

INDUSTRI  VÄRDEN

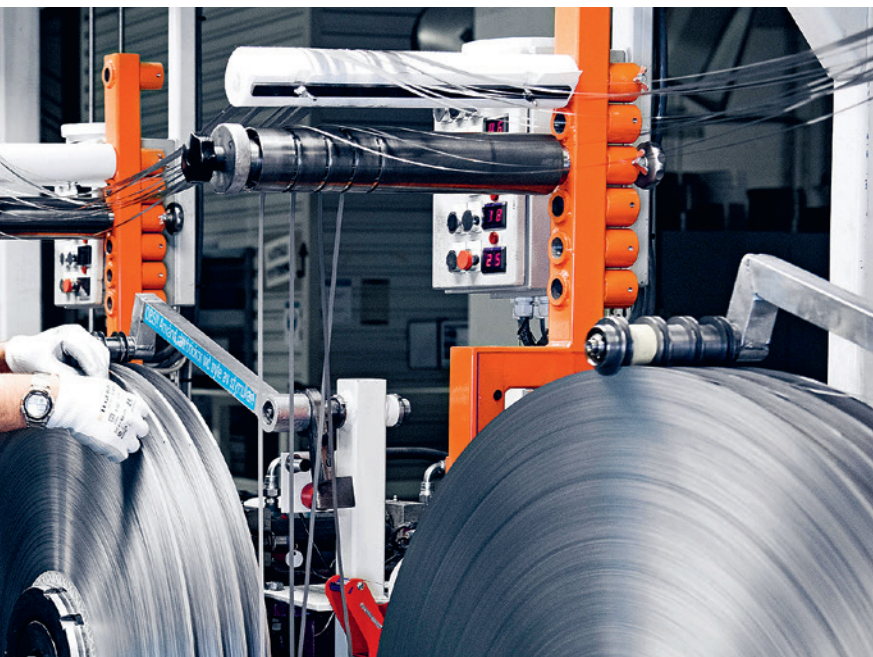
ANNUAL REPORT

2022



Long-term active owner of distinguished companies





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This is Industrivärden's Business Review and Annual Report for 2022. The Business Review is presented on pages 4–49, and the Annual Report submitted by the CEO and Board of Directors is presented on pages 50–74. The Sustainability Report is presented on pages 18–19 and 81–93.

The Swedish version of the Annual Report, signed by the Board of Directors, is the original version. The Annual Report in the European Single Electronic Format (ESEF) is published on www.industrivarden.net.

This publication is a translation of the Swedish original.

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Experience as an engaged owner

Industrivärden was founded in 1944 by Handelsbanken to manage the shareholdings taken over by the bank during the economic crisis in the 1920s and '30s. Since then the portfolio has continuously evolved to capitalize on opportunities in companies with favorable development potential, based on the prevailing conditions in the business environment. As an active owner Industrivärden takes an involvement in the portfolio companies' board compositions and board work as well as through direct dialogue with the portfolio companies. In recent years Industrivärden has further focused its operations and strengthened its ownership model.

Active ownership a distinct success factor

In Industrivärden the portfolio companies have an engaged owner that actively participates in their corporate governance and strategic development, and that can provide financial support when needed. This is especially important in a time of major transitions, where the companies must take advantage of opportunities and reduce risks coupled to shifts such as digitalization, electrification and sustainability. By making clear demands, having a long-term approach and contributing to the portfolio companies' development, value-added is created for the companies and thus for Industrivärden's shareholders.

Value creating active ownership

Industrivärden is a listed holding company that invests in and works long-term to develop and create value in its portfolio companies. Active ownership is exercised through sizable ownership stakes in a selection of listed companies with strong market positions, good cash flows, financial strength and clear development capacity.

Industrivärden's stock offers exposure to a portfolio of companies with proven business models, a large breadth of underlying business areas and good value potential.

With a well-developed business model and sustainable approach, the goal is to generate a long-term attractive return at balanced risk.

On December 31, 2022, Industrivärden's portfolio consisted of sizable ownership stakes in the eight portfolio companies Volvo, Sandvik, Handelsbanken, Essity, SCA, Ericsson, Skanska and Alleima.

Industrivärden's Class A and C shares are listed on the Stockholm Stock Exchange, Large Cap list (Nasdaq Stockholm). At year-end 2022 the market capitalization was SEK 109 billion.

Portfolio

	Market value, SEK bn	Share of value, %	Share of ownership, %	
			Capital	Votes
Volvo	36	27	8.9	27.8
Sandvik	32	24	13.6	13.6
Handelsbanken	23	17	11.2	11.4
Essity	20	15	10.2	29.6
SCA	10	7	10.3	29.3
Ericsson	6	4	2.6	15.1
Skanska	5	4	7.7	24.5
Alleima	2	1	20.0	20.0
Other	<1	<1		
Total	134	100		
Net debt	-7			
Net asset value	126			

Average annual growth in value

NET ASSET VALUE

6%

3 YRS

8%

5 YRS

11%

10 YRS

TOTAL RETURN, INDUSTRIVÄRDEN (CLASS C SHARES)

6%

3 YRS

7%

5 YRS

12%

10 YRS

Including reinvested dividend.

Performance in 2022

The year was characterized by dramatic changes in the world, which impacted macroeconomic development and Industrivärden's portfolio companies. Despite a very weak and volatile stock market, the portfolio companies' shares performed comparatively well.

293 SEK/share

NET ASSET VALUE

-9%

TOTAL RETURN (CLASS C SHARES)

7.25 SEK/share

PROPOSED DIVIDEND 2023

- **Net asset value** at year-end was SEK 293 per share, a decrease of 10% for the year including reinvested dividend
- **The portfolio's value**, adjusted for purchases and sales, decreased by SEK 19.3 billion to SEK 133.8 billion. The total return was -9%
- **Alleima** became a new portfolio company as a result of Sandvik's dividend of the company to its shareholders
- During the year, **shares were purchased** for a total of SEK 3.2 billion, of which SEK 1.3 billion in Volvo, SEK 0.7 billion in Alleima, SEK 0.5 billion in Sandvik, SEK 0.4 billion in Handelsbanken, SEK 0.2 billion in Essity, and SEK 0.2 billion in Skanska
- The **debt-equities ratio** was 5%
- **The total return** was -10% for the Class A shares and -9% for the Class C shares
- The Board of Directors proposes an **increase in the dividend** to SEK 7.25 per share (6.75)

Key data on December 31

	2022	2021
Total return, Industrivärden's stock		
Class A shares (%)	-10	8
Class C shares (%)	-9	10
Total return index, SIXRX (%)	-23	39
Equities portfolio		
Market value (SEK M)	133,832	149,955
Total return (%)	-9	21
Net debt		
Value (SEK M)	-7,355	-6,500
Debt-equities ratio (%)	5	4
Net asset value		
Value (SEK M)	126,477	143,455
Value per share (SEK)	293	332
Growth incl. reinvested dividend (%)	-10	22
Equity ratio (%)		
	94	95
Dividend		
Dividend per share (SEK)	7.25 ¹	6.75

1) Proposed by the Board of Directors.

Strong position in a challenging period

The ultra easy monetary policy that has been pursued in recent years changed dramatically in 2022. In both Europe and the U.S., interest rates rose sharply and access to liquidity deteriorated. Inflation rose to levels we have not seen in decades. Problems with supply disruptions and component shortages remained during a large part of the year. Russia's invasion of Ukraine contributed to this, as did lingering effects from the pandemic. The energy situation took a dramatic turn for the worse in Europe, with rising prices as a result. The careless energy policy that has been pursued for many years has now become clear. The result of this has been an undermining of household purchasing power and rampant energy costs for businesses. Many energy-dependent companies, particularly small and medium-sized companies without major financial resources, have been hard-hit. Growth in the economy has subsided, and the economic outlook for 2023 has worsened.

Despite all these problems, large parts of Swedish business fared well in 2022. The consumer goods sector, however, was hurt by weaker demand and cost pressure. The Swedish stock market performed weakly, with a total return for the full year of -23%. The stock market's performance was negative also in the rest of Europe and in the U.S. In Sweden, stock prices fell the most for property companies with a high level of borrowing and growth companies with weak balance sheets and high P/E multiples.

However, Industrivärden's portfolio companies performed well for the most part, which moderated their price declines in the stock market. Industrivärden's net asset value decreased by 10%, and the total return for the Class C shares was -9%. Our portfolio companies are very competitive and are among the strongest companies in Sweden in their respective sectors. We therefore see continued good opportunities for value creation in the future. As an active owner our focus is on trying to contribute to this. The individuals who represent Industrivärden on the companies' boards are doing very thorough and serious work, which benefits all shareholders of the portfolio companies.

During the year we continued to invest in our portfolio companies to thereby increase our share of their value creation. Experience shows that continuous investments in equities – both in upturns and downturns – creates value over time through the compounded interest principle. Our dividend surplus gives us a positive cash flow before investments, which also allows us to

limit our borrowing. With the eight companies we have in the portfolio, we have a sufficiently good spread of risk without becoming overly fragmented. Our buildup of knowledge about the companies also grows over time. I feel that further ownership engagement in considerably more companies than we now have would increase our risk and strongly limit our opportunities for active ownership.

Our objective is to give the shareholders a competitive, absolute return over time. Some of the key questions that we are focusing on to achieve this objective are leadership, decentralization and financial strength. We attach great importance to board elections and the appointment of CEOs, and have been working systematically with this for many years. Fruitful cooperation with other larger shareholders is also important for us.

In my view there is no doubt that the central banks both in the U.S. and Europe are determined to bring down inflation to the previous low levels. This means that during 2023 we can expect to see continued high interest rates. Liquidity in the capital market will be clearly lower, and interest rate spreads will be larger than in recent years. Some companies will encounter problems with their refinancing needs. A major uncertainty that lies ahead of us is also how the war in Ukraine develops. On this point there is a broad range of outcomes, with many risks that can impact mainly Europe's economy.

Our portfolio companies are financially strong however, and have market-leading positions. They all also have CEOs and management teams of very high class. I am therefore highly confident about our ability over time to continue creating value in our portfolio companies.

Industrivärden's financial position remains strong, with a net debt-equities ratio of 5%. In light of this and the portfolio companies' positive performance, the Board proposes to the coming AGM an increase in the dividend from SEK 6.75 to SEK 7.25 per share.

Board work at Industrivärden worked well in 2022. We held ten board meetings along with a number of meetings of the Compensation and Audit Committees. A number of CEOs of the portfolio companies visited our meetings and presented their respective companies.

Our CEO, Helena Stjernholm, together with her colleagues regularly shared their views on the macro economy and our portfolio companies. Major attention was also paid to sustainability matters. As in her previous years as CEO, Helena has performed her job in a highly competent and praiseworthy manner. On behalf of the Board of Directors I want to express our great thanks to her and her team. I also want to thank my colleagues on the Board for their fruitful cooperation. Finally, warm thanks to the boards and management teams of the portfolio companies for their solid work during the past year.

Stockholm, March 2023
Fredrik Lundberg





Actively owned quality companies create good value potential

A number of dramatic changes took place in the world in 2022. On top of the war in Ukraine and heightened geopolitical concerns, the pandemic continued to affect certain regions and an energy crisis breezed in Europe. Together these presented significant challenges for society, companies and individuals, and had a major impact on macroeconomic development. Demand was favorable in several sectors, even though supply was limited by a shortage of labor and supply chain disruptions. The situation that has arisen has led to sharply rising inflation, which has prompted central banks to raise their key interest rates and reduced stimulus measures. As a result of this development,

“Our role as an active owner is based on substantial influence, industrial knowledge and financial strength”

for the Stockholm Stock Exchange decreased by 23%. During the year a sector rotation could be noted from more growth-oriented companies with future capital needs to companies with strong finances and a proven ability to generate good earnings and cash flows. This benefited Industrivärden's portfolio companies, which overall showed lower declines in value than the stock exchange as an average. Industrivärden's net asset value at the end of 2022 amounted to SEK 126.5 billion, a decrease during the year by 10% including reinvested dividend.

The rapid changes in the business environment in recent years are putting great demands on companies. To be able to deal with short-term challenges, flexibility is required at the

global GDP growth fell from 6.2% in 2021 to 3.4% in 2022, according to the IMF.

The changed conditions in 2022 were also reflected in a very weak and volatile stock market, where the total return

same time that companies must have endurance to achieve their long-term strategic objectives. In this regard, Industrivärden's portfolio companies have clear strength advantages. They are all distinguished companies with proven business models and strong market positions. This creates conditions for favorable earnings and strong cash flows, which are needed to stay at the forefront and develop long-term sustainable business. Moreover, the companies are engaged in a range of varying businesses within their respective core areas. Together these are key qualities that reduce the portfolio companies' risks and increase their value potential over time.

Industrivärden's strategy is to be a holding company that invests in and works long-term to develop and create value in its portfolio companies. Our role as an active owner is based on substantial influence, industrial knowledge and financial strength. With these as a foundation, the portfolio companies' strategies and performance are evaluated constantly based on their respective conditions. In this work particular importance is put on a number of fundamental principles that we believe strengthen the companies' capacity for efficiency, adaptation and innovation. These are: clear leadership, strategic focus, operational flexibility, decentralization and financial strength. We have worked according to these principles for a number of years now, and I am convinced that they are qualities that have benefited our portfolio companies in an increasingly rapid-changing world. Here I want to especially assert the importance of strong leadership and successful culture-building. Against this background we engage ourselves particularly in matters concerning board composition and appointment of the CEO. Through our ownership model we have established close relationships with the members of the portfolio companies' nominating committees and boards. Overall this creates

favorable conditions for trust-based influence and long-term value creation over time.

To steadily enhance the financial exchange from our active ownership, we continuously make investments in the portfolio companies. This is a key part of our strategy to generate long-term shareholder value. During the year we invested an additional SEK 3.2 billion, and among other things we increased our ownership in the newly listed company Alleima, which was distributed by Sandvik in 2022. Viewed from a slightly longer time perspective, we have invested SEK 16.3 billion during the last five-year period.

Industrivärden's dividend policy prescribes that we are to generate a positive cash flow, which enables good investment capacity and a strong financial position for Industrivärden. Major emphasis is therefore put on good profitability and strong cash generation in the portfolio companies, which lays the foundation for favorable dividends to Industrivärden and other shareholders.

During the past year our portfolio companies showed good performance and an ability to adapt their operations to prevailing conditions. The company presentations in the annual report describe their financial performance in 2022 in more detail.

Apart from their continuing operations our portfolio companies are taking measures to strengthen their future competitiveness and address megatrends such as digitalization and demands for sustainable solutions. In this respect the portfolio companies have made a determined effort to build strong positions for long-term value creation. Let me give a few concrete examples from the past year.

Volvo has a leading position in several areas of the transport sector's transformation to more sustainable solutions. In 2022 a number of important steps were taken that have further strengthened this position. These include, among other things, important infrastructure partnerships for charging networks in Europe and North America, projects focusing on large-scale production of battery components, and the start of series manufacturing of heavy duty electric trucks.

At Sandvik, the company has maintained a continued strong focus on product development. A good example is the company's product and service offering in electrified mining equipment, which supports customers' green transition and for which the company won a number of significant orders during the year. Sandvik also made a number of acquisitions that strengthen its future capacity and growth opportunities in various areas. As part of its refinement strategy, during the year Sandvik completed its distribution of the Sandvik Materials Technology business unit under the name Alleima. This measure has sharpened the focus of Sandvik's as well as the new listed company Alleima's future development opportunities.

