium-term.
- In the **Power Generation segment**, the activity level remained high and discussions progressed well in relation to future power projects.
- In the **Transportation segment**, demand increased year on year, driven mainly by precision tubing for hydraulic systems for aerospace as well as titanium tubing.
- Demand in the **Medical segment** demonstrated continued strong underlying momentum and successful new product launches to the market are expected to continue to support growth both in the mid- and long-term.
- The **Hydrogen and Renewable Energy** segment noted continued momentum with strong order intake growth mainly driven by orders related to hydrogen refueling stations (HRS) and pre-coated strip steel for hydrogen fuel cells.

Year on year underlying 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 second quarter 2023

Momentum is positive for most of our customer segments, and underlying trends are expected to mitigate the impact of uncertainties in the macroeconomic environment during 2023. However, with continued caution regarding the impact from cost inflation. Demand is expected to remain subdued for Industrial and Consumer segments in the near-term. Going into the second quarter, with high comparables from the corresponding period in the preceding year, the product mix is expected to be similar compared with the first quarter. Cash flow is normally lower in the first half of the year compared with the second half.

Note: Comments about market development and outlook are based on the company's current perceptions.

−5%
Organic order intake growth

Order intake and revenues

Order intake increased organically by 6% for the rolling 12-month period, with a continued growing backlog. Order intake increased by 7% to SEK 6,416 million (5,996) in the quarted. Organic order intake declined -5% mainly due to major orders in the Oil and Gas and Power Generation segments in the corresponding period last year. Excluding major orders of SEK 882 million (1,339), organic growth was 6%. Excluding major orders, Europe noted organic growth of 11%, driven by a broad-based positive development, and the Oil and Gas, Chemical and Petrochemical and Industrial Heating segments in particular. Excluding major orders, North America reported a flat development and Asia decreased by -15%, mainly due to high comparables in the corresponding period last year. Low-refined products for the Industrial and Consumer segments declined year on year but increased slightly on a sequential basis.

Revenues increased by 27% to SEK 5,376 million (4,219), with organic growth of 12%. 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 119% in the quarter, and 115% on a rolling 12-month basis.

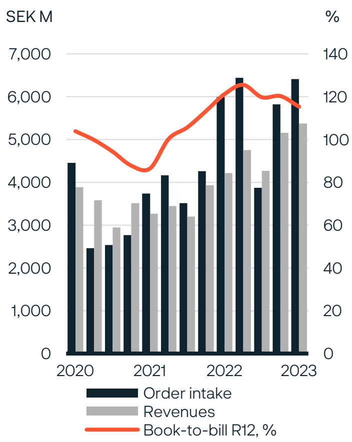
Structure had neutral impact on order intake and a positive impact of 1% on revenues, while **currency** had an impact of 4% on order intake and revenues. **Alloy surcharges** had a positive impact of 7% on order intake and 10% on revenues, mainly driven by higher nickel and molybdenum prices, compared to the corresponding period last year.

Order intake and revenue bridge

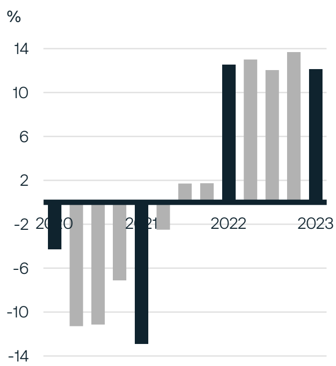
SEK M	Order intake	Revenues
Q1 2022	**5,996**	**4,219**
Organic, %	-5	12
Structure, %	0	1
Currency, %	4	4
Alloys, %	7	10
Total growth, %	7	27
Q1 2023	**6,416**	**5,376**

Change compared to the corresponding quarter last year.

Order intake and revenues



Organic revenue growth



Earnings

SEK M	Adjusted EBIT
Q1 2022	**384**
Organic	102
Currency	80
Structure	1
Q1 2023	**567**

Change compared to the corresponding quarter last year.

Gross profit amounted to SEK 1,667 million (1,260). Adjusted gross profit increased by 27% to SEK 1,188 million (934), corresponding to an unchanged adjusted gross margin of 22.1% (22.1), mainly explained by dilution from alloy surcharges offsetting the positive impact from higher revenues.

Sales, administrative and R&D costs amounted to SEK -616 million (-629). Adjusted sales, administrative and R&D costs increased by 11% to SEK -616 million (-554), 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% (13.1), which was attributable to higher revenues.

Adjusted EBIT increased by 48% to SEK 567 million (384) corresponding to a margin of 10.5% (9.1). The development was attributable to higher revenues, a favorable product mix and price increases which offset cost inflation. Alloy surcharges diluted the margin by 0.9%. Currency had a positive impact of SEK 80 million compared to the corresponding period last year. Depreciation and amortization amounted to SEK -218 million (-217).

Reported EBIT increased to SEK 1,045 million (635), corresponding to a margin of 19.4% (15.1). Metal price effects had a positive impact of SEK 479 million (327) in the quarter. Items affecting comparability amounted to SEK 0 million (-75).

Net financial items were SEK 2 million (73).

The reported tax rate was 22.2% (21.6). The normalized tax rate, excluding the impact related to metal price effects and items affecting comparability in operating profit, was 22.9% (22.1).

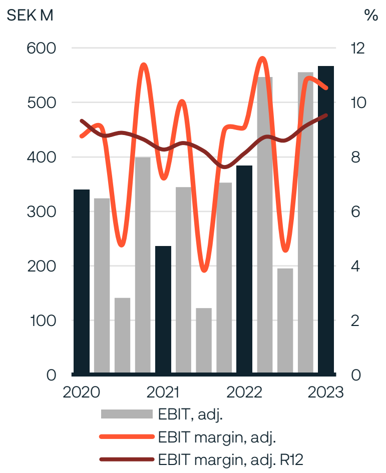
Profit for the period amounted to SEK 815 million (555), corresponding to earnings per share of SEK 3.25 (2.16). Adjusted profit for the period amounted to SEK 439 million (356) and adjusted earnings per share amounted to SEK 1.75 (1.37). See page 29 for further details.

Adjusted earnings per share

SEK

1.75

Adjusted EBIT



Adjusted EBIT margin

10.5%

Cash flow and financial position

Capital employed excluding cash increased year on year to SEK 15,991 million (14,060), due to higher net working capital and currency effects. Return on capital employed excluding cash increased to 16.3% (13.0).