Handelsbanken is striving to focus its business and strengthen its offering in markets, customer groups and product areas in which it has a strong position and opportunities for profitable growth. During the year its operation in Denmark was divested, and a process to leave Finland is in progress. In recent years the bank has invested further in IT development, among other things to strengthen its cost efficiency and improve the customer interface.

Essity is an innovation-driven company that has taken a conscious initiative to elevate the customer experience and climate considerations. The company has made continued investments and smaller complementary acquisitions for development and expansion of its offerings in advanced incontinence products, among other areas. During the year Essity adapted its organi-

zational structure to increase efficiency and further strengthen its ability to benefit from innovation and digitalization.

A number of future-oriented projects are being conducted at SCA, where 2022 was characterized by ongoing capacity investments in existing plants, continued acquisition of forestlands in the Baltic countries, and a number of interesting projects in renewable energy.

During the year Ericsson announced several important deals and partnerships for future value creation as well as product launches that will clearly contribute to customers' reduced energy consumption. In line with the ambition to grow in the wireless business segment, the company Vonage was acquired, whose technology builds upon the advanced qualities of 4G and 5G networks for development of new solutions in the business market.

Owing to a strong commercial focus and a structured process for building local experience and customer knowledge in its home markets, Skanska has reduced its operational risk and developed its business over time. In 2022 the company acquired, in the newly launched Investment Properties business stream, three properties that were developed internally and continued to invest in project development.

The newly added portfolio company Alleima got off to a fine start as a standalone company with a number of major deals in 2022 and a strong orderbook. It also carried out a few acquisitions, including in the medical technology segment, which will contribute to the company's future growth opportunities.

Our long-term owner perspective entails a natural focus on innovation and sustainability. Sustained growth in value is created in long-term competitive companies that are adept at managing environmental, social and governance aspects. In our ownership we therefore attach great importance to the portfolio companies' sustainability-related risks and opportunities as well as their strategies for managing these in a way that mitigates risk and creates value. Having engaged and long-term owners like Industrivärden is therefore a distinct competitive advantage for the portfolio companies. We aspire to contribute to a sustainable world and will continue to support and work in accordance with the principles of the UN Global Compact.

It is gratifying to note that Industrivärden has generated an attractive long-term return at balanced risk. With a foundation of distinguished portfolio companies and Industrivärden's long-term owner involvement, I believe we have continued favorable value potential also going forward.

In closing I would like to thank all employees for their good efforts during the past year.

Stockholm, March 2023
Helena Stjernholm

“To be able to deal with short-term challenges, flexibility is required at the same time that companies must have endurance to achieve their long-term strategic objectives”

Strategy for long-term value creation



Business mission

To be a holding company that invests in and works long-term to develop and create value in its portfolio companies.



Strategy

To conduct active ownership through sizable ownership stakes in a selection of listed companies with strong market positions, good cash flows, financial strength and clear development ability.

The business model and active ownership are described on pages 11–17.



Objective

To generate a long-term attractive return at balanced risk. The character and breadth of the portfolio companies combined with Industrivärden's ownership involvement reduce risk.

Value creation over time is described on pages 40–47.



Approach

Operations are to be conducted in a sustainable way in all aspects. By being a long-term active owner, Industrivärden contributes to sustainable development of its portfolio companies.

Sustainability work is described on pages 18–19 and 81–93.

Well-developed business model with clear focus



The business model describes the fundamental components and the processes in Industrivärden's strategy.

Distinguished portfolio companies

Industrivärden's mission presupposes a long-term perspective and entails a natural concentration to large ownership stakes in a selection of portfolio companies with clear value potential.

Sizable ownership positions have been built up in the listed Swedish companies Volvo, Sandvik, Handelsbanken, Essity, SCA, Ericsson, Skanska and Alleima. Each of the portfolio companies comprises a number of interesting and developable businesses. Industrivärden thereby provides exposure to a large breadth of underlying business areas.

The portfolio companies are characterized by proven business models and strong market positions in their respective businesses, which creates conditions for favorable earnings and strong cash flows. They are also distinguished by a good capacity for innovation and development. On the whole these characteristics give the companies conditions to be able to further develop their businesses and pay dividends to their shareholders.

The portfolio companies' shared characteristics increase their long-term value potential and reduce risk.

Sizable ownership stakes

Industrivärden has many years of experience in exercising ownership within the framework of the Swedish corporate governance model and has a strong, locally based network. Investments are therefore made in listed Swedish companies.

To ensure significant influence in the portfolio companies, with representation on their nominating committees and boards, the share of votes shall amount to at least 10%. To give Industrivärden's shareholders a reasonable financial return from this ownership, normally an equity stake of at least 10% is strived for.

Good investment capacity and continuous investments

Industrivärden's dividend policy aims to ensure that Industrivärden generates a positive cash flow, which builds investment capacity over time and ensures a strong financial position with the flexibility to support the portfolio companies when needed. Major emphasis is therefore put on good profitability and strong cash flows in the portfolio companies, which enables favorable dividends for Industrivärden.

To enhance the financial exchange from its active ownership, Industrivärden continuously makes investments in the portfolio companies. Investments are made when it has been judged that there is potential for long-term value creation. Investments over time are reported on page 23.

Value creation through active ownership

Industrivärden is an engaged and responsible owner that provides support and makes clear demands, and has a clear owner agenda. The ownership role is based on having significant influence, industrial knowledge, a long-term perspective and financial strength. In Industrivärden the portfolio companies have an owner that actively participates in their corporate governance and strategic development, and that can provide financial support when needed. With its long-term perspective, Industrivärden can support and get behind initiatives in the portfolio companies that entail investments today, but generate substantial value in the longer term.

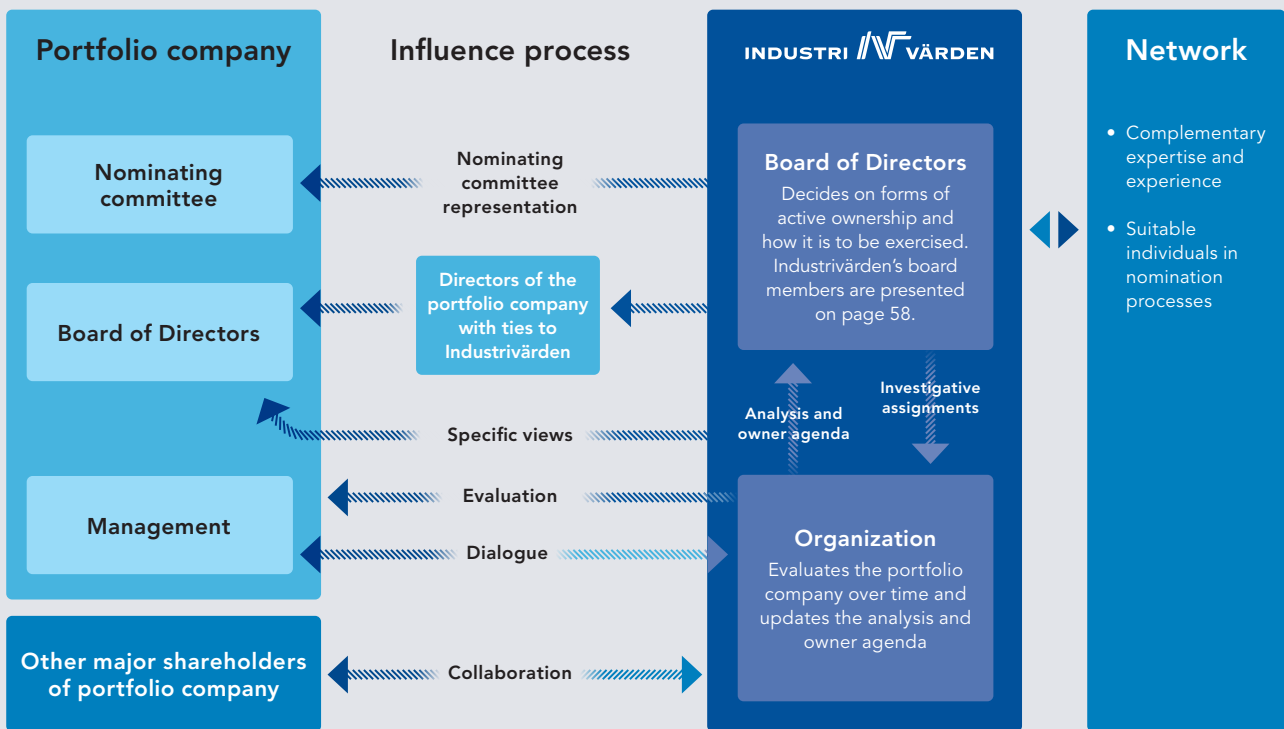
The formulation and execution of the portfolio companies’ strategies are of major importance for their long-term success. In this respect Industrivärden puts particular emphasis on a number of fundamental principles: distinct leadership, strategic focus, efficiency and operational flexibility, decentralization and financial strength. These qualities strengthen the companies’ ability to conduct and develop their operations in an effective way. At the same time, they increase the companies’ flexibility to act quickly upon market fluctuations, changed customer demands

and changes in the world around them. This is especially important in a time of major transitions, where companies are faced with taking advantage of opportunities and reducing risks coupled to, for example, digitalization, electrification and sustainability. Industrivärden’s fundamental view is that the respective portfolio companies will continuously develop their businesses based on their respective preconditions.

Analysis and owner agenda

Industrivärden continuously evaluates the portfolio companies’ respective businesses and operating environments. This work is performed by company teams that are led by a team manager, and employees are normally active on two to three teams. Central areas of the evaluation include strategy, market position, business composition, financial development and capital structure, among others. The analysis is conducted with a broad perspective and encompasses everything from customers, competitors and markets to salient megatrends such as digitalization, new technologies and long-term sustainable development. A keen understanding of these shifts is of major importance for being able to assess the portfolio companies’ long-term value potential as well as the opportunities and challenges they

Active ownership in practice



face. In this way, Industrivärden builds up a depth of fact-based knowledge about the respective portfolio companies and their business environments. With a starting point in this knowledge, an owner agenda for value creation is continuously updated, which summarizes the strategic value drivers that are considered to be most important for value creation during the coming three to five years. The aim is to identify and describe various opportunities for value growth and strategic measures for realizing this value.

Nominating committee work

The portfolio companies’ boards play a decisive role in the companies’ governance and the appointment of the right CEO. A suitably composed board is crucial. The portfolio companies’ boards must have the combined expertise and experience required to deal with the respective companies’ challenges and opportunities over time. Industrivärden therefore actively participates in the portfolio companies’ nomination processes, where its nominating committee representatives consist of individuals from Industrivärden’s board and executive management. Since access to qualified board members is a key success factor, Industrivärden works actively to identify suitable individuals. The portfolio compa-

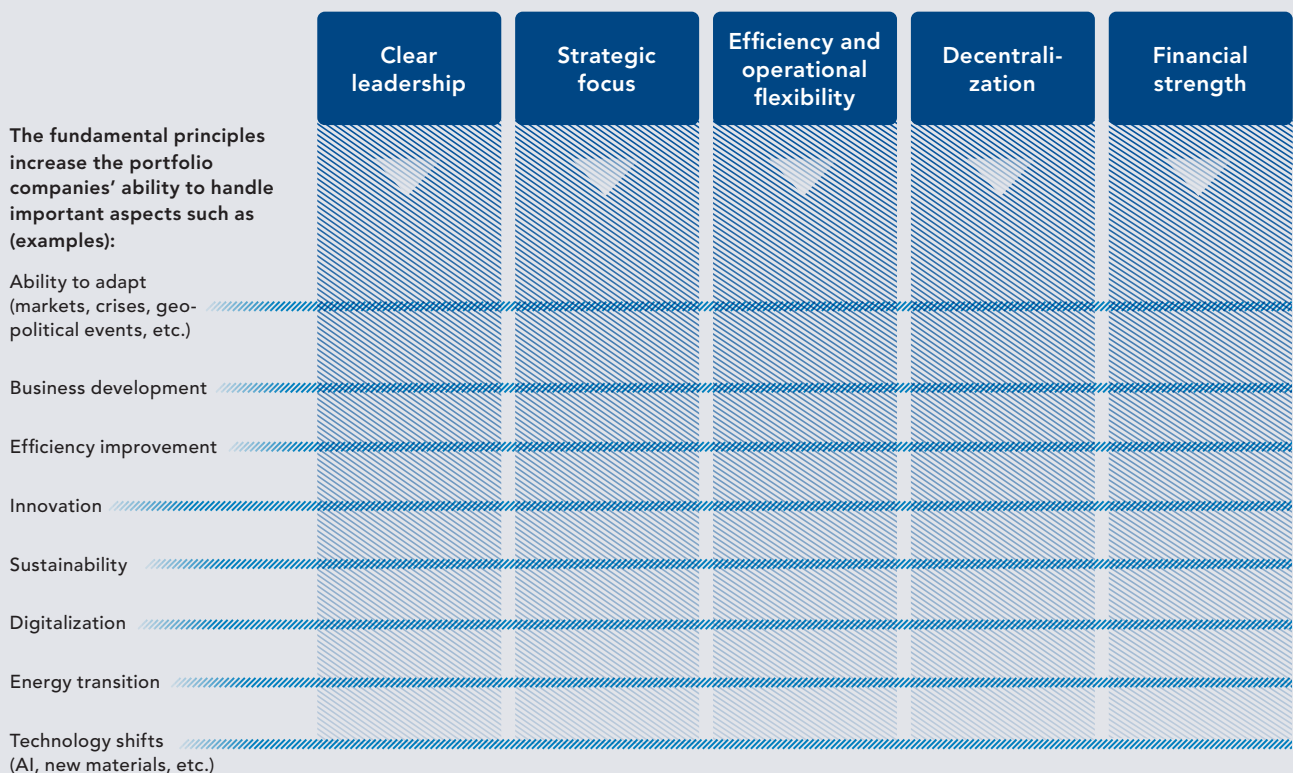
nies conduct business in a wide range of areas, and therefore Industrivärden continuously maintains a broad network of individuals with expertise and experience in a range of different areas.

Board representation

The individuals on Industrivärden’s board and members of the executive management who also serve as directors on portfolio companies’ boards are considered to have ties to Industrivärden. The owner agendas for the respective portfolio companies are presented on a continuous basis to Industrivärden’s board of directors. In addition, the portfolio companies’ CEOs make business presentations to Industrivärden’s board on a regular basis. In this way the Board of Directors receives a current and good picture of the portfolio companies along with identified measures for value creation. With a starting point in well underpinned analyses, Industrivärden can gain a hearing for its views and contribute to companies’ development.

Through its engagement and long-term presence, Industrivärden establishes close relationships with the portfolio companies’ management teams, board members and board chairs.

Fundamental principles of active ownership



Continuous dialogue

On top of its work on the portfolio companies' nominating committees and boards, Industrivärden is engaged in a continuous dialogue with the companies on a number of important matters, such as strategy, market position, financial development, etc. In addition, Industrivärden presents parts of its owner agendas for the portfolio companies' CEOs and other senior executives. Industrivärden also attaches great importance to visiting the portfolio companies' various operations.

Well-suited organization

Against the background of its chosen strategy, Industrivärden conducts its operations in an efficient organization characterized by high flexibility and short decision-making channels. Industrivärden has approximately 15 employees, most of whom are active in the analysis and investment organization. In addition, operations involve eight board members and an extensive network. The organization encompasses a strong base of expertise about the portfolio companies and their respective industries as well as the business environments they work in. For further information about Industrivärden's corporate governance, see pages 53–59.

Nominating committee representatives

Volvo	Pär Boman	Chair
Sandvik	Fredrik Lundberg	Chair
Handelsbanken	Helena Stjernholm	Chair
Essity	Helena Stjernholm	Chair
SCA	Helena Stjernholm	Chair
Ericsson	Karl Åberg	Member
Skanska	Helena Stjernholm	Chair
Alleima	Fredrik Lundberg	Chair

Board members with ties to Industrivärden

Volvo	Helena Stjernholm	Director
Sandvik	Helena Stjernholm Marika Fredriksson	Director Director
Handelsbanken	Pär Boman Fredrik Lundberg	Chairman Vice Chairman
Essity	Pär Boman	Chairman
SCA	Pär Boman Karl Åberg	Chairman Director
Ericsson	Helena Stjernholm	Vice Chairman
Skanska	Fredrik Lundberg Pär Boman	Director Director
Alleima	Karl Åberg	Director

Active ownership: Alleima as example

Greater opportunities for both Sandvik and Alleima

In May 2019 the Sandvik board of directors announced it had decided to initiate an internal separation of the Sandvik Materials Technology business area with the intention to increase the business's structural independence from the Sandvik Group and thereby put greater focus on its future development possibilities, and create flexibility for improved earnings and higher growth. At the same time, it was also announced that the Sandvik board had decided to investigate the opportunities for a separate stock market listing through distribution of the business to Sandvik's shareholders.

The company was given the new name Alleima, which is a combination of words "alloy" and "material", to convey the company's extensive knowledge in materials technology, metallurgy and alloys along with related industrial processes. The decision to separate Alleima was based on the belief that the company would develop more favorably

by itself, have better opportunities for profitable growth, and strengthen focus for both Alleima and the Sandvik Group and thereby increase the potential for long-term value creation for the shareholders.

Industrivärden's ownership role

As an owner in Sandvik, Industrivärden supported the decision to distribute the Sandvik Materials Technology business area as it is deemed beneficial for both Sandvik and the new company Alleima. On August 31, 2022, Alleima was listed on the Stockholm Stock Exchange (Nasdaq Stockholm), Large Cap segment. After the listing, Industrivärden increased its share of ownership from approximately 14% to approximately 20% and is the company's main owner.

As an active owner, Industrivärden works long-term to develop and create value in Alleima in accordance with Industrivärden's business model. In Alleima's nominating



committee, Industrivärden is represented by Fredrik Lundberg (chairman of the nomination committee). The board member Karl Åberg has ties to Industrivärden. In addition, Industrivärden has a close dialogue with Alleima and the other portfolio companies.

Alleima in brief


Alleima is a globally active developer, manufacturer and supplier of high value-added products in advanced stainless steels and special alloys as well as products for industrial heating. With close and long-standing customer partnerships, Alleima develops products for the most demanding applications and industries. The company's offering includes products such as seamless stainless steel tube and pipe for the energy, chemical and aerospace industries, and precision strip steel for compressor valves in refrigerators, air conditioners and heat pumps, and knife- and doctor blade steel applications. They also include ultra-fine wires for medical devices and micro-electronic devices, industrial electric heating technology, and pre-coated steel strips for fuel cells.

Alleima has a fully integrated value chain, including own R&D, two steel mills with smelters, five extrusion presses and several heat treatment, cold finishing and aftertreatment plants. The company's control of the entire value chain, from research and development to end product, is a key competitive advantage and asset in development of its customer offering.

Alleima's products play a key role in contributing to the development of technologies – existing as well as emerging ones – to address challenges of the future. This includes products that are enabling the transition to renewable energy, electrification of industries, and innovation in the medical sector.

Industrivärden's holding

Read more about Alleima and Industrivärden's holding in the company on pages 38–39.



It is believed that the separation will sharpen focus for both Sandvik and Alleima, and thereby increase the potential for long-term value creation for the shareholders.

Sustainability – an important value driver

Industrivärden’s strategy to develop and create value in its portfolio companies over the long term entails a natural focus on sustainability. Sustainable growth in value can only be created in long-term competitive companies that pay close attention to environmental, social and governance aspects. Industrivärden is a responsible owner with high ambitions to participate in the development of sustainable businesses. In this way, it is possible to contribute to sustainable portfolio companies, which benefits the communities in which they operate. This involves minimizing sustainability-related risks while capitalizing on sustainability-related opportunities in a rapidly changing world.

Industrivärden sets clear demands for its portfolio companies. They are to establish strong market positions, good cash flows and financial strength as well as a distinct capacity for development. This forms a stable foundation for well-integrated sustainability work with innovations, products and services that contribute to sustainable development. By investing capital in operationally and financially sustainable companies and contributing to the portfolio companies’ strategic sustainability work, Industrivärden takes responsibility for sustainable development.

Particular focus is put on material sustainability risks and sustainability-related opportunities from risk mitigation and value-creation perspectives. Industrivärden’s overarching ambition is to be a well-informed and demanding owner with a sustainability perspective that contributes to the

long-term success of its portfolio companies and to offer a long-term and sustainable investment with an attractive total return at balanced risk.

To materialize these ambitions, Industrivärden:

- Performs continuous analysis and follow-up of the respective portfolio companies in accordance with its integrated sustainability analysis.
- Formulates owner agendas for the respective portfolio companies as well as influence initiatives in accordance with its business model.
- Conducts dialogues with prioritized stakeholders aimed at soliciting views in support of further development of its sustainability work.

Industrivärden expects the portfolio companies to have a sustainable approach in all aspects of their operations.

Industrivärden’s 2022 sustainability report

consists of the sustainability introduction on pages 18–19, the detailed sustainability information section on pages 81–89, and the GRI Index and TCFD Reference on pages 90–93.

Central activities

- Continuously develop Industrivärden’s sustainability work with a foundation in stakeholder dialogues
- Evaluate the portfolio companies’ sustainability-related risks and opportunities
- Ensure superior and well-integrated sustainability work in the portfolio companies
- Make demands and exercise influence in the portfolio companies

Industrivärden’s expectations

The portfolio companies shall:

- View sustainability as a key strategic issue and conduct exceptional sustainability work
- Continuously develop their sustainability work in a structured way with support from relevant guidelines and measurable goals
- Monitor, evaluate and continuously communicate the progress of their sustainability work

Industrivärden’s sustainability strategy, risk management and governance of sustainability work are described in the detailed sustainability information on pages 81–89.

To be able to conduct a qualitative analysis of the portfolio companies’ sustainability work and exercise influence in sustainability, Industrivärden must have a depth of knowledge about the respective companies’ operations and sustainability-related matters. The sustainability analysis is therefore an integral part of the fundamental analysis that is conducted of the respective portfolio companies. In this way, sustainability aspects are addressed from a holistic perspective, with a base in the portfolio companies’ respective operations, geographies and stages of development. This means that the sustainability perspective is taken into account in assessments of the portfolio companies’ boards and management teams, strategic issues and financial performance.

The individuals who represent or have ties to Industrivärden on the portfolio companies’ nominating committees and boards must have a current and thorough understanding of identified value creation measures. Against this background, Industrivärden’s owner agendas for the respective portfolio companies are discussed and evaluated on a continuous basis by Industrivärden’s board. This allows Industrivärden to exercise influence on strategic sustainability issues over time.

Industrivärden’s stakeholder and materiality analysis clearly shows that the Company’s most important duty is to contribute to sustainable shareholder value in its portfolio companies. In this work, major emphasis is put on ensuring well-integrated and structured sustainability work in the portfolio companies. Central areas are responsible corporate governance and a sustainable societal role, minimized negative climate and environmental impact, and sustainable production and innovation. Based on these focus areas, relevant goals have been established with support of the UN’s Agenda 2030 framework for the global Sustainable Development Goals. Specific goals and goal achievement are described in the detailed sustainability information on pages 81–89.

Development of sustainability work in 2022

Further development of Industrivärden’s sustainability analysis

With a base in Industrivärden’s integrated sustainability analysis framework, during the period 2020–2022 a more extensive review was conducted of the portfolio companies’ sustainability work, which has increased Industrivärden’s competence in sustainability issues. This analysis has been developed and expanded with respect to its scope as well as to the number of meetings held with representatives of the portfolio companies. Influencing activities are conducted within the framework of active ownership.

Comprehensive upgrade of Industrivärden’s sustainability report

During 2022, Industrivärden’s sustainability reporting was further developed with respect to both its extent and level of detail. Adaptations have been made to relevant reporting frameworks as well as to stakeholder dialogues. Particular focus has been put on sustainability risks and on the Company’s TCFD reporting.

Thematic reviews

Industrivärden continuously conducts reviews of central areas of influence such as electrification, digitalization, etc. During 2022 a review was conducted of material EU legislation that affects the portfolio companies.

Focus areas and overarching goals

Based on Industrivärden’s materiality analysis, its sustainability work has particular focus on the following areas:

Responsible corporate governance and sustainable societal role



Good corporate governance, good business ethics and anti-corruption



Greater diversity



Decent working conditions

Minimize negative climate and environmental impacts



Reduced climate impact

Sustainable production



Sustainable production



Sustainable innovation

The goals are further described in the detailed sustainability information on pages 81–89.

Sustainability: Volvo as example

More and more logistics companies are turning to quiet and emissions-free transports to meet the market's high environmental demands and expectations. Here electrification is a key driver in the long-term transition towards achieving zero emission road transports. Volvo Group was one of the first in the industry to begin series production of fully electric trucks in 2019. In 2022 the company was the first to launch series produced trucks in the heavy duty segment. Today Volvo is a leading player in the transformation to electric trucks with a clear goal that 35% of all sold trucks worldwide will be battery electric or fuel cell electric by 2030.

Volvo offers complete transport solutions and has a product offering in the medium to heavy duty truck segment for customers with high demands. The company is the market leader in fully electric heavy duty trucks in Europe and North America, with a market share of 56% in Europe. Demand for electric trucks in the heavy duty segment is growing, and the global potential for electrified truck transports is great. To enable the transition, Volvo has taken an active role in driving development of the charging infrastructure. Together with a number of other major truck manufacturers, through a newly started joint venture company Volvo has embarked on a plan to install 1,700 charging points throughout Europe to accelerate electrification of heavy duty transports. Within the EU, where approximately 6% of total carbon emissions come from goods transports, electrified logistics solutions are a decisive factor in the ability to achieve the EU goal of a climate-neutral economy by 2050.

Important steps in 2022 for electric transports

During the year Volvo accelerated its work on electrifying its products, and several strategically important steps were taken in a number of areas. For example, in May 2022 a battery assembly plant was opened in Ghent, Belgium, and in August the company communicated that it had initiated a process to establish a large-scale production plant for battery cells in Mariestad, Sweden. In September, series production of the heavy duty model line for the European market was started in Gothenburg, Sweden.

In addition to battery electric trucks and trucks with internal combustion engines that run on biofuel, Volvo is investing in a third technology for CO₂-neutral transports: hydrogen gas-fueled trucks, where the only emission is of pure water vapor. In 2022 a prototype truck was unveiled with fuel cells that generate electricity onboard with the help of compressed hydrogen gas stored in tanks. Hydrogen gas-powered trucks are expected to play an important role in the heavy duty and long haul transport segments. The

technology is under development, and Volvo plans to launch its first truck during the second half of this decade.

Volvo's leading position in CO₂-neutral transports is reflected in sales of the company's products. Among other things, in 2022 the company won an order for more than 100 Volvo VNR Electric trucks from the global logistics company Maersk. The deal complements a previous order for the same model, and all of the trucks are planned to be in operation during the first quarter of 2023. The deal represents the largest single sale of Volvo's electric trucks to date.

Another example is an order from Amazon in October 2022 for 20 fully electric heavy duty trucks for delivery in late 2022/early 2023. These deals illustrate how Volvo is working together with key players in the transport sector's transition to reduce carbon emissions.

In 2022 Volvo increased its deliveries of fully electric vehicles by 226% compared with the preceding year.

From a commercial perspective, the changeover from traditional to electric drivelines represents a deeper engagement by Volvo in its customers' businesses over the entire lifecycle. The higher retail value of electric trucks is therefore expected to accelerate sales growth as the company moves through its technology shift.

Sights set on future zero emissions

Even today, owing to the high cargo capacity, powerful drivelines and longer ranges of the new fully electric trucks, Volvo's product line of fully electric trucks could cover approximately 45% of all goods transports in Europe. In other words, the opportunities are enormous.

Volvo has high aspirations and a proven ability to reduce the climate impact of its products, with the goal of achieving net zero emissions by 2050 at the latest. This creates good conditions to take a continued leading role in the transformation to sustainable transport solutions. More in-depth information can be found in Volvo's sustainability report.

3,633

ORDER INTAKE
NO. OF FULLY
ELECTRIC TRUCKS

56%

EUROPEAN MARKET SHARE
FULLY ELECTRIC
HEAVY DUTY TRUCKS

226%

INCREASE IN DELIVERIES
OF FULLY ELECTRIC
TRUCKS



Portfolio companies with good value potential at balanced risk

Industrivärden has sizable ownership positions in the eight portfolio companies Volvo, Sandvik, Handelsbanken, Essity, SCA, Ericsson, Skanska and Alleima. On December 31, 2022, the portfolio had a market value of SEK 133,832 M (149,955), corresponding to SEK 310 (347) per Industrivärden share.

The portfolio companies are characterized by proven business models and long-term value potential. In exercising its active ownership, Industrivärden works according to the portfolio companies' respective conditions, but attaches particular importance to a number of principles that increase opportunities for value creation and reduce risk over time. The business model is described in more detail on pages 11–15.

Altogether the portfolio companies provide broad exposure to business areas as well as geographies. The companies are active in a range of different areas including commercial vehicles, industrial equipment, banking, consumer products, forestry and forest products, telecommunications, construction and materials technology. Within the framework of these respective core businesses, the companies also have a number of free-standing business areas with own profit responsibility. This broad base of exposure increases opportunities for value creation and lowers risk. The portfolio companies' respective business areas are described on pages 24–39.

Through its active ownership Industrivärden contributes to the portfolio companies' development, enhanced earnings generation and development of value over time. Value creation is described further on pages 40–48.

Investment activities

Investments are made continuously in order to strengthen ownership in the portfolio companies over time and thereby increase the financial exchange of Industrivärden's active ownership.

During 2022 shares were purchased for SEK 1.3 billion in Volvo, SEK 0.7 billion in Alleima, SEK 0.5 billion in Sandvik, SEK 0.4 billion in Handelsbanken, SEK 0.2 billion in Essity and SEK 0.2 billion in Skanska. During the last five-year period, shares for a combined value of SEK 16.3 billion, net, were bought in the current portfolio companies.

Dividends received

Dividends received during 2022 amounted to SEK 5,479 M (8,081). During the last five-year period, dividends received from portfolio companies totaled SEK 22.1 billion.