Net working capital increased both year on year to SEK 7,246 million (5,404), and sequentially. The increase was driven by higher raw material prices and sequential inventory build-up according to normal seasonality. Net working capital in relation to revenues was 32.0% (29.5) for the quarter.

Net investments (capex) increased to SEK -116 million (-66), due to lower-than-normal levels in the preceding year, corresponding to 62.8% (38.1) of scheduled depreciation and -2.2% (-1.6) of revenues.

Total net debt amounted to SEK -256 million (154), i.e. a net cash position, and decreased sequentially mainly driven by a positive cash flow. The net debt to equity ratio was -0.02 (0.01). The financial net debt position was SEK -1,116 million (-1,174), i.e. a net cash position. Available credit facilities were unutilized at the end of the first quarter. With an increased discount rate in Sweden, the net pension liability decreased year on year to SEK -461 million (-1,104). Total net debt corresponded to -0.09 (0.08) of rolling 12-months adjusted EBITDA.

Cash flow from operating activities increased to SEK 377 million (-123), positively impacted by higher earnings.

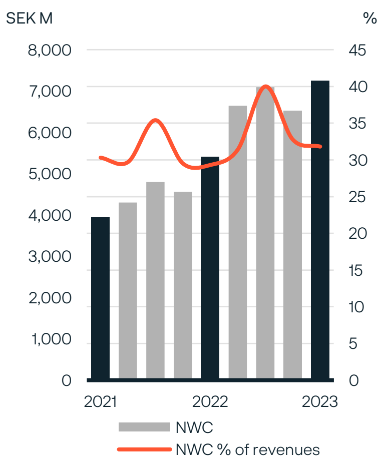
Free operating cash flow increased to SEK 404 million (-53).

Free operating cash flow

SEK M	Q1 2023	Q1 2022	Full year 2022
EBITDA	1,263	853	2,980
Non-cash items	-11	-6	-130
Changes in working capital	-702	-813	-1,590
Capex[1]	-116	-66	-656
Amortization, lease liabilities	-29	-20	-99
Free operating cash flow[2]	**404**	**-53**	**505**

1) Including investments in tangible and intangible assets of SEK -117 million (-74) for Q1 2023 and SEK -679 million full year 2022.
2) Free operating cash flow before acquisitions and disposals of companies, net financial items and paid taxes.

Net working capital

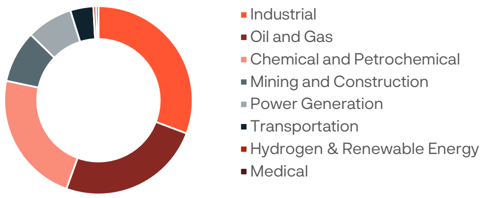


Net debt to Equity

Ratio

-0.02x

Revenues per customer segment, 2022



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 increased by 9% to SEK 4,837 million (4,419), with organic growth of -3%. The main contributors to the development were several umbilical orders and two major OCTG orders for the Oil and Gas segment, and application tubing to the Chemical and Petrochemical segment. Order intake for low-refined products in the Industrial segment, as well as rock drill steel for the Mining and Construction segment declined year on year, but was slightly positive on a sequential basis. Excluding major orders of SEK 882 million (1,339), organic order intake growth was 16%. Organic order intake growth on a rolling 12-month basis was 8%.

Revenues increased by 30% to SEK 3,763 million (2,897), with organic growth of 14%, mainly driven by the strong Oil and Gas segment. Other main contributors to the growth were application tubing products to the Chemical and Petrochemical segment. Hollow bar to the Industrial segment and rock drill steel to the Mining and Construction segment declined year on year. Book-to-bill was 129% in the quarter, and 120% for the rolling 12-month period.

Earnings

Adjusted EBIT totaled SEK 404 million (282), corresponding to a margin of 10.7% (9.7). The increase was primarily due to higher revenues and a positive product mix across the division. Price increases more than compensated for cost inflation. EBIT amounted to SEK 838 million (507) and included metal price effects of SEK 434 million (226) and items affecting comparability of SEK 0 million (-2). Changes in exchange rates had a positive impact of SEK 61 million (-1). Amortization and depreciation amounted to SEK -174 million (-175).

Other quarterly highlights

Gerling, that was acquired last year, secured yet another order for high-pressure tubes. The order encompassing the delivery of over 55 kilometers of high-pressure tubing in coils and straight lengths. Delivery is planned for 2024 and will support the build-out of infrastructure for hydrogen gas refueling stations. In addition to tubing, Alleima will also provide its mobile service solution, to match customer specifications and minimize waste on the customer's different project sites in Europe.

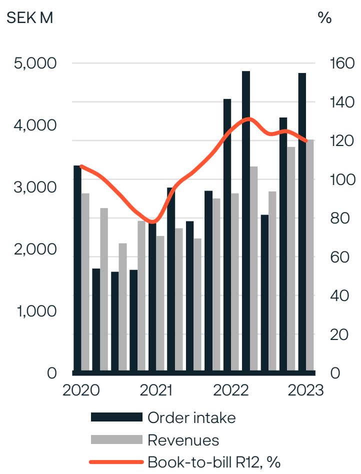
SEK M	Order intake	Revenues	Adj. EBIT
Q1 2022	**4,419**	**2,897**	**282**
Organic	-3%	14%	61
Structure	–	–	–
Currency	4%	4%	61
Alloys	8%	12%	N/A
Total growth	9%	30%	121
Q1 2023	**4,837**	**3,763**	**404**

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.

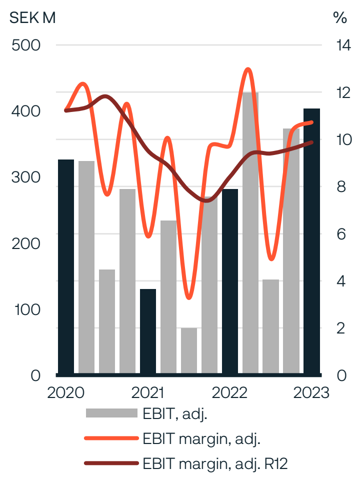
SEK M	Q1 2023	Q1 2022	Change %	Full year 2022
Order intake	4,837	4,419	9	15,959
Organic growth, %	*-3*	*63*	–	*25*
Revenues	3,763	2,897	30	12,804
Organic growth, %	*14*	*14*	–	*14*
Adjusted EBITDA	577	458	26	1,922
Margin, %	*15.3*	*15.8*	–	*15.0*
Adjusted EBIT	404	282	43	1,229
Margin, %	*10.7*	*9.7*	–	*9.6*
EBIT	838	507	65	1,691
Margin, %	*22.3*	*17.5*	–	*13.2*
Number of employees	3,964	3,800	4	3,931

Adjusted EBITDA and adjusted EBIT excludes items affecting comparability and metal price effects, for more information see page 24.