Portfolio

Holdings	Number of shares	Share of ownership, %		Market value		Share of value, %	Total return per shareholding, SEK M
		Capital	Votes	12/31/2022			
				SEK M	SEK/share		
Volvo A	166,600,000	8.9	27.8	33,003	83	27	264
Volvo B	14,600,000			2,752			
Sandvik	171,200,000	13.6	13.6	32,254	75	24	-8,958
Handelsbanken A	221,200,000	11.2	11.4	23,248	54	17	2,925
Essity A	33,257,000	10.2	29.6	9,046	45	15	-970
Essity B	38,400,000			10,495			
SCA A	33,785,290	10.3	29.3	4,507	22	7	-1,876
SCA B	38,300,000			5,054			
Ericsson A	86,052,615	2.6	15.1	5,679	13	4	-2,799
Ericsson B	1,000,000			61			
Skanska A	12,667,500	7.7	24.5	2,090	12	4	-1,930
Skanska B	19,500,000			3,218			
Alleima	50,300,000	20.0	20.0	1,933	4	1	214
Other				493	1	0	2
Total, portfolio				133,832	310	100	-13,128

Investments

SEK M	Net purchases (+) / sales (-)		
	2022	3 yrs	5 yrs
Volvo	1,312	4,247	6,405
Sandvik	467	3,258	4,393
Handelsbanken	357	1,433	2,302
Essity	199	1,339	1,336
SCA	–	355	472
Ericsson	–	–	–
Skanska	174	174	525
Alleima	676	676	676
Other	–	73	186
Total, portfolio companies	3,184	11,555	16,295
Divested portfolio companies ¹	–	–2,004	–11,158
Total	3,184	9,551	5,137

1) Pertains to SSAB and ICA Gruppen.

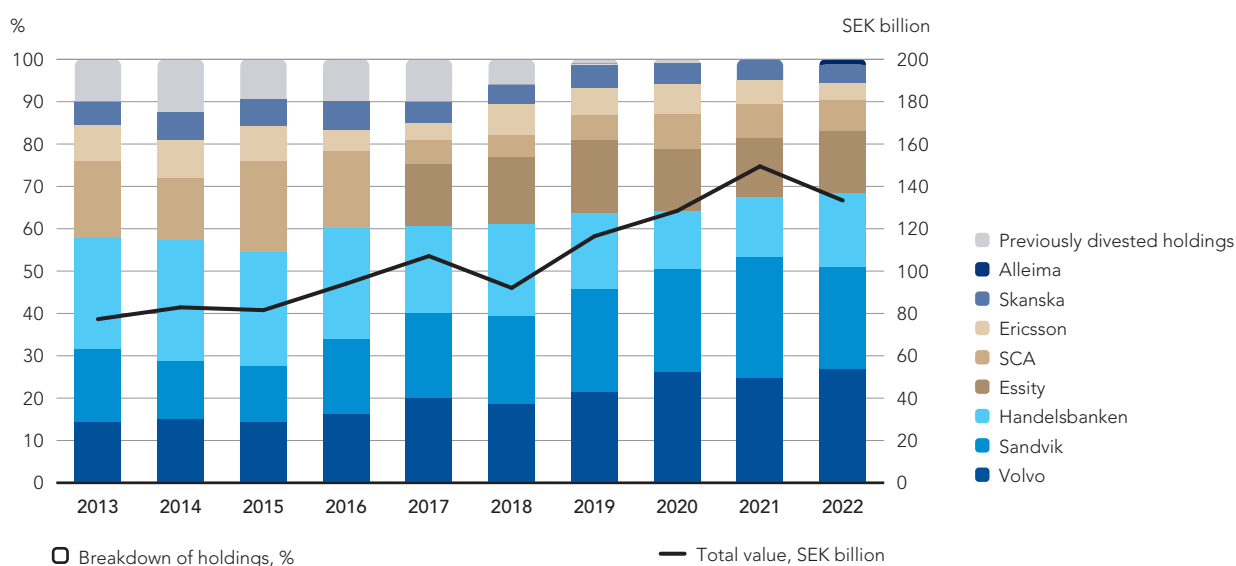
Dividends

SEK M	Dividends received		
	2022	3 yrs	5 yrs
Volvo	2,317	6,487	8,553
Sandvik	801	1,839	3,011
Handelsbanken	1,096	2,888	5,492
Essity	502	1,394	2,162
SCA	234	378	595
Ericsson	218	523	697
Skanska	312	709	1,131
Alleima	–	–	–
Total, portfolio companies	5,479	14,217	21,640
Divested portfolio companies ¹	–	–	434
Total	5,479	14,217	22,074

1) Pertains to SSAB and ICA Gruppen.

Share of ownership over time

	12/31/2022		12/31/2021		12/31/2020		12/31/2019		12/31/2018	
	Share of ownership, %		Share of ownership, %		Share of ownership, %		Share of ownership, %		Share of ownership, %	
	Capital	Votes	Capital	Votes	Capital	Votes	Capital	Votes	Capital	Votes
Volvo	8.9	27.8	8.6	27.7	8.4	27.5	7.4	24.1	6.9	22.2
Sandvik	13.6	13.6	13.4	13.4	12.5	12.5	12.4	12.4	12.1	12.1
Handelsbanken	11.2	11.4	11.0	11.1	10.7	10.9	10.3	10.5	10.4	10.6
Essity	10.2	29.6	10.1	29.5	9.8	29.3	9.5	29.2	9.5	29.9
SCA	10.3	29.3	10.3	29.3	10.3	29.3	9.7	29.0	9.5	29.7
Ericsson	2.6	15.1	2.6	15.1	2.6	15.1	2.6	15.1	2.6	15.1
Skanska	7.7	24.5	7.4	24.3	7.4	24.3	7.4	24.3	6.9	23.9
Alleima	20.0	20.0	–	–	–	–	–	–	–	–

Breakdown of holdings


V O L V O

Volvo Group has a leading position in transport and infrastructure solutions with trucks, construction equipment, buses, and marine and industrial engines as well as financing and services that increase customers' operational time and productivity



Volvo's business model builds upon the company's competitive products, strong brands, leading service and financing solutions, and successful development partnerships aimed at providing reliable, safe, effective and sustainable solutions that create value for customers. The company conducts concerted innovation work in the areas of electrification, automation and connectivity, and is currently driving development of sustainable transport and infrastructure solutions of the future.

Key data

	2022	2021
Net sales, SEK M	473,479	372,216
Earnings (adj. EBIT), SEK M	50,467	41,015
Operating margin (adj.), %	10.7	11.0
Earnings per share, SEK	16.09	16.12
Operating cash flow, SEK M ¹	35,327	29,440
Debt-equity ratio, net, % ²	-50	-51
Ordinary dividend per share, SEK ³	7.00	6.50

1) Pertains to industrial operations.

2) Financial net position excluding pensions, similar obligations and lease liabilities over shareholders' equity. Pertains to industrial operations.

3) Total dividend of SEK 14.00 per share (13.00), of which an extra dividend of SEK 7.00 per share (6.50).

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivärden	27.8	8.9
Geely Holding	16.0	8.2
AMF Pension & Funds	5.4	3.5
Alecta Pension Insurance	4.3	3.4
AFA Insurance	2.3	0.7
BlackRock	2.2	3.3
Vanguard	1.9	3.0
Swedbank Robur Funds	1.8	4.3
Fourth Swedish National Pension Fund (AP4)	1.7	0.7
Norges Bank Investment Management	1.6	2.3

Source: Holdings.

→ [volvogroup.com](https://www.volvogroup.com)

388 SEK bn

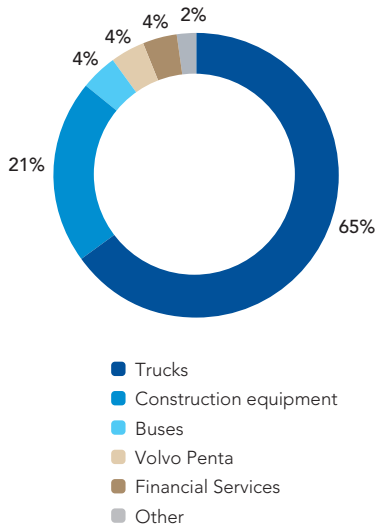
MARKET VALUE, DECEMBER 31, 2022

Industrivärden's holding

27%

OF PORTFOLIO VALUE

Sales per area

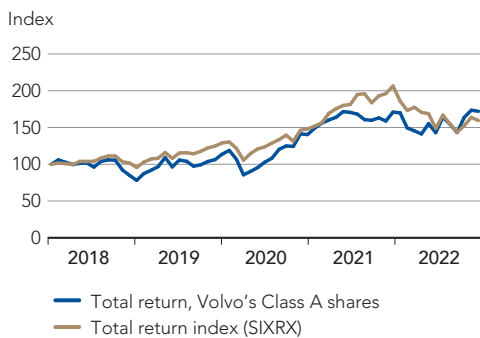


Active owner position since 2009

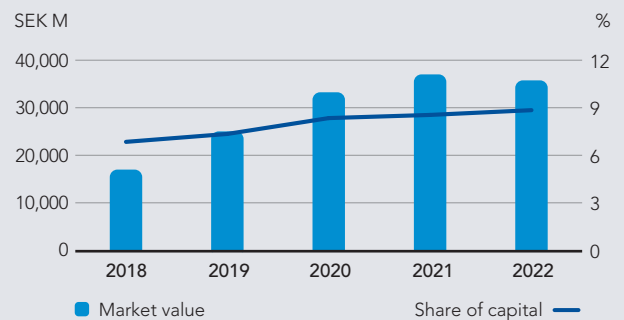
Key data

	2022	2021
Shareholding, no. shares:		
Class A shares	166,600,000	166,600,000
Class B shares	14,600,000	7,600,000
Market value, SEK M	35,755	37,013
Share of capital, %	8.9	8.6
Share of votes, %	27.8	27.7
Total return, SEK M	264	7,180

Growth in value, Volvo's stock



Holding over time



CEO: Martin Lundstedt
Chairman: Carl-Henric Svanberg

Nominating committee representative: Pär Boman
Board member with ties to Industrivärden: Helena Stjernholm



Sandvik is a global high-tech engineering group that offers innovative products and services that enhance customer productivity, profitability and sustainability

Sandvik's business model aims to create value for customers through focus on optimizing their processes. The company's strengths consist of leading market positions, close cooperation with customers, a keen innovative ability and technological leadership, and digital solutions and unique expertise in materials technology and industrial processes. The company delivers solutions for operations particularly in the mining, engineering, automotive, energy, infrastructure and aerospace. Important products include tools and tooling systems, and equipment for the mining and infrastructure industries.

Key data

	2022	2021
Net sales, SEK M ¹	112,332	85,700
Earnings (adj. EBIT), SEK M ¹	21,020	17,003
Operating margin (adj.), % ¹	18.7	19.8
Earnings per share (adj.), SEK ¹	11.98	10.26
Operating cash flow, SEK M ¹	12,103	14,007
Debt-equity ratio, net, % ¹	54	35
Ordinary dividend per share, SEK	5.00	4.75

1) Pertains to remaining operations.

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivärden	13.6	13.6
Alecta Pension Insurance	4.8	4.8
Swedbank Robur Funds	3.9	3.9
Vanguard	3.0	3.0
BlackRock	2.8	2.8
L E Lundbergföretagen	2.8	2.8
SEB Funds	1.7	1.7
Handelsbanken Funds	1.5	1.5
Norges Bank Investment Management	1.4	1.4
First Swedish National Pension Fund (AP1)	1.4	1.4

Source: Holdings.

→ [sandvik.com](https://www.sandvik.com)

236 SEK bn

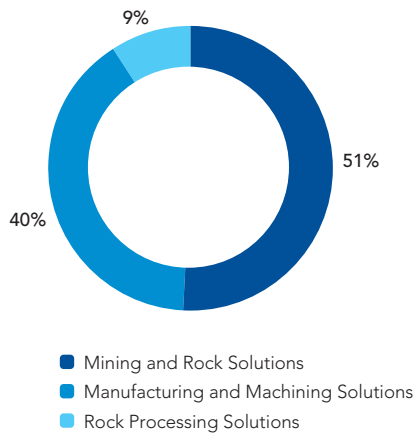
MARKET VALUE, DECEMBER 31, 2022

Industrivärden's holding

24%

OF PORTFOLIO VALUE

Sales per area

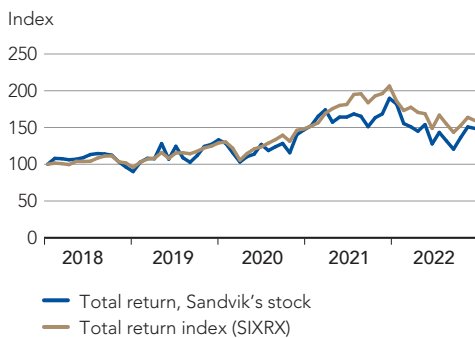


Active owner position since 1997

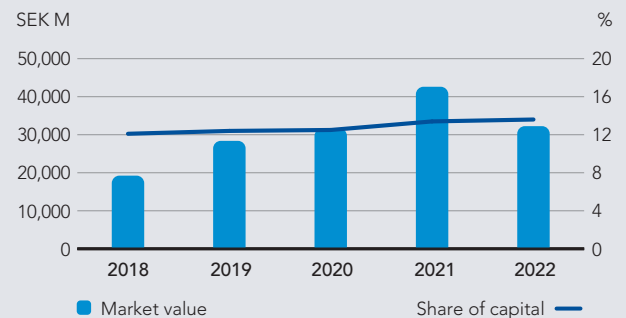
Key data

	2022	2021
Shareholding, no. shares:	171,200,000	168,700,000
Market value, SEK M	32,254	42,614
Share of capital, %	13.6	13.4
Share of votes, %	13.6	13.4
Total return, SEK M	-8,958	9,639

Growth in value, Sandvik's stock



Holding over time



CEO: Stefan Widing
Chairman: Johan Molin

Nominating committee representative: Fredrik Lundberg
Board members with ties to Industrivärden: Helena Stjernholm and Marika Fredriksson

Handelsbanken

Through a decentralized work approach, Handelsbanken builds long-term customer relationships with private and business customers in Sweden, Norway, the UK and the Netherlands. The bank strives to offer customers personal advice along with relevant products and services

Handelsbanken's business model is based on a focus on the products, services and markets in which the bank has a high level of expertise, good earnings and strong development potential. These areas are in financing and savings. The bank's core customers include private individuals, property companies and small businesses. Customers are offered personalized advice through in-person meetings as well as in digital channels. Operations are conducted with long-term stable finances, sustainable corporate responsibility, low risk tolerance, low costs and focus on achieving the highest level of capital efficiency possible.

Key data

	2022	2021
Income, SEK M	50,249	44,277
Earnings, SEK M	26,619	23,475
Earnings per share, SEK	10.84	9.86
Common equity tier 1 capital ratio, %	19.6	19.4
Ordinary dividend per share, SEK ¹	5.50	5.00

¹) Total dividend of SEK 8.00 per share (5.00), of which an extra dividend of SEK 2.50 per share (0.00).

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivärden	11.4	11.2
Oktogonen Foundation	8.3	8.2
L E Lundbergföretagen	3.0	2.9
Vanguard	2.7	2.7
BlackRock	2.6	2.6
Handelsbanken Funds	2.5	2.4
Nordea Funds	1.6	1.6
Swedbank Robur Funds	1.4	1.4
T. Rowe Price	1.2	1.3
First Eagle Investment Management	1.2	1.2

Source: Holdings.

→ handelsbanken.com

209 SEK bn

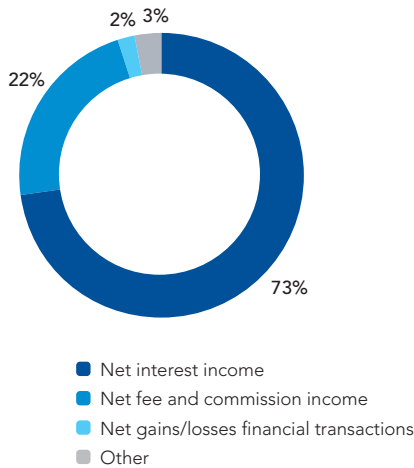
MARKET VALUE, DECEMBER 31, 2022

Industrivärden's holding

17%

OF PORTFOLIO VALUE

Sales per area

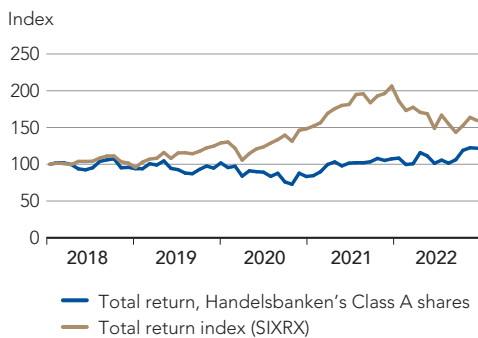


Active owner position since 1980

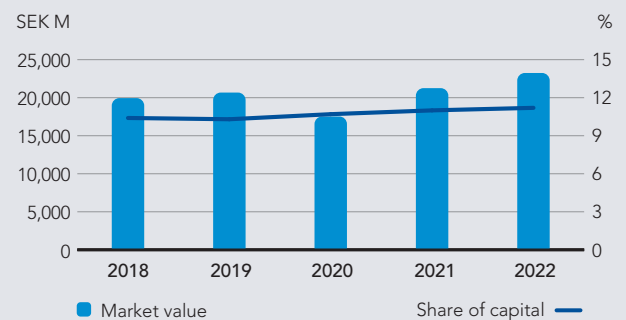
Key data

	2022	2021
Shareholding, no. shares:		
Class A shares	221,200,000	217,200,000
Market value, SEK M	23,248	21,255
Share of capital, %	11.2	11.0
Share of votes, %	11.4	11.1
Total return, SEK M	2,925	5,032

Growth in value, Handelsbanken's stock



Holding over time



CEO: Carina Åkerström
Chairman: Pär Boman

Nominating committee representative: Helena Stjernholm
Board members with ties to Industrivärden: Pär Boman and Fredrik Lundberg



Essity is a leading global hygiene and health company that develops, produces, markets and sells products and services in Health & Medical, Consumer Goods and Professional Hygiene areas



Essity's business model is based on a strong brand portfolio with globally leading brands and eminent innovative ability. The innovation process is based on megatrends, customer and consumer insights, new technology, digitalization, new business models and the company's goal to contribute to a sustainable and circular society. The product offering includes incontinence products, feminine care products, baby diapers, toilet paper and paper towels, wound care products, compression therapy and orthopedic products, hygiene solutions and more. Sales are made under own brands, of which several are global leaders, as well as under retailers' private labels.

Key data

	2022	2021
Net sales, SEK M	156,173	121,867
Earnings (adj. EBIT), SEK M	11,942	12,828
Operating margin (adj.), %	7.6	10.5
Earnings per share (adj.), SEK	12.28	12.50
Operating cash flow, SEK M	9,167	11,118
Debt-equity ratio, net, %	82	81
Ordinary dividend per share, SEK	7.25	7.00

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivården	29.6	10.2
Norges Bank Investment Management	6.8	4.7
AMF Pension & Funds	6.6	2.5
Swedbank Robur Funds	2.8	5.1
MFS Investment Management	2.8	5.0
Skandia Mutual Life Insurance Company	1.9	0.8
Vanguard	1.7	3.1
BlackRock	1.7	3.0
Handelsbanken Funds	1.4	2.5
Nordea Funds	1.0	1.7

Source: Holdings.

→ [essity.com](https://www.essity.com)

192 SEK bn

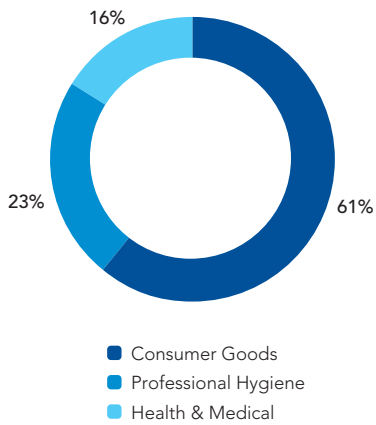
MARKET VALUE, DECEMBER 31, 2022

Industrivärden's holding

15%

OF PORTFOLIO VALUE

Sales per area

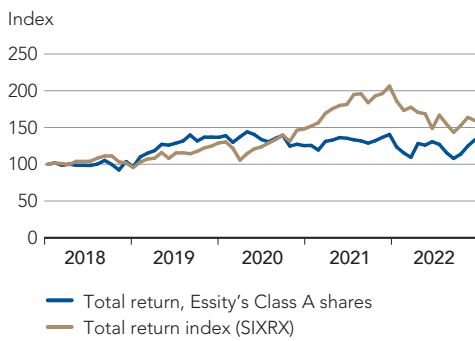


Active owner position since 2017

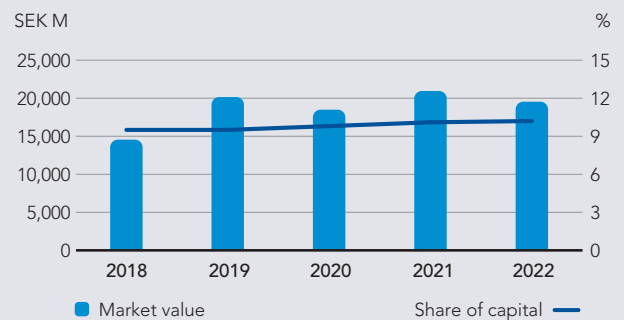
Key data

	2022	2021
Shareholding, no. shares:		
Class A shares	33,257,000	33,257,000
Class B shares	38,400,000	37,600,000
Market value, SEK M	19,541	20,951
Share of capital, %	10.2	10.1
Share of votes, %	29.6	29.5
Total return, SEK M	-970	2,485

Growth in value, Essity's stock



Holding over time



CEO: Magnus Groth
Chairman: Pär Boman

Nominating committee representative: Helena Stjernholm
Board member with ties to Industrivärden: Pär Boman



SCA is a leading forest and forest products company that, with a base in Europe's largest private forest holdings, conducts a resource-efficient industry to generate the highest possible value from the forest

SCA's business model aims to provide the company's customers with renewable products based on raw materials from responsibly managed forests and an integrated and resource-efficient value chain. With growing forests and renewable products, SCA also contributes to a circular society and the sequestering of carbon dioxide. The strategy is to focus on selected markets and product categories, to develop new business opportunities through innovation, and to continuously improve efficiency. SCA manages forestland in Sweden, Estonia, Latvia and Lithuania, conducts sawmill and wood processing operations, and produces pulp and packaging paper. The company also has expanding business in bioenergy and wind power generation.

Key data

	2022	2021
Net sales, SEK M	20,794	18,822
Earnings (EBIT), SEK M	8,642	7,634
Operating margin, %	41.6	40.6
Earnings per share, SEK	9.61	8.46
Operating cash flow, SEK M	5,685	5,216
Debt-equity ratio, net, %	10	9
Ordinary dividend per share, SEK ¹	2.50	2.25

1) Total dividend of SEK 2.50 per share (3.25), of which extra dividend of SEK 0.00 per share (1.00).

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivärden	29.3	10.3
Norges Bank Investment Management	9.6	7.2
AMF Pension & Funds	6.1	8.5
Handelsbanken Pension Foundation	3.4	1.4
Alecta Pension Insurance	2.5	4.6
Vanguard	2.1	3.1
BlackRock	2.0	3.6
T. Rowe Price	1.7	3.1
Swedbank Robur Funds	1.3	2.4
Pensionskassan SHB Försäkringsförening	1.3	0.7

Source: Holdings.

→ [sca.com](https://www.sca.com)



93 SEK bn

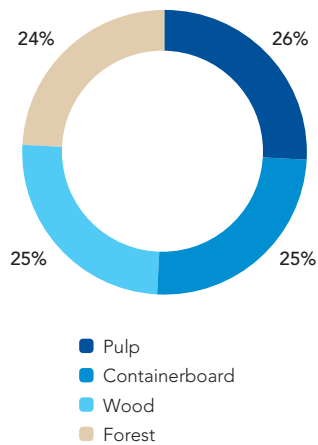
MARKET VALUE, DECEMBER 31, 2022

Industrivärden's holding

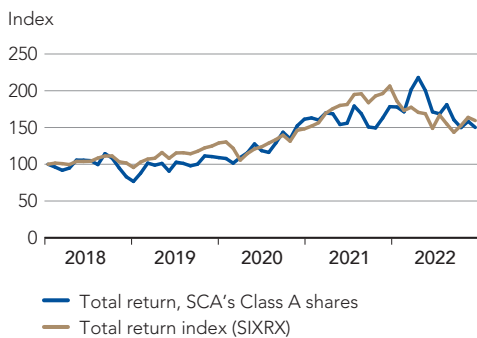
7%

OF PORTFOLIO VALUE

Sales per area



Growth in value, SCA's stock



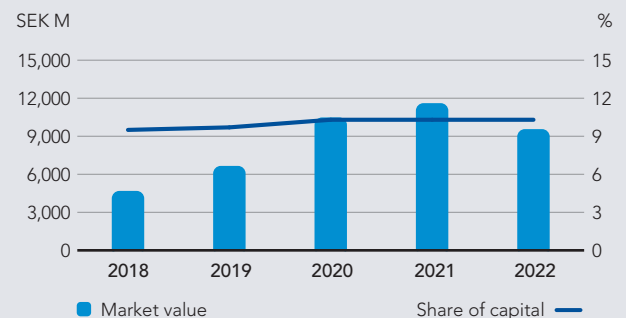
CEO: Ulf Larsson
Chairman: Pär Boman

Active owner position since 1950

Key data

	2022	2021
Shareholding, no. shares:		
Class A shares	33,785,290	33,785,290
Class B shares	38,300,000	38,300,000
Market value, SEK M	9,561	11,610
Share of capital, %	10.3	10.3
Share of votes, %	29.3	29.3
Total return, SEK M	-1,876	1,276

Holding over time



Nominating committee representative: Helena Stjernholm
Board members with ties to Industrivärden: Pär Boman and Karl Åberg

ERICSSON

Ericsson is a global tele-communications company that provides communication infrastructure and related services and software to the telecom industry and other sectors. The company is a technological leader in 5G, the fifth generation of mobile networks

Ericsson's business model is to work from a base of telecom-related products and services to deliver value-added to customers, continuously develop its offering with focus on customers' priorities in the key areas; new revenue streams, end-customer experiences, and climate and efficiency improvements. This work is based on Ericsson's strengths: technology leadership, cost efficiency, data-driven operations, global scale and global expertise. These factors have given Ericsson a strong position in technology and services driven by investments in research and development, which have given the company a strong patent portfolio.

Key data

	2022	2021
Net sales, SEK M	271,546	232,314
Earnings (adj. EBIT), SEK M	27,419	32,329
Operating margin (adj.), %	10.1	13.9
Earnings per share, SEK	5.62	6.81
Operating cash flow, SEK M	22,196	32,056
Debt-equity ratio, net, % ¹	-12	-66
Ordinary dividend per share, SEK	2.70	2.50

1) Financial net position excluding non-current fixed-income investments through EBITDA.

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Investor	23.8	8.0
Industrivärden	15.1	2.6
AMF Pension & Funds	4.9	2.7
Cevian Capital	2.6	4.3
Vanguard	2.5	3.9
AFA Insurance	2.3	0.6
Fidelity International (FIL)	2.1	3.5
BlackRock	1.9	3.3
Swedbank Robur Funds	1.9	3.2
PRIMECAP	1.4	2.5

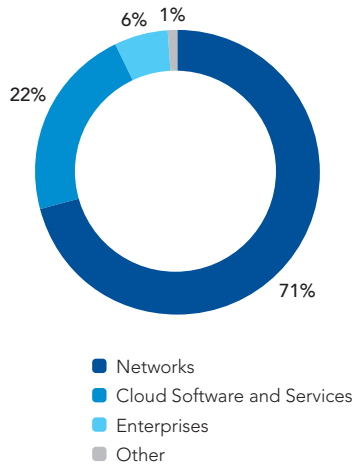
Source: Holdings.

→ ericsson.com

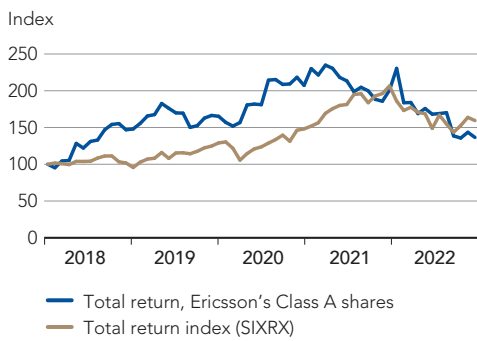
204 SEK bn

MARKET VALUE, DECEMBER 31, 2022

Sales per area



Growth in value, Ericsson's stock



CEO: Börje Ekholm
Chairman: Ronnie Leten

Industrivärden's holding

4%

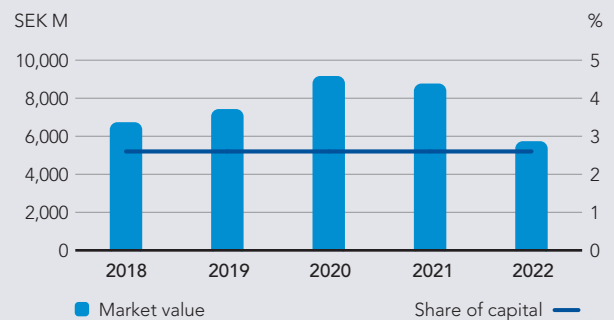
OF PORTFOLIO VALUE

Active owner position since 1944

Key data

	2022	2021
Shareholding, no. shares:		
Class A shares	86,052,615	86,052,615
Class B shares	1,000,000	1,000,000
Market value, SEK M	5,740	8,722
Share of capital, %	2.6	2.6
Share of votes, %	15.1	15.1
Total return, SEK M	-2,799	-283

Holding over time



Nominating committee representative: Karl Åberg
Board member with ties to Industrivärden: Helena Stjernholm

SKANSKA

Skanska is one of the world's leading construction and project development companies, focused on selected home markets of the Nordic countries, Europe and the U.S.

Skanska's business model is to offer competitive solutions for both simple and the most complex assignments from its base in a leading position in innovation and sustainability. The company is active in construction, residential development, commercial property development and investment properties. Construction is Skanska's largest business stream and involves construction of buildings, industrial facilities, infrastructure and housing. With this as a base, the company generates cash flow that can be invested in value-creating project development.