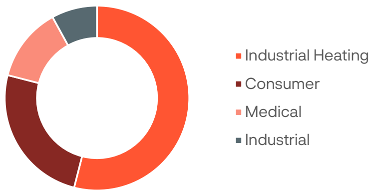
Order intake and revenues



Adjusted EBIT



Revenues per customer segment, 2022



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 increased by 12% to SEK 1,271 million (1,130), with organic growth of -2%. The development was related to timing of orders in the Medical segment, although, the demand in the Medical segment continues to show strong momentum. The Industrial Heating segment noted positive development related to heating elements for semiconductor, solar, glass, and steel end-customer segments. Furthermore, the Industrial segment showed growth with increased demand for low-refined products. Organic order intake declined for heating materials, due to lower demand for appliance wire for white goods and boiler ignitors to the Consumer segment, but increased on a sequential basis. Organic order intake growth on a rolling 12-month basis was 7%.

Revenues increased by 28% to SEK 1,195 million (934), with organic growth of 11%. The organic growth was driven by a positive development across the division in all regions, with an increased share of revenues from the Medical segment. Book-to-bill was 106% in the quarter, and 109% for the rolling 12-month period.

Earnings

Adjusted EBIT amounted to SEK 196 million (146), corresponding to a margin of 16.4% (15.6). The improved margin was primarily attributable to higher revenues, a stronger product mix and price increases which compensated for cost inflation. EBIT amounted to SEK 233 million (234) and included metal price effects of SEK 38 million (88) and items affecting comparability of SEK 0 million (1). Changes in exchange rates had a positive impact of SEK 18 million (7). Amortization and depreciation amounted to SEK -28 million (-24).

Other quarterly highlights

After the quarter, Kanthal entered a strategic partnership with Rath, a leading manufacturer of insulation and refractory products, to expand their combined offering in industrial heating technology. The partnership brings together the complementary strengths of both companies, creating the broadest range of sustainable industrial heating solutions on the market. Through closer collaboration in developing new technologies and solutions, and a joint go-to-market model, the partnership will leverage both companies' existing and future co-developed offerings to enable the green transition that industries such as steel and petrochemical are facing.

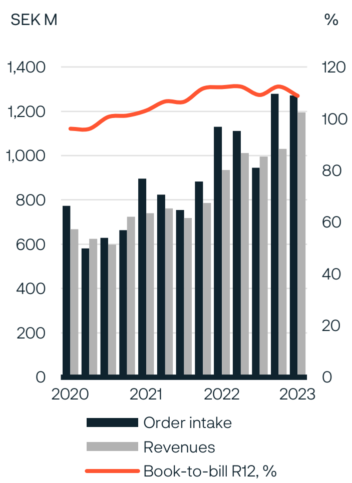
SEK M	Order intake	Revenues	Adj. EBIT
Q1 2022	**1,130**	**934**	**146**
Organic	-2%	11%	30
Structure	2%	3%	1
Currency	7%	7%	18
Alloys	5%	6%	N/A
Total growth	12%	28%	49
Q1 2023	**1,271**	**1,195**	**196**

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.

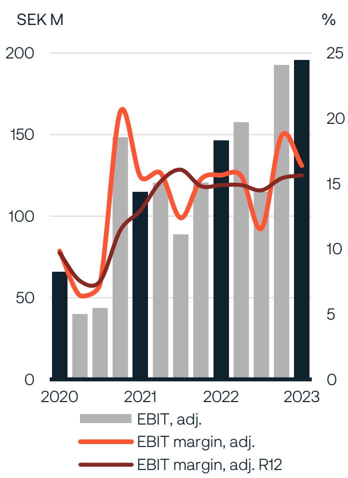
SEK M	Q1 2023	Q1 2022	Change %	Full year 2022
Order intake	1,271	1,130	12	4,466
Organic growth, %	*-2*	*5*	–	*9*
Revenues	1,195	934	28	3,972
Organic growth, %	*11*	*7*	–	*9*
Adjusted EBITDA	223	170	31	708
Margin, %	*18.7*	*18.2*	–	*17.8*
Adjusted EBIT	196	146	34	611
Margin, %	*16.4*	*15.6*	–	*15.4*
EBIT	233	234	0	802
Margin, %	*19.5*	*25.1*	–	*20.2*
Number of employees	1,235	1,117	11	1,215

Adjusted EBITDA and adjusted EBIT excludes items affecting comparability and metal price effects, for more information see page 24.

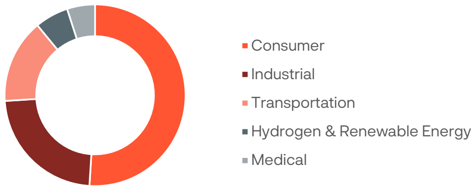
Order intake and revenues



Adjusted EBIT



Revenues per customer segment, 2022



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 -31% to SEK 308 million (447), with organic growth of -35%. The negative development was mainly attributable to a sharp decline in the Consumer segment both year on year and sequentially in all regions, as a continued weakened demand for stainless compressor valve steel, knife steel and razor blades was noted. In the Industrial and Medical segments, demand remained broadly on a par with last year. Organic order intake growth on a rolling 12-month basis was -7%.

Revenues increased by 8% to SEK 418 million (388), with organic growth of 1%. The increase was driven by razor blades and knife steel to the Consumer segment, along with deliveries of pre-coated strip steel for stationary power projects in the Hydrogen and Renewable Energy segment. However, this was somewhat offset by lower volumes in parts of the business, and for compressor valve steel in particular. Book-to-bill was 74% in the quarter, and 94% for the rolling 12-month period.

Earnings

Adjusted EBIT totaled SEK 41 million (60), corresponding to a margin of 9.7% (15.5). The margin decrease was attributable to under absorption effects from lower volumes and increased costs, mainly related to production. Actions to adjust capacity and reduce cost are taken to protect profitability going forward. EBIT amounted to SEK 48 million (73) and included metal price effects of SEK 7 million (13). Changes in exchange rates had a negative impact of SEK -2 million (17). Amortization and depreciation amounted to SEK -11 million (-12).