Key data

	2022	2021
Net sales, SEK M	161,602	147,576
Earnings (EBIT), SEK M	9,297	9,832
Operating margin, %	5.8	6.7
Earnings per share, SEK	18.62	19.80
Operating cash flow, SEK M	-2,263	4,185
Debt-equity ratio, net, %	-19	-28
Ordinary dividend per share, SEK ¹	7.50	7.00

1) Total dividend of SEK 7.50 per share (10.00), of which an extra dividend of SEK 0.00 per share (3.00).

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivärden	24.5	7.7
L E Lundbergföretagen	12.8	5.3
AMF Pension & Funds	5.3	7.5
Vanguard	2.1	3.0
BlackRock	1.9	2.7
Handelsbanken Funds	1.8	2.6
Skanska	1.5	2.1
Norges Bank Investment Management	1.4	2.0
Carnegie Funds	1.4	2.0
Swedbank Robur Funds	1.4	1.9

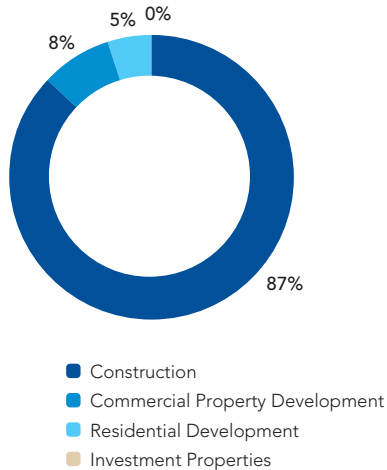
Source: Holdings.

→ [skanska.com](https://www.skanska.com)

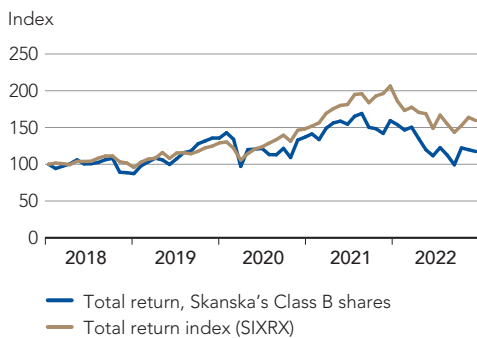
69 SEK bn

MARKET VALUE, DECEMBER 31, 2022

Sales per area



Growth in value, Skanska's stock



CEO: Anders Danielsson
Chairman: Hans Biörck

Industrivärden's holding

4%

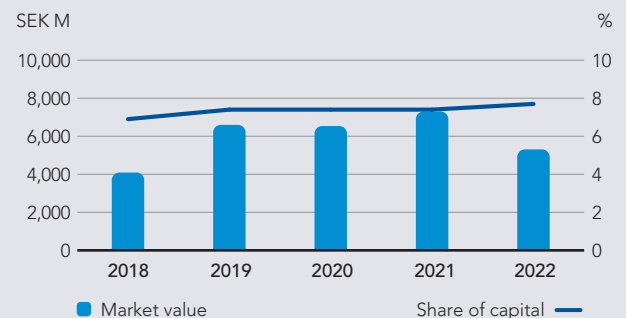
OF PORTFOLIO VALUE

Active owner position since 1987

Key data

	2022	2021
Shareholding, no. shares:		
Class A shares	12,667,500	12,667,500
Class B shares	19,500,000	18,500,000
Market value, SEK M	5,308	7,299
Share of capital, %	7.7	7.4
Share of votes, %	24.5	24.3
Total return, SEK M	-1,930	1,077

Holding over time



Nominating committee representative: Helena Stjernholm
Board member with ties to Industrivärden: Fredrik Lundberg and Pär Boman

Alleima

Alleima is a globally active developer, manufacturer and supplier of high value-added products in advanced stainless steels and special alloys as well as products for industrial heating



Alleima's business model is based on close and long-term customer relationships in which the company develops processes and application areas in the most demanding industries through materials that are lightweight, durable, corrosion-resistant, and able to withstand extremely high temperatures and pressures. The company's offering and extensive know-how in materials technology, metallurgy and industrial processes help customers become more efficient, profitable, safe and sustainable. Alleima was listed on Nasdaq Stockholm on August 31, 2022, as a result of a decision by Sandvik's shareholders to separate and distribute the Sandvik Materials Technologies business to the shareholders.

Key data

	2022	2021
Net sales, SEK M	18,405	13,847
Earnings (adj. EBIT), SEK M	1,681	1,055
Operating margin (adj.), %	9.1	7.6
Earnings per share (adj.), SEK	4.46	3.82
Operating cash flow, SEK M	505	1,046
Debt-equity ratio, net, %	0	11
Ordinary dividend per share, SEK	1.40	n/a

Largest shareholders

December 31, 2022	Votes, %	Capital, %
Industrivärden	20.0	20.0
L E Lundbergföretagen	6.1	6.1
Vanguard	3.0	3.0
AFA Insurance	2.3	2.3
Swedbank Robur Funds	2.3	2.3
Third Swedish National Pension Fund (AP3)	2.0	2.0
SEB Funds	2.0	2.0
Alecta Pension Insurance	1.8	1.8
Norges Bank Investment Management	1.8	1.8
Göranssonska Foundations	1.4	1.4

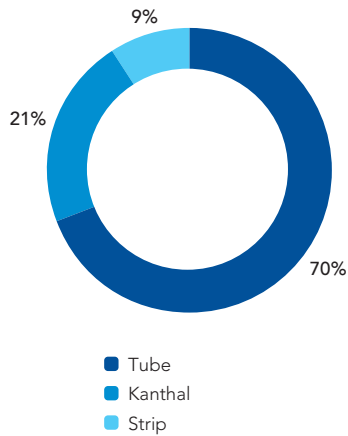
Source: Holdings.

→ alleima.com

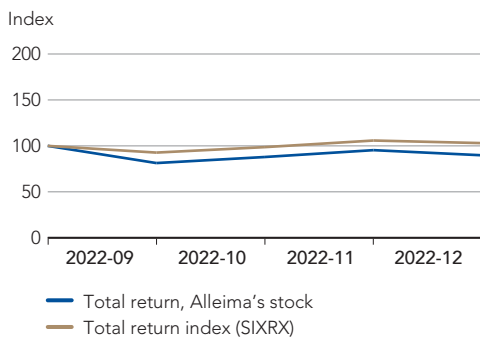
10 SEK bn

MARKET VALUE, DECEMBER 31, 2022

Sales per area



Growth in value, Alleima's stock



CEO: Göran Björkman
Chairman: Andreas Nordbrandt

Industrivärden's holding

1%

OF PORTFOLIO VALUE

Active owner position since 2022

Key data

	2022
Shareholding, no. shares:	50,300,000
Market value, SEK M	1,933
Share of capital, %	20.0
Share of votes, %	20.0
Total return, SEK M	214

Nominating committee representative: Fredrik Lundberg
Board member with ties to Industrivärden: Karl Åberg

Focus on portfolio companies’ financial value creation

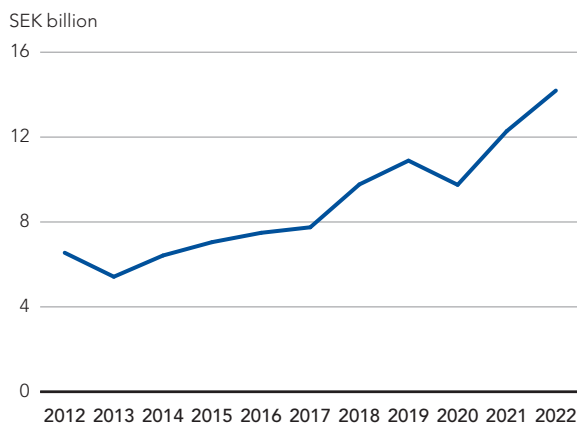
Through active ownership Industrivärden works long-term to develop and create value in the portfolio companies. The shareholder value that is generated in Industrivärden is based on the stock market’s valuation of the portfolio companies’ financial performance, dividend capacity and future outlooks.

Development of the portfolio companies’ earnings generation, which Industrivärden benefits from, can be

illustrated as Industrivärden’s equity-weighted share of the portfolio companies’ earnings.

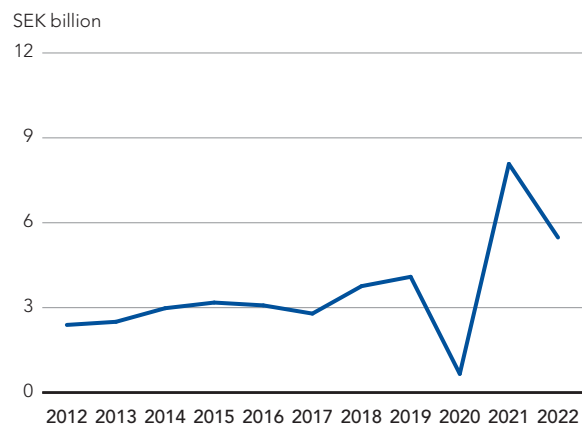
During the last ten-year period, aggregate, weighted earnings increased by an average of 8% per year. Dividend income from the portfolio has grown by an average of 9% per year. The portfolio companies’ earnings generation and Industrivärden’s dividend income over time are shown in the charts below.

Portfolio companies’ earnings generation



Industrivärden’s equity-weighted share of the portfolio companies’ earnings.

Industrivärden’s dividend income



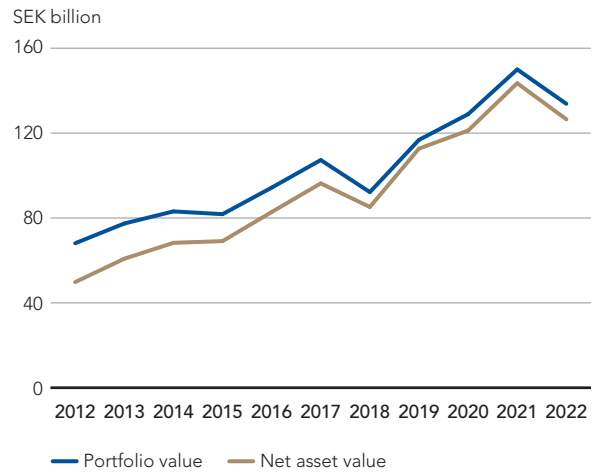
Dividend income for 2021 includes distribution in kind from Handelsbanken.



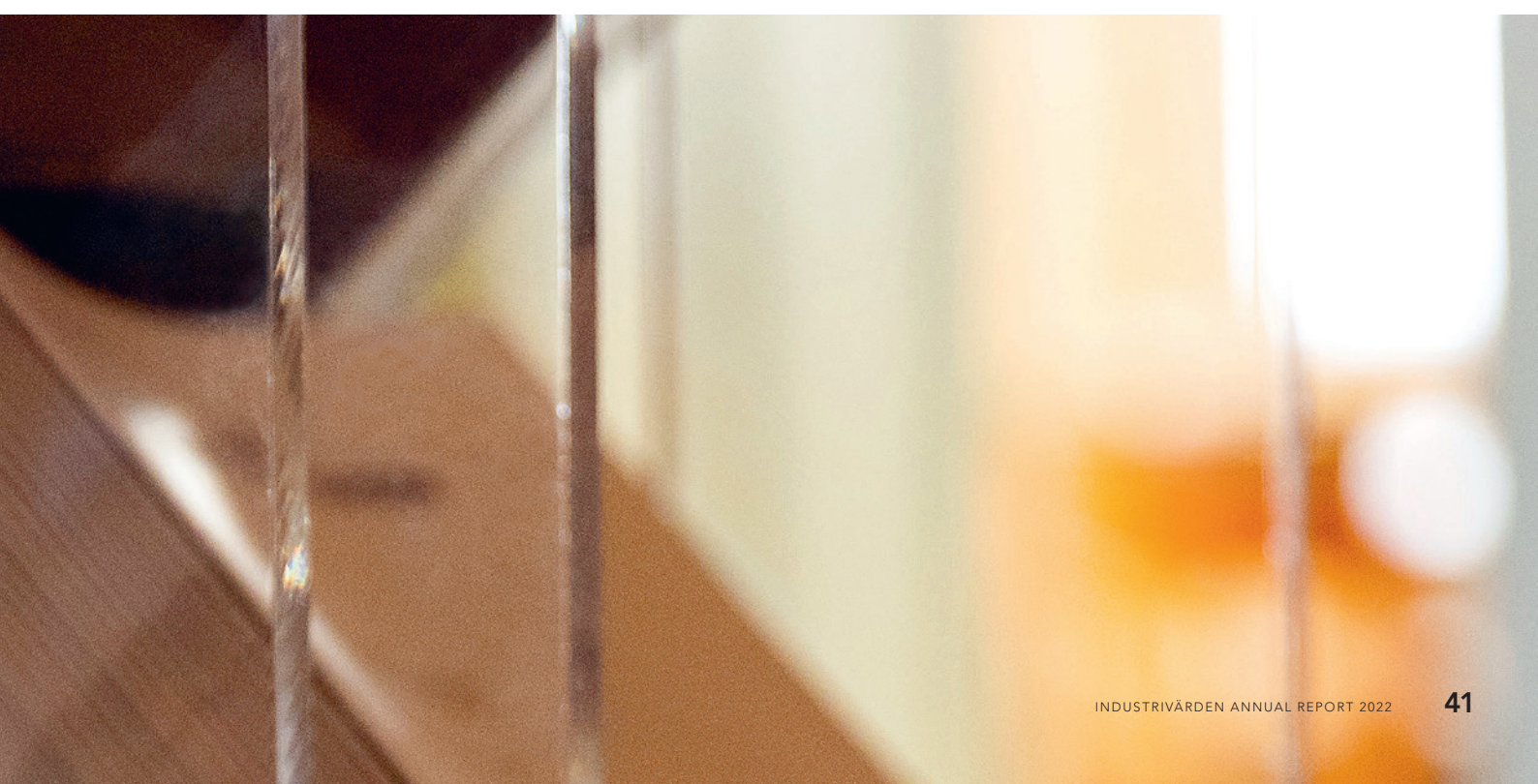
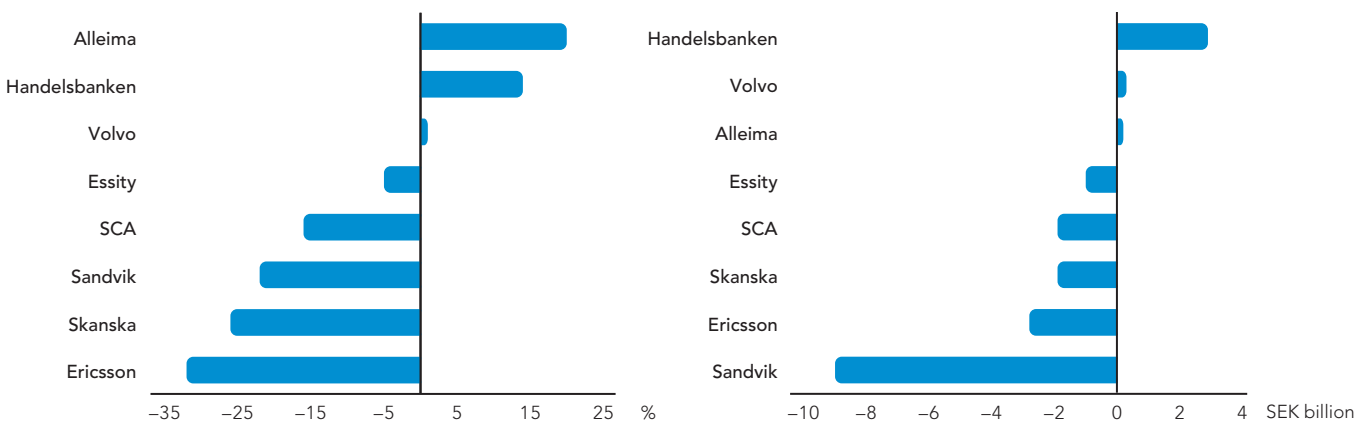
The stock market continuously measures the portfolio companies’ financial performance and future outlook, expressed in terms of the respective companies’ market capitalizations. During the last ten-year period, the aggregate market value of Industrivärden’s share of ownership in the portfolio companies has increased by an average of 7% per year. During the corresponding period, net asset value including reinvested dividend has grown by an average of 11% per year.