Other quarterly highlights

The next generation of Damascus knife steel, Damax™, was launched. The steel is suitable for multiple applications such as kitchen and outdoor knives. Damax™ is a premium Damascus steel that features the same quality as a handcrafted steel and is produced with an innovative industrialized technique, with up to 135 layers of martensitic stainless steel. Production of Damax™ is taking place in collaboration with Balbachdamast GmbH & Co. KG, and the cooperation is resulting in the first large-scale manufacturing of Damascus steel. Currently, samples are with potential customers and the work to commercialize the product is ongoing.

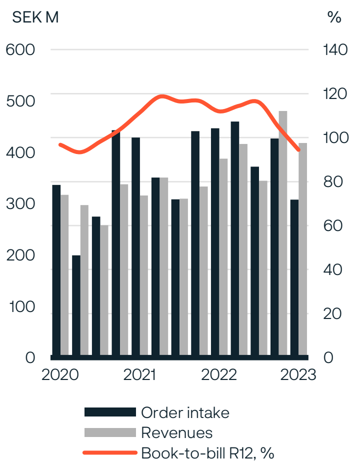
SEK M	Order intake	Revenues	Adj. EBIT
Q1 2022	**447**	**388**	**60**
Organic	-35%	1%	-17
Structure	–	–	–
Currency	2%	2%	-2
Alloys	2%	4%	N/A
Total growth	-31%	8%	-19
Q1 2023	**308**	**418**	**41**

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.

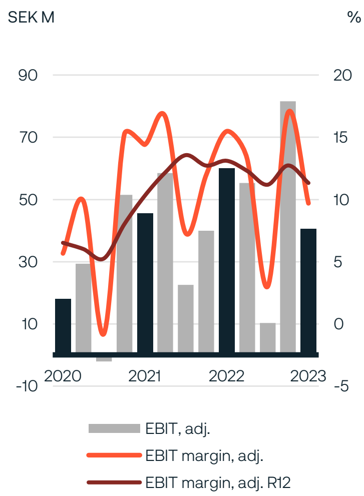
SEK M	Q1 2023	Q1 2022	Change %	Full year 2022
Order intake	308	447	-31	1,705
Organic growth, %	*-35*	*-4*	–	*2*
Revenues	418	388	8	1,628
Organic growth, %	*1*	*13*	–	*14*
Adjusted EBITDA	51	72	-29	254
Margin, %	*12.3*	*18.6*	–	*15.6*
Adjusted EBIT	41	60	-32	207
Margin, %	*9.7*	*15.5*	–	*12.7*
EBIT	48	73	-35	232
Margin, %	*11.4*	*18.9*	–	*14.2*
Number of employees	519	519	0	519

Adjusted EBITDA and adjusted EBIT excludes items affecting comparability and metal price effects, for more information see page 24.

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 its product offering and its operations. Developing a sustainable product offering, combined with several initiatives to reduce the overall environmental impact of the production process, is considered one of the most important success factors.

Having an impact through our offering

Kanthal division is targeting growth in segments where industrial heating solutions are contributing to customers reducing their CO_2 emissions and enabling the green transition. During the quarter, several orders within targeted applications including solar, lithium-ion battery manufacturing and downstream steel were received. While these products currently constitute a small share of the total sales, they are generally fast-growing and with high profitability. They are also crucial components to the production of some of the most important applications facilitating the green transition. This is one of many examples showing that Alleima is well positioned to continue to contribute to the sustainability of its customers and other stakeholders through its product offering.

Having an impact through our operations

- The 12-month rolling total recordable injury frequency rate, TRIFR, was 8.4 (7.7). The quarterly outcome was weak at 9.2 (6.6) and actions were taken to reverse this trend.
- Share of scrap metal input in the steel manufacturing improved to 82.5% (81.8) for the 12-month rolling period. The quarterly figure amounted to 81.0% (81.7), and decreased slightly due to the product mix.
- Greenhouse gas (GHG) emissions for the 12-month rolling period decreased to 102 kton (124), a 18% reduction compared with the corresponding period last year. Emissions for the quarter amounted to 29 kton (35), corresponding to a reduction of 17%.
- The share of female managers increased in the quarter to 22.4% (22.0).

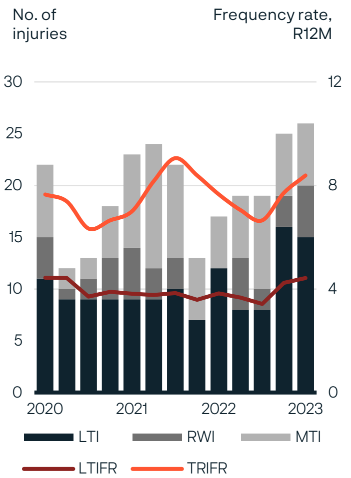
Definitions and glossary can be found at www.alleima.com/investors.

Sustainability overview

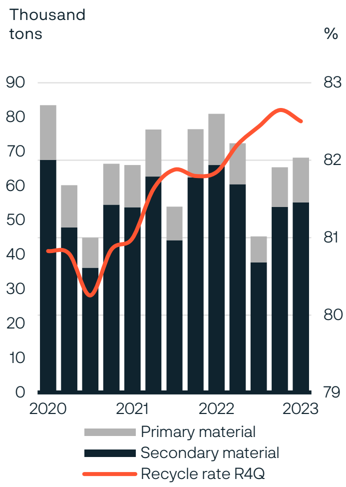
	Q1 2023	Q1 2022	Change, %	R12M, Q1 2023	R12M, Q1 2022	Change, %
TRIFR [1]	9.2	6.6	40.1	8.4	7.7	9.5
CO_2, thousand tons	29	35	-17.1	102	124	-17.5
Recycled steel, %	81.0	81.7	-0.9	82.5	81.8	0.8
Share of female managers, %	22.4	22.0	1.7	-	-	-

1) Total Recordable Injury Frequency Rate. Normalization factor: 1,000,000

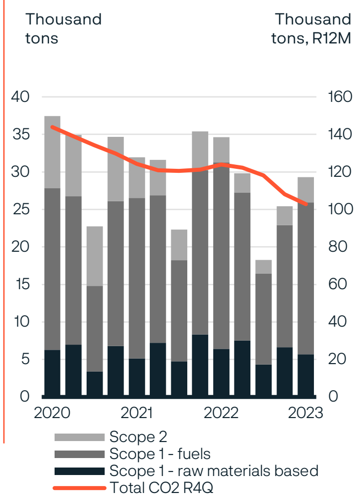
Health and safety



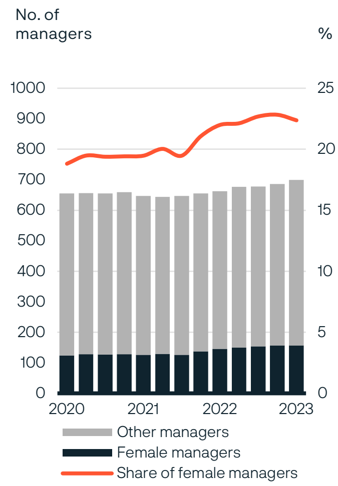
Recycled steel



GHG emissions



Share of female managers



Significant events

During the quarter
-On January 4, it was announced that the President of Tube division, Michael Andersson, will leave Alleima.