Growth in value of the portfolio and net asset value over time are shown in the chart at right, and performance of the respective portfolio companies in 2022 is shown in the charts below.

Growth in value of the portfolio and net asset value



Total return holdings 2022



Long-term growth in net asset value

Net asset value expresses the total managed asset value, defined as the market value of the equities portfolio less net debt. Net asset value at year-end 2022 was SEK 126.5 billion (143.5), or SEK 293 per share (332).

During 2022 net asset value decreased by 10% including reinvested dividend, compared with a 23% decline for the Stockholm Stock Exchange’s total return index (SIXRX). During the last five- and ten-year periods, net asset value including reinvested dividends grew by an average of 8% and 11% per year, respectively.

Portfolio

On December 31, 2022, the portfolio had a market value of SEK 133,832 M (149,955), corresponding to SEK 310 per Industrivärden share (347). See also page 22.

The portfolio’s value, adjusted for purchases and sales, decreased by SEK 19.3 billion to SEK 133.8 billion. The total return was –9%.

Investment activities

During the year shares were purchased in Volvo for SEK 1.3 billion, in Alleima for SEK 0.7 billion, in Sandvik for SEK 0.5 billion, in Handelsbanken for SEK 0.4 billion, in Essity for SEK 0.2 billion, and in Skanska for SEK 0.2 billion.

Dividends paid

The 2022 Annual General Meeting resolved in accordance with the Board’s recommendation for an ordinary dividend of SEK 6.75 per share (6.25). The total dividend amounted to SEK 2,915 M (3,590).

Dividends received

During 2022 dividends received totaled SEK 5,479 M (8,081). Dividends received from the respective portfolio companies are shown on page 43.

Management cost

Industrivärden’s management cost in 2022 amounted to SEK 120 M (127), corresponding to 0.09% of the equities portfolio’s value on December 31, 2022 (0.08%).

Financing

Industrivärden has a strong financial position, which provides financial flexibility to take advantage of investment opportunities and support the portfolio companies over time.

Gearing policy

Industrivärden’s gearing policy states that the debt-equities ratio shall be in the range of 0%–10%, but may periodically exceed or fall below this range.

Dividend policy

See page 45.

Net debt

At the year-end 2022, net debt amounted to SEK 7.4 billion (6.5), corresponding to SEK 17 per Industrivärden share. The debt-equities ratio was 5% (4%).

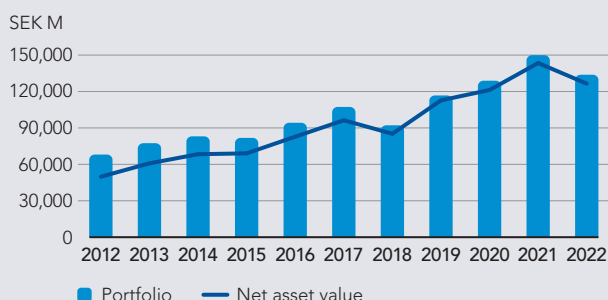
The debt portfolio consists primarily of MTN loans and commercial paper. The average tenor of the debt portfolio on December 31, 2022, was 27 months. During the first quarter of the year, two new bonds of SEK 0.5 billion and SEK 1.0 billion, respectively, were issued with tenors of two and a half years and five years, respectively. In addition, during the third quarter, two new bonds of SEK 0.5 billion each were issued with tenors of three and five years, respectively. The loans pertain mainly to refinancing and were issued within the framework of the existing MTN program. Framework amounts and terms of the loans are available on Industrivärden’s website.

No part of Industrivärden’s financing is conditional upon any covenants.

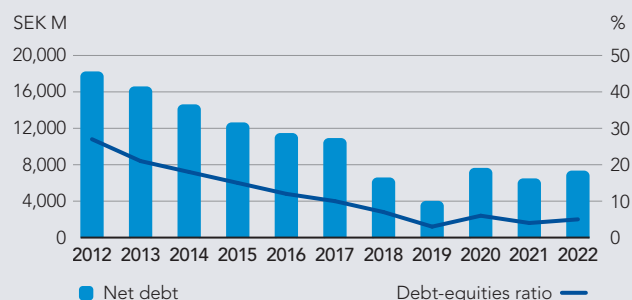
Credit rating

S&P Global Ratings has assigned Industrivärden a credit rating of A+/Stable/A-1.

Growth in net asset value



Development of net debt



Composition of net asset value

SEK M	2022	2021	2020	2019	2018
Volvo	35,755	37,013	33,251	25,023	16,988
Sandvik	32,254	42,614	31,685	28,384	19,243
Handelsbanken	23,248	21,255	17,528	20,674	19,945
Essity	19,541	20,951	18,492	20,150	14,550
SCA	9,561	11,610	10,482	6,660	4,688
Ericsson	5,740	8,722	9,168	7,430	6,738
Skanska	5,308	7,299	6,536	6,598	4,091
Alleima	1,933	–	–	–	–
Divested holdings	–	–	1,299	1,456	5,792
Other	493	491	453	374	136
Market value of equities portfolio	133,832	149,955	128,893	116,750	92,170
Net debt	–7,355	–6,500	–7,654	–4,032	–6,969 ¹
Net asset value	126,477	143,455	121,239	112,718	85,201

1) Including adjustment of SEK –368 M for exchangeable.

Cash flow

SEK M	2022	2021	2020	2019	2018
Operating activities					
Dividends received					
Volvo	2,317	4,170	–	1,462	604
Sandvik	801	1,038	–	655	517
Handelsbanken	1,096	870	–	1,116	1,488
Essity	502	467	425	384	384
SCA	234	144	–	117	100
Ericsson	218	174	131	87	87
Skanska	312	296	101	183	239
Alleima	–	–	–	–	–
Divested holdings	–	–	–	89	345
Management costs paid	–132	–137	–133	–155	–137
Other operating activities	–111	–34	–33	–66	–135
Cash flow from operating activities	5,237	6,988	491	3,872	3,492
Investing activities					
Net purchases and sales					
Volvo	–1,312	–808	–2,127	–1,598	–560
Sandvik	–467	–2,484	–307	–482	–653
Handelsbanken	–357	–489	–587	–189	–680
Essity	–199	–482	–658	3	–
SCA	–	–	–355	–117	–
Ericsson	–	–	–	–	–
Skanska	–174	–	–	–351	–
Alleima	–676	–	–	–	–
Divested holdings	–	2,004	–	4,069	5,085
Other	–	–	–73	–173	60
Cash flow from investing activities	–3,184	–2,258	–4,106	1,163	3,252
Financing activities					
Dividends paid	–2,915	–3,590	–	–2,502	–2,394
Change in financial liabilities	960	–567	3,559	–3,271	–4,043
Other financing activities	1	125	–	8	–134
Cash flow from financing activities	–1,955	–4,033	3,559	–5,765	–6,571
Net cash flow for the year	98	697	–56	–730	173

Sustained shareholder value at balanced risk

Value and trading volume

Industrivärden's Class A and C shares are listed on the Stockholm Stock Exchange (Nasdaq Stockholm), Large Cap segment. At year-end Industrivärden's market capitalization was SEK 109.4 billion (123.8). During 2022 the price of Industrivärden's Class A shares decreased by 12.1%, from SEK 288.40 to SEK 253.50, and the price of the Class C shares decreased by 10.9%, from SEK 284.10 to SEK 253.00. The highest price paid for the Class A and Class C shares was SEK 303.20 and SEK 298.70, respectively, and the lowest price paid was SEK 214.60 and SEK 205.40, respectively.

Trading volume in Industrivärden shares on the Stockholm Stock Exchange in 2022 totaled SEK 57 billion (57), corresponding to a turnover rate of 35% for the Class A shares (43%) and 78% for the Class C shares (61%). Average daily trading volume was approximately 357,000 Class A shares and approximately 528,000 Class C shares.

Share and shareholder structure

Industrivärden had approximately 197,000 shareholders (204,000) at year-end. Through Handelsbanken's distribution in kind of Industrivärden shares in October 2021, Industrivärden gained approximately 90,000 new shareholders.

A significant majority of the number of shareholders are private persons, while a significant share of the capital is

owned by institutional investors such as pension and asset management companies, and foundations. Foreign shareholders own 24% (27%) of the capital.

At year-end 2022 the share capital totaled SEK 1,088 M, distributed among 431,899,108 registered shares with a share quota value of SEK 2.52. Each Class A share carries entitlement to one vote, and each Class C share carries entitlement to 1/10 of a vote. All shares carry equal entitlement to the Company's assets, earnings and dividends.

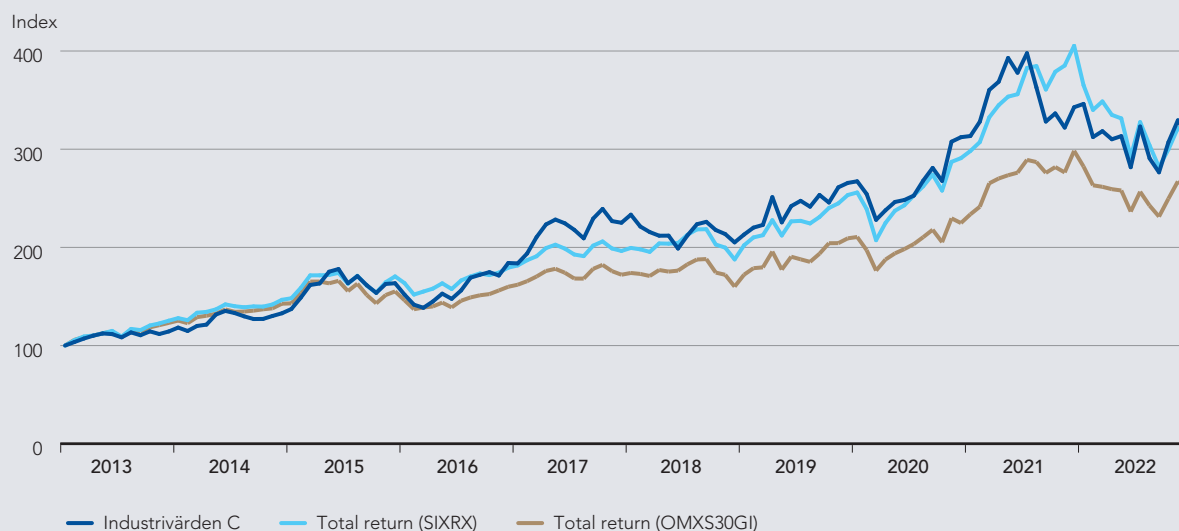
Return

The total return for the Class A and C shares was -10% and -9%, respectively, compared with -23% for the total return index (SIXRX) and -13% for the OMXS30 index including reinvested dividend.

During the last ten-year period the average annual total return was 12% both for Industrivärden's Class A and C shares, compared with 12% and 10% for the total return indices for the Stockholm Stock Exchange (SIXRX) and OMXS30 (OMXS30GI), respectively. Since Industrivärden's introduction on the stock market in 1945, the Class A shares have generated a total return of approximately 2,000,000%, compared with approximately 1,000,000% for the total return index (SIXRX).

Industrivärden's Class A and C shares had standard deviations of 22.9% and 22.0%, respectively, and beta values

Total return over time



of 1.00% and 0.99%, respectively, for the full year 2022, compared with the total return index (SIXRX).

Dividend policy

Industrivärden's dividend policy is that the Company shall generate a positive cash flow before portfolio changes and after dividends paid, in order to build investment capacity over time and be able to support portfolio companies when needed. The dividend shall be well-balanced with respect to the goal, scope and risk of operations.

Proposed dividend

The Board of Directors has proposed a dividend of SEK 7.25 per share (6.75) to the 2023 Annual General Meeting. In total, the proposed dividend amounts to SEK 3,131 M. The dividend yield on December 31, 2022, was 2.9% for both Industrivärden's Class A and Class C shares.

Employee ownership

Industrivärden encourages its employees to make private investments in Industrivärden shares, as this aligns the interests of the Company's employees with other shareholders. The long-term incentive programs adopted by the Annual General Meeting make up part of the employees' total compensation and also aim to increase employees' ownership of

stock in the Company. Information on the incentive programs and on shareholdings of board members and members of the Executive Management is provided on pages 58–59 and in Note 8 on pages 66–67.

Conversion of Class A shares to Class C shares

At the 2011 Annual General Meeting a share conversion clause was added to Industrivärden's Articles of Association to give shareholders greater flexibility. Shareholders have the right at any time to request conversion of Class A shares to Class C shares. During 2022, 52,339 Class A shares were converted to Class C shares.

Investor relations

Industrivärden's investor contacts and financial institutions that monitor the Company, etc. are shown on pages 94–95.

Share structure, December 31, 2022

Share class	No. shares	No. votes	Capital, %	Votes, %
A (1 vote)	260,743,525	260,743,525	60.4	93.8
C (1/10 vote)	171,155,583	17,115,558	39.6	6.2
Total	431,899,108	277,859,083	100	100

Total return



Shareholder structure

No. shares	No. shareholders	Capital, %
1–500	174,604	3
501–1,000	9,614	2
1,001–5,000	10,419	5
5,001–10,000	1,387	2
10,001–15,000	441	1
15,001–20,000	209	1
20,001–	692	86

Source: Euroclear.

Largest shareholders

December 31, 2022	Capital, %	Votes, %
L E Lundbergföretagen	19.1	25.0
Jan Wallander's and Tom Hedelius' Foundation	6.4	10.0
Spiltan Funds	5.2	1.3
Fredrik Lundberg incl. companies	3.0	2.4
BlackRock	2.4	1.8
Vanguard	2.3	1.7
Norges Bank Investment Management	2.2	2.3
SCA Pension Foundation	2.1	3.3
Essity Vorsorge-Treuhand	2.1	3.2
Essity Pension Foundation	2.0	3.0
AFA Insurance	1.8	0.3
SEB Funds	1.4	1.0
Handelsbanken Funds	1.1	1.0
Louise Lindh	1.1	1.3
Katarina Martinson incl. companies	1.1	1.3

Source: Industrivärden and Holdings.