-On January 18, it was announced that Alleima will be the supplier of OCTG tubes with Corrosion Resistant Alloys (CRA) material in a new long-term frame agreement between Tenaris and Petrobras. The agreement includes the three-year supply for offshore Brazil.

-On January 31, it was announced that the Nomination Committee of Alleima AB proposes the re-election of Board members Göran Björkman, Claes Boustedt, Kerstin Konradsson, Andreas Nordbrandt, Susanne Pahlén Åklundh and Karl Åberg, and the election of Ulf Larsson as new Board member. Andreas Nordbrandt was proposed to be re-elected as Chairman of the Board.

-On April 3, Alleima announced that it had received two major orders for corrosion resistant alloy OCTG tubes (Oil Country Tubular Goods) to the Oil and Gas segment, to a total value of approximately SEK 880 million. The orders were reported in the first quarter.

After the quarter
-On April 20, Alleima announced that it had signed an agreement to acquire the Swedish company Söderfors Steel Operations AB. 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.

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 March 2023, it is estimated that transaction and translation currency effects will have a positive impact of about SEK 100 million on operating profit (EBIT) for the second 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 March 2023, it is estimated that there will be a negative impact of approximately SEK -200 million on operating profit (EBIT) for the second 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.

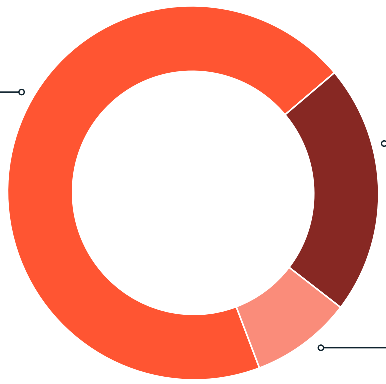
About us

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.

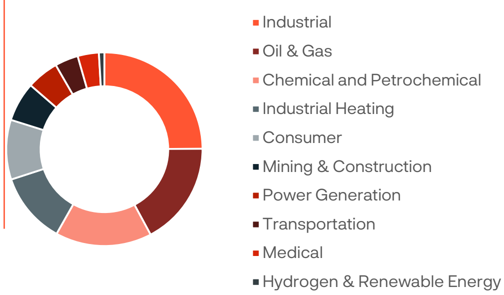
Strategy

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 for 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.

Covid-19 and the conflict in Ukraine

The market demand has now recovered from the decline related to the Covid-19 pandemic. Uncertanties in the economy caused by the Covid-19 pandemic and the conflict in Ukraine may however still be visible, and the constantly evolving nature makes it difficult to predict its ultimate adverse impact on Alleima. Alleima has no significant direct exposure to Russia and Ukraine. Alleima is impacted by longer lead times, indirect supply chain disruptions, higher freight and energy costs as well as raw material price inflation, with uncertainty regarding its ultimate length and trajectory. Consequently, the Covid-19 pandemic and the conflict in Ukraine continues to present uncertainty and risk and could have material adverse effects on revenues, cash flows, financial condition, and results of operations.

Stockholm, April 26, 2023
Alleima AB (publ)
559224-1433

Göran Björkman
President and CEO

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

Financial reports summary

The Group
Condensed consolidated income statement

SEK M	Note	Q1 2023	Q1 2022	Full year 2022
Revenues		5,376	4,219	18,405
Cost of goods sold		-3,709	-2,958	-13,692
Gross profit		**1,667**	**1,260**	**4,713**
Selling expenses		-322	-283	-1,177
Administrative expenses		-233	-293	-1,203
Research and development costs		-61	-54	-209
Other operating income		61	36	145
Other operating expenses		-67	-32	-148
Operating profit	**2**	**1,045**	**635**	**2,122**
Financial income		69	128	185
Financial expenses		-67	-55	-368
Net financial items		**2**	**73**	**-184**
Profit after net financial items		**1,048**	**708**	**1,938**
Income tax	3	-233	-153	-455
Profit for the period		**815**	**555**	**1,483**
Profit for the period attributable to				
Owners of the parent company		815	543	1,470
Non-controlling interests	7	-	12	12
Earnings per share, SEK				
Basic and diluted [1]		3.25	2.16	5.86

1) Alleima has no potential dilution of shares

The Group
Condensed consolidated comprehensive income

SEK M	Note	Q1 2023	Q1 2022	Full year 2022
Profit for the period		**815**	**555**	**1,483**
Other comprehensive income				
Items that will not be reclassified to profit (loss)				
Actuarial gains (losses) on defined benefit pension plans		51	54	660
Tax relating to items that will not be reclassified		-10	-9	-129
Total items that will not be reclassified to profit (loss)		**40**	**44**	**531**
Items that may be reclassified to profit (loss)				
Foreign currency translation differences		54	76	438
Hedge reserve adjustment		-874	50	667
Tax relating to items that may be reclassified		180	-10	-137
Total items that may be reclassified to profit (loss)		**-640**	**116**	**967**
Total other comprehensive income		**-600**	**160**	**1,498**
Total comprehensive income		**215**	**715**	**2,981**
Total comprehensive income attributable to				
Owners of the parent company		215	701	2,967
Non-controlling interests	7	-	14	14

The Group
Condensed consolidated balance sheet

SEK M	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Goodwill		1,588	1,364	1,615
Other intangible assets		257	136	194
Property, plant and equipment		7,258	7,193	7,350
Right-of-use assets		398	234	392
Financial assets	4	376	480	714
Deferred tax assets		182	397	174
Non-current assets		**10,059**	**9,804**	**10,440**
Inventories		8,323	6,531	7,355
Current receivables	4	4,285	3,940	4,712
Cash and cash equivalents		1,124	1,490	892
Current assets		**13,732**	**11,961**	**12,960**
Total assets		**23,792**	**21,765**	**23,399**
Equity attributable to owners of the parent company	6	16,156	13,737	15,901
Non-controlling interest	5,7	0	109	0
Total equity		**16,156**	**13,846**	**15,901**
Non-current interest-bearing liabilities		854	1,337	916
Non-current non-interest-bearing liabilities	4	1,137	1,175	1,398
Non-current liabilities		**1,991**	**2,512**	**2,314**
Current interest-bearing liabilities		106	367	94
Current non-interest-bearing liabilities	4	5,540	5,040	5,090
Current liabilities		**5,645**	**5,407**	**5,184**
Total equity and liabilities		**23,792**	**21,765**	**23,399**

The Group
Condensed consolidated cash flow statement

SEK M	Note	Q1 2023	Q1 2022	Full year 2022
Operating activities				
Operating profit		1,045	635	2,122
Adjustments for non-cash items:				
Depreciation, amortization and impairments		217	217	859
Other non-cash items		-11	-6	-130
Received and paid interest		17	-84	-281
Income tax paid		-189	-72	-292
Changes in working capital		-702	-813	-1,590
Cash flow from operating activities		**377**	**-123**	**687**
Investing activities				
Additions to intangible and tangible assets		-117	-74	-679
Proceeds from sale of intangible and tangible assets		1	8	23
Acquisition and sale of shares and participations	7	0	4	-312
Other investments and financial assets, net		0	7	0
Cash flow from investing activities		**-116**	**-55**	**-968**
Financing activities				
Proceeds from loans		0	16	0
Repayments of loans		-1	-1,338	-1,639
Amortization of lease liabilities		-29	-20	-99
New share issue and capital contribution from shareholders	6	-	1,400	1,400
Dividends paid		-	-3	-3
Cash flow from financing activities		**-30**	**55**	**-341**
Net change in cash and cash equivalents		**231**	**-123**	**-622**
Cash and cash equivalents at beginning of period		892	1,661	1,661
Exchange rate differences in cash and cash equivalents		1	14	48
Other cash flow from transactions with shareholders		-	-62	-195
Cash and cash equivalents at end of the period		**1,124**	**1,490**	**892**

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
Equity at January 1, 2022		**11,663**	**97**	**11,761**
Changes				
Net profit		543	12	555
Other comprehensive income for the period, net of tax		158	2	160
Total comprehensive income for the period		*701*	*14*	*715*
New share issue	6	251	-	251
Capital contribution from shareholders	6	1,149	-	1,149
Dividends		-	-3	-3
Transactions with shareholders	5	-27	-	-27
Total transactions with owners		*1,373*	*-3*	*1,371*
Equity at March 31, 2022		**13,737**	**109**	**13,846**
Changes				
Net profit		928	-	928
Other comprehensive income for the period, net of tax		1,339	-	1,339
Total comprehensive income for the period		*2,266*	-	*2,266*
Cash flow hedge, transferred to cost of hedged item		37	-	37
Tax on cash flow hedge, transferred to cost		-8	-	-8
Net cash flow hedge, transferred to cost		*30*	-	*30*
Transactions with shareholders	5	-96	0	-96
Transactions with non-controlling interests	5,7	-36	-109	-145
Total transactions with owners		*-132*	*-109*	*-241*
Equity at December 31, 2022		**15,901**	**0**	**15,901**
Changes				
Net profit		815	-	815
Other comprehensive income for the period, net of tax		-600	-	-600
Total comprehensive income for the period		*215*	-	*215*
Cash flow hedge, transferred to cost of hedged item		49	-	49
Tax on cash flow hedge, transferred to cost		-10	-	-10
Net cash flow hedge, transferred to cost		*39*	-	*39*
Equity at March 31, 2023		**16,156**	**0**	**16,156**

The Parent Company

Condensed income statement

SEK M	Note	Q1 2023	Q1 2022	Full year 2022
Revenues		6	7	20
Gross profit		**6**	**7**	**20**
Administrative expenses		-20	-15	-143
Operating loss		**-14**	**-8**	**-122**
Dividend from group companies		-	-	500
Interest revenue and similar income		7	0	6
Profit/loss after financial items		**-7**	**-8**	**383**
Appropriations		-	-	111
Income tax		1	2	1
Profit/loss for the period		**-6**	**-7**	**495**

Condensed balance sheet

SEK M	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Financial assets		11,907	11,907	11,907
Deferred tax assets		2	2	1
Non-current assets		**11,910**	**11,909**	**11,908**
Current receivables		1,434	923	1,441
Current assets		**1,434**	**923**	**1,442**
Total assets		**13,344**	**12,832**	**13,350**
Restricted equity	6	251	251	251
Unrestricted equity	6	13,064	12,568	13,069
Total equity		**13,314**	**12,818**	**13,320**
Non-interest-bearing liabilities		7	0	4
Non-current liabilities		**7**	**0**	**4**
Current interest-bearing liabilities		0	0	0
Current non-interest-bearing liabilities		21	13	25
Current liabilities		**22**	**13**	**26**
Total equity and liabilities		**13,344**	**12,832**	**13,350**

Order intake by division and region

SEK M	Note	Q1 2023	Q1 2022	Organic %	Organic ex. major orders[1] %	Full year 2022
Tube						
Europe		3,029	1,805	51	18	7,783
North America		689	1,429	-61	1	3,922
Asia		509	1,058	-58	-16	2,494
Other		609	127	355	139	1,760
Total		**4,837**	**4,419**	**-3**	**16**	**15,959**
Kanthal						
Europe		420	341	6	6	1,298
North America		389	328	-1	-1	1,712
Asia		371	372	-7	-7	1,271
Other		90	90	-13	-13	185
Total		**1,271**	**1,130**	**-2**	**-2**	**4,466**
Strip						
Europe		121	215	-46	-46	765
North America		50	44	-1	-1	192
Asia		136	178	-27	-27	724
Other		1	9	-92	-92	24
Total		**308**	**447**	**-35**	**-35**	**1,705**
GROUP						
Europe		3,571	2,361	35	11	9,846
North America		1,128	1,801	-48	0	5,827
Asia		1,016	1,608	-43	-15	4,488
Other		700	225	191	70	1,969
Total		**6,416**	**5,996**	**-5**	**6**	**22,130**

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

Revenues by division and region

SEK M	Note	Q1 2023	Q1 2022	Organic %	Full year 2022
Tube					
Europe		2,112	1,722	8	6,817
North America		704	691	-15	2,960
Asia		458	314	27	2,049
Other		488	169	172	978
Total		**3,763**	**2,897**	**14**	**12,804**
Kanthal					
Europe		404	296	16	1,259
North America		417	330	5	1,429
Asia		330	279	11	1,111
Other		43	29	32	172
Total		**1,195**	**934**	**11**	**3,972**
Strip					
Europe		213	199	2	792
North America		62	32	69	168
Asia		139	149	-11	643
Other		4	8	-59	26
Total		**418**	**388**	**1**	**1,628**
GROUP					
Europe		2,729	2,217	8	8,867
North America		1,184	1,054	-6	4,558
Asia		928	743	13	3,803
Other		535	205	143	1,176
Total		**5,376**	**4,219**	**12**	**18,405**

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 2023	Q1 2022	Full year 2022	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Order intake, SEK M									
Tube		4,837	4,419	15,959	4,837	4,119	2,552	4,869	4,419
Kanthal		1,271	1,130	4,466	1,271	1,279	945	1,111	1,130
Strip		308	447	1,705	308	427	372	460	447
Total[1]		**6,416**	**5,996**	**22,130**	**6,416**	**5,825**	**3,869**	**6,440**	**5,996**
Revenues, SEK M									
Tube		3,763	2,897	12,804	3,763	3,647	2,931	3,329	2,897
Kanthal		1,195	934	3,972	1,195	1,031	995	1,012	934
Strip		418	388	1,628	418	481	344	416	388
Total[1]		**5,376**	**4,219**	**18,405**	**5,376**	**5,159**	**4,270**	**4,757**	**4,219**
Adjusted EBITDA, SEK M	**2**								
Tube		577	458	1,922	577	562	311	592	458
Kanthal		223	170	708	223	217	139	182	170
Strip		51	72	254	51	92	22	68	72
Common functions		-67	-99	-344	-67	-86	-69	-90	-99
Total[1]		**785**	**601**	**2,540**	**785**	**785**	**403**	**751**	**601**
Adjusted EBITDA margin, %									
Tube		15.3	15.8	15.0	15.3	15.4	10.6	17.8	15.8
Kanthal		18.7	18.2	17.8	18.7	21.1	14.0	18.0	18.2
Strip		12.3	18.6	15.6	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
Total[1]		**14.6**	**14.2**	**13.8**	**14.6**	**15.2**	**9.4**	**15.8**	**14.2**
Adjusted EBIT, SEK M	**2**								
Tube		404	282	1,229	404	374	145	428	282
Kanthal		196	146	611	196	193	115	158	146
Strip		41	60	207	41	82	10	55	60
Common functions		-73	-105	-367	-73	-92	-75	-94	-105
Total[1]		**567**	**384**	**1,681**	**567**	**555**	**195**	**547**	**384**
Adjusted EBIT margin, %									
Tube		10.7	9.7	9.6	10.7	10.2	4.9	12.9	9.7
Kanthal		16.4	15.6	15.4	16.4	18.7	11.6	15.6	15.6
Strip		9.7	15.5	12.7	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
Total[1]		**10.5**	**9.1**	**9.1**	**10.5**	**10.8**	**4.6**	**11.5**	**9.1**
EBIT, SEK M									
Tube		838	507	1,691	838	259	12	914	507
Kanthal		233	234	802	233	164	107	297	234
Strip		48	73	232	48	71	15	73	73
Common functions		-73	-179	-603	-73	-87	-160	-177	-179
Total[1]		**1,045**	**635**	**2,122**	**1,045**	**407**	**-26**	**1,106**	**635**

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 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 comply with those followed in the Annual Report 2022. All amounts are in million SEK (SEK M) unless otherwise stated. Roundings may occur.

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.

The interim information on pages 1–32 is an integrated part of these financial statements.

Note 2 | Adjustment items on EBITDA/EBIT

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

Note 3 | Taxes

SEK M	Q1 2023		Q1 2022		Full year 2022	
Reported tax	-233	*22.2%*	-153	*21.6%*	-455	*23.5%*
Tax on adjustment items (note 2)	103	*-21.4%*	52	*-20.8%*	89	*-20.1%*
Tax excluding adjustment items	**-130**	***22.9%***	**-101**	***22.1%***	**-367**	***24.5%***
Adjustment for one time items taxes	0	0.0%	0	0.0%	3	-0.2%
Normalized tax rate	**-130**	***22.9%***	**-101**	***22.1%***	**-364**	***24.3%***

Note 4 | Financial assets and liabilities

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 hierachy, 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	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Financial assets derivatives	655	840	1,540
Financial liabilities derivatives	544	368	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 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

To the Annual General Meeting on May 2, 2023, Alleima's Board of Directors proposes for the financial year 2022 an ordinary dividend of SEK 1.40 per share (SEK 0.4 billion), to be paid in May 2023.

Note 7 | Business acquisitions

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 2023 based on the preliminary 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), 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 26 million. The cost of the combinaton, 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, se 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.

SEK M	Endosmart
Intangible assets	30
Property, plant and equipment	12
Right of use assets	20
Inventories	29
Receivables	35
Cash and cash equivalents	8
Other liabilities and provisions	-77
Deferred tax assets/liabilities, net	-10
Net identifiable assets and liabilities	**48**
Goodwill	132
Purchase consideration	**180**
Less: cash and cash equivalents in acquired companies	-9
Net cash outflow (+)	**171**

Goodwill from the acquisitions is not deductible for tax purposes.

Note 8 | Significant events after the quarter

-On April 20, 2023 it was announced that Alleima has signed an agreement to acquire the Swedish company 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 and an EBIT margin neutral to the Tube division. Impact on earnings per share will be accretive from the start. The transaction is expected to close during the first half of 2023.

Key ratios

	Q1 2023	Q1 2022	Full year 2022	Full year 2021	Full year 2020	Full year 2019
Adjusted gross margin, %	22.1	22.1	21.8	20.6	22.2	23.2
Adjusted EBITDA margin, %	14.6	14.2	13.8	13.1	13.9	14.9
Adjusted EBIT margin, %	10.5	9.1	9.1	7.6	8.7	9.7
Normalized tax rate, % (Note 3)	22.9	22.1	24.3	24.9	31.6	35.2
Net working capital to revenues, % [1]	32.0	29.5	32.8	31.2	30.4	26.1
Return on capital employed, % [2]	15.2	12.2	13.2	10.4	3.8	10.7
Return on capital employed excluding cash, % [2]	16.3	13.0	14.2	11.0	3.8	10.8
Net debt/Adjusted EBITDA ratio	-0.09	0.08	0.01	0.73	0.90	2.04
Net debt/Equity ratio	-0.02	0.01	0.00	0.11	0.17	0.54
Cash flow from operations, SEK M	377	-123	687	1,151	1,671	1,617
Adjusted earnings per share, basic, SEK	1.75	1.37	4.46	3.82	3.69	2.94
Average number of shares at the end of the period (millions)	250.877	250.877	250.877	250.877	250.877	250.877
Number of shares at the end of the period (millions)	250.877	250.877	250.877	250.877	250.877	250.877
Number of employees [3]	5,942	5,644	5,886	5,465	5,084	5,726
Number of consultants [3]	588	487	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 for Alleima. They should not be considered a substitute to 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 is 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 2023	Q1 2022	Full year 2022	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Operating profit/loss	**1,045**	**635**	**2,122**	**1,045**	**407**	**-26**	**1,106**	**635**
Reversal (Note 2):								
Items affecting comparability	0	75	254	0	0	90	89	75
Metal price effect	-479	-327	-695	-479	149	131	-649	-327
Impairments	0	0	0	0	0	0	0	0
Adjusted operating profit (EBIT)	**567**	**384**	**1,681**	**567**	**555**	**195**	**547**	**384**
Reversal:								
Depreciation and amortization	218	217	859	218	229	208	205	217
Adjusted EBITDA	**785**	**601**	**2,540**	**785**	**785**	**403**	**751**	**601**
Revenues	5,376	4,219	18,405	5,376	5,159	4,270	4,757	4,219
Adjusted operating profit (EBIT) margin, %	10.5	9.1	9.1	10.5	10.8	4.6	11.5	9.1
Adjusted EBITDA margin, %	14.6	14.2	13.8	14.6	15.2	9.4	15.8	14.2

Adjusted earnings per share

Alleima considers Adjusted earnings per share (EPS) to be relevant to understand the underlying performance, which excludes items affecting comparability and metal price effects between periods. Alleima has no potential dilution of shares.

Adjusted EPS: 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 outstanding during the year.

Adjusted profit for the period and adjusted earnings per share

SEK M	Q1 2023	Q1 2022	Full year 2022	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Profit/loss for the period	**815**	**555**	**1,483**	**815**	**413**	**-154**	**669**	**555**
Reversal:								
Adjustment items EBITDA/EBIT (Note 2)	-479	-252	-441	-479	149	221	-559	-252
Tax on adjustment items (Note 3)	103	52	89	103	-34	-48	118	52
Adjusted profit for the period	**439**	**356**	**1,131**	**439**	**528**	**19**	**228**	**356**
Attributable to								
Owners of the parent company	439	343	1,118	439	528	19	228	343
Non-controlling interests	-	12	12	-	-	-	-	12
Average number of shares at the end of the period (millions)	250.877	250.877	250.877	250.877	250.877	250.877	250.877	250.877
Adjusted earnings per share, basic, SEK	1.75	1.37	4.46	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 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 for 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	Q1 2023	Q1 2022	Dec 31, 2022
Inventories	8,323	6,531	7,355
Trade receivables	3,182	2,849	2,981
Account payables	-2,815	-2,644	-2,619
Other receivables	605	543	662
Other liabilities	-2,049	-1,874	-1,860
Net working capital	**7,246**	**5,404**	**6,519**
Average net working capital	6,883	4,985	6,044
Revenues annualized	21,503	16,875	18,405
Net working capital to revenues, %	32.0	29.5	32.8
Tangible assets	7,258	7,193	7,350
Intangible assets	1,845	1,500	1,809
Cash and cash equivalents	1,124	1,490	892
Other assets	13,564	11,583	13,348
Other liabilities	-6,677	-6,215	-6,488
Capital employed	**17,115**	**15,550**	**16,911**
Average capital employed	16,742	13,956	16,280
Operating profit rolling 12 months	2,532	1,678	2,122
Financial income, excl derivatives, rolling 12 months	21	18	28
Total return rolling 12 months	**2,553**	**1,696**	**2,150**
Return on capital employed (ROCE), %	15.2	12.2	13.2
Average capital employed excl. cash	15,558	12,954	14,989
Return on capital employed excl. cash, %	16.3	13.0	14.2

Free operating cash flow (FOCF)
Alleima considers free operating cash flow (FOCF) to be useful to provide 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 dividends, 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	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Interest-bearing non-current liabilities	854	1,337	916
Interest-bearing current liabilities	106	367	94
Prepayment of pensions	-91	-60	-97
Cash & cash equivalents	-1,124	-1,490	-892
Net debt	**-256**	**154**	**21**
Net pension liability	-461	-1,104	-513
Leasing liabilities	-399	-224	-391
Financial net debt	**-1,116**	**-1,174**	**-883**
Adjusted EBITDA accumulated current year	785	601	2,540
Adjusted EBITDA previous year	1,939	1,366	-
Adjusted EBITDA rolling 12 months	**2,724**	**1,967**	**2,540**
Total equity	**16,156**	**13,846**	**15,901**
Net debt/Equity ratio	-0.02	0.01	0.00
Net debt/Adjusted EBITDA ratio (multiple)	-0.09	0.08	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 apply in any instance where the two versions differ.

Annual General Meeting
The Annual General Meeting will be held in Sandviken, Sweden on May 2, 2023. Related documents are available on Alleima's website and resolutions from the Annual General Meeting will be published in the prescribed manner after the meeting. As previously communicated, the Board of Directors proposes a dividend of SEK 1.40 per share.

For further information, please contact:
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Conference call and webcast:
A conference call will be on April 26, 2023 at 13:00 PM CEST.

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

Presentation for download and webcast link:
https://www.alleima.com/en/investors/

Financial calendar

Annual General Meeting, Sandviken	May 2, 2023
Proposed record date to receive dividends	May 4, 2023
Proposed date to receive dividends	May 9, 2023
Q2 interim report January - June	July 21, 2023
Q3 interim report January - September	October 24, 2023

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