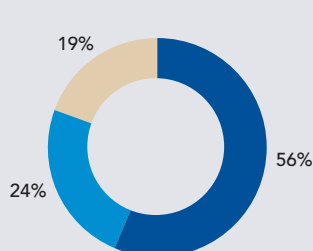
Dividend and return

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Dividend/share, SEK	7.25	6.75	8.25 ¹⁾	0.00	5.75	5.50	5.25	5.00	6.25	5.50
Dividend growth, ordinary, %	7	8	n/a	neg	5	5	5	neg	14	10
Dividend growth, total, %	7	neg	n/a	neg	5	5	5	neg	14	10
Dividend yield Class C shares, %	2.9	2.4	3.1	–	3.2	2.7	3.1	3.4	4.6	4.5
Total return Class C shares, %	–9	10	18	30	–9	22	21	11	16	18
Share price on December 31, Class C shares, SEK	253.00	284.10	265.50	225.90	179.20	202.50	169.80	145.10	136.10	122.30

1) Of which, extra dividend of SEK 2.00 per share.

Owner categories

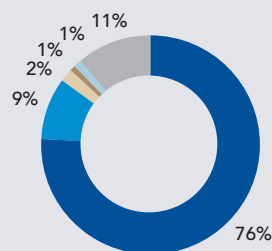
Share of capital



- Swedish legal entities
- Foreign owners
- Swedish natural persons

Geographic distribution of owners

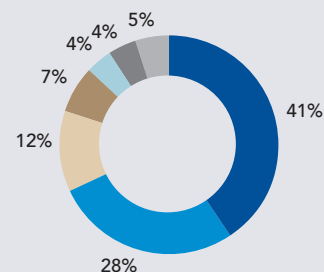
Share of capital



- Sweden
- USA
- Germany
- UK
- Ireland
- Other

Trading per marketplace

Share of monetary trading volume



- Stockholm Stock Exchange
- OTC
- Cboe DXE
- Cboe BXE
- Cboe BATS
- Aquis
- Other



Industrivärden investment case

Distinguished portfolio companies

Exposure to quality companies that are characterized by proven business models, a wide breadth of underlying business areas, strong market positions, good cash flows, financial strength and clear capacity for development.

Engaged owners

With a foundation in strong positions of influence, substantial knowledge about the portfolio companies and their business environments, a long-term perspective and financial strength, Industrivärden actively contributes to the portfolio companies' governance and strategic development. The long-term ownership perspective entails a natural focus on sustainable development and long-term value creation in the portfolio companies.

Attractive return at balanced risk

The portfolio companies' capabilities and characteristics, combined with Industrivärden's long-term ownership involvement, enable an attractive return at balanced risk.

Development over time

Key ratios

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net asset value										
<i>Equities portfolio</i>										
market value (SEK M)	133,832	149,955	128,893	116,750	92,170	107,289	94,250	81,835	83,062	77,992
total return (%)	-9	21	7	33	-8	17	20	4	8	20
net purchases/sales (SEK M)	3,184	2,258	4,106	-1,163	-3,252	103	-834	-1,894	1,561	-1,389
<i>Net debt</i>										
value (SEK M)	-7,355	-6,500	-7,654	-4,032	-6,601	-10,930	-11,481	-12,648	-14,632	-17,094
debt-equities ratio (%)	5	4	6	3	7	10	12	15	18	22
<i>Net asset value</i>										
value (SEK M)	126,477	143,455	121,239	112,718	85,201	96,299	82,769	69,056	68,345	60,898
value per share (SEK)	293	332	279	259	196	221	191	160	158	155
growth incl. reinvested dividends (%)	-10	22	8	35	-9	18	23	5	9	24
Industrivärden's stock										
Number of shareholders	197,000	204,000	104,000	88,000	80,000	75,000	69,000	63,000	60,000	54,000
<i>Industrivärden's market capitalization</i>										
value (SEK M)	109,401	123,824	117,872	99,950	79,062	90,570	76,201	66,434	60,638	50,357
value per share (SEK)	253	287	271	230	182	208	176	154	140	129
<i>Number of shares outstanding</i>										
total (thousands)	431,899	431,899	435,210	435,210	435,210	435,210	432,341	432,341	432,341	391,769
of which, Class A shares (thousands)	260,744	260,796	267,112	268,183	268,183	268,184	268,185	268,185	268,186	268,530
of which, Class C shares (thousands)	171,156	171,103	168,098	167,026	167,026	167,025	164,155	164,155	164,155	123,239
<i>Dividends paid</i>										
value (SEK M)	3,131	2,915	3,590	0	2,502	2,394	2,285	2,162	2,702	2,282
value per share (SEK)	7.25	6.75	8.25	0.00	5.75	5.50	5.25	5.00	6.25	5.50
dividend growth ordinary (%)	7	8	n/a	neg	5	5	5	neg	14	10
dividend growth total (%)	7	neg	n/a	neg	5	5	5	neg	14	10
dividend yield, Class C shares (%)	2.9	2.4	3.1	-	3.2	2.7	3.1	3.4	4.6	4.5
Total return, Industrivärden's stock										
Class A shares (%)	-10	8	18	30	-11	20	17	15	13	23
Class C shares (%)	-9	10	18	30	-9	22	21	11	16	18
Total return index, SIXRX (%)	-23	39	15	35	-4	9	10	10	16	28
MSCI World (%)	-18	22	17	28	-8	23	8	0	6	27
Other key ratios										
Earnings per share (SEK)	-32.34	61.57	19.54	68.56	-19.14	35.76	38.05	7.18	12.62	31.16
Management cost (% of portfolio value)	0.09	0.08	0.10	0.10	0.13	0.10	0.12	0.17	0.18	0.17
Dividends received (SEK M)	5,479	8,081	657	4,093	3,764	2,786	3,078	3,184	2,984	2,504
Shareholders' equity (SEK M)	126,180	143,079	120,976	112,528	85,142	95,880	82,129	67,850	67,406	59,280
Equity ratio (%)	94	95	94	96	91	88	86	82	80	75

Values and calculations pertain to the respective year-end.

Dividend for 2022 according to the Board of Directors' proposal. See page 74.

The dividend for 2020 includes an extra dividend of SEK 2.00 per share.

Earnings per share for 2020 have been retroactively recalculated due to the change in share base that occurred in 2021. Other periods have not been recalculated.

Industrivärden's history

1940s

Industrivärden is founded in 1944 by Handelsbanken to manage the shareholdings taken over by the bank during the economic crisis in the 1920s and '30s. The equities portfolio consists of eight companies active primarily in forestry, power generation, textiles, steel and telecommunications (through Ericsson). In 1945 the Company is listed on the stock exchange and its shares are distributed to Handelsbanken's shareholders.

1950s

Demand for industrial products and input components rises sharply in post-war Europe. Against this background, Industrivärden strengthens its ownership positions in attractive portfolio companies and carries out new acquisitions in sectors such as forest products, gas and steel. SCA becomes a new portfolio company.

1960s

Continued strong growth and extensive residential construction lead to investments in engineering and construction companies. Even though the five largest holdings account for most of the portfolio value, the equities portfolio becomes differentiated to include holdings in more than 60 companies and a number of wholly owned subsidiaries.

1970s

Falling productivity and growing international competition put demands on structural measures and stronger competitiveness. Industrivärden formulates a clear investment strategy with the ambition to exercise its ownership in a more structured way. Numerous, large structural and equity deals are carried out. The Company begins to build up a holding in Handelsbanken.

1980s

The active ownership model is developed, and in pace with this the equities portfolio is strongly concentrated at the same time that the unlisted holdings are gathered into a wholly owned industrial and real estate business.

1990s

Consolidation of the wholly owned businesses continues, culminating in the formation of the industrial company Inductus, the industrial trading company Indutrade, and the property company Fundament. The equities portfolio is changed with the divestment of the holdings in PLM and AGA, new purchases are made in Sandvik, and other, and the holding in Skanska is doubled.

2000s

Globalization of the capital market and mounting competition drive towards specialization. Industrivärden focuses on its area of strength: active ownership in large, listed companies. The portfolio is refined through the sale of the remaining subsidiaries. Industrivärden further develops its ownership strategy.

2010s

At the start of the decade Industrivärden becomes the largest shareholder in Volvo. Many industrial companies are struggling with lingering effects from the financial crisis of the 2000s, and focus is directed above all on various measures in existing portfolio companies. In February 2016 Industrivärden unveils a refined strategy for active ownership, with greater focus on existing portfolio companies and a stronger financial situation. SCA is split into the hygiene products company Essity and the forest industry company SCA.

2020s

Sandvik distributes its materials technology business to the shareholders in the form of the listed company Alleima. As a characteristic holding company, Industrivärden works long-term to develop and create value its portfolio companies. Through continuous investments in the portfolio companies, enhanced returns are received from the active ownership. The established business model serves as a solid foundation for generating attractive returns at balanced risk.

➔ **Further information on Industrivärden's history can be found on the Company's website.**

Annual Report

The Board of Directors and CEO of AB Industrivärden (publ), corporate identity number 556043-4200, herewith submit the annual report for the 2022 financial year for the Group and Parent Company. The Company's Sustainability Report is presented on pages 18–19 and 81–93 in Industrivärden's business review and Annual Report for 2022. The Board of Directors' registered office is in Stockholm, Sweden.

Board of Directors' Report

Industrivärden is a listed holding company that invests in and works long-term to develop and create value in its portfolio companies. Active ownership is exercised through sizable ownership stakes in a selection of listed companies with strong market positions, good cash flows, financial strength and clear development capacity. With a foundation in a well-developed ownership model and a sustainable approach, the goal is to generate an attractive return at balanced risk. Operations are conducted by the Parent Company, AB Industrivärden (publ), where wholly owned subsidiaries have a supporting function.

Important events

Shares were purchased for a total of SEK 3.2 billion in 2022. All of the transactions pertained to purchases in existing portfolio companies. Purchases consisted of SEK 1.3 billion in Volvo B, SEK 0.7 billion in Alleima, SEK 0.5 billion in Sandvik, SEK 0.4 billion in Handelsbanken A, SEK 0.2 billion in Essity B and SEK 0.2 billion in Skanska B. In August 2022 Alleima became a new portfolio company as a result of Sandvik's distribution in kind to its shareholders.

Russia's invasion of Ukraine in February 2022 has led to great uncertainty in the world and has impacted companies as well as the stock market in various ways. Industrivärden has no direct exposure to Ukraine or Russia however, which is why the impact on operations has been limited to indirect effects.

Financial performance

Net asset value

Net asset value on December 31, 2022, was SEK 293 per share, a decrease of 10% during the year including reinvested dividend.

Equities portfolio

The value of the equities portfolio on December 31 was SEK 133.8 billion. The value decreased by SEK 19.3 billion during the year, adjusted for purchases and sales. The total return was -9%. The composition and performance of the equities portfolio are presented on page 22 and in Note 12 on page 69.

On April 27, 2022, the Annual General Meeting of Sandvik resolved to distribute all of the shares in the wholly owned company Alleima (formerly Sandvik Materials Technology) to Sandvik's shareholders. The distribution to the shareholders was conducted in accordance with the so-called Lex Asea rules, entailing that the distribution was tax-exempt. Five shares in Sandvik carried entitlement to one share in Alleima. Through the distribution Industrivärden received 34,239,999 shares in Alleima, corresponding to 13.6% of the capital and votes. The first day of trading was August 31, 2022.

Net debt

Net debt on December 31, 2022, was SEK 7.4 billion (6.5). The debt-equities ratio was 5% (4%).

Parent Company

The Parent Company's income after financial items as per December 31, 2022, was SEK -13,739 M (17,495). Shareholders' equity was SEK 71,299 M (87,970).

Risks and uncertainties

Industrivärden's most significant risks consist of share price risk and to a smaller extent a few other financial and operational risks. For further information, see page 57 and in Note 27 on page 73.

Expected future performance

Industrivärden has a strong financial position, a proven business model for long-term value creation through active ownership and sizable shareholdings in large, well-managed companies with good future opportunities.

Sustainability Report

Operations are based on a sustainable approach. The Sustainability Report is presented on pages 18–19 and 81–93 and is separate from the 2022 Annual Report.

Industrivärden's stock

The number of shares outstanding in Industrivärden on December 31, 2022, was 431,899,108, of which 260,743,525 were Class A shares and 171,155,583 were Class C shares. Each Class A share carries entitlement to one vote and each Class C share carries entitlement to 1/10 vote. During 2022, 52,339 Class A shares were converted to Class C shares.

Return

The total return was -10% for the Class A shares and -9% for the Class C shares, compared with -23% for the total return index (SIXRX).

Employees

Industrivärden's success is dependent on competent and committed employees. To be able to attract and retain competent and committed employees, major emphasis is put on the recruiting process, leadership, competence development and a good company culture. Industrivärden's ethical core values and ambitions as an employer are set out in the Company's Code of Conduct, which addresses areas such as the work climate, diversity and business ethics. The employees' total compensation shall be in line with the going rate in the market and competitive.

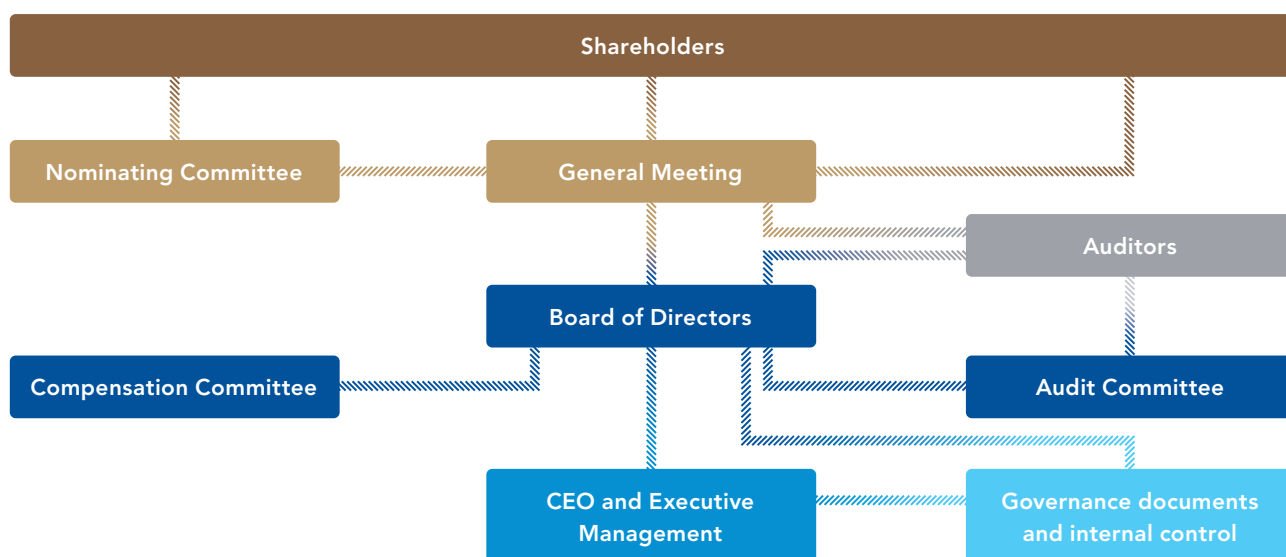
Guidelines for compensation of senior executives

For information on compensation of senior executives and ongoing long-term incentive programs, see Note 8 on pages 66–67. The guidelines for compensation of senior executives adopted by the 2020 Annual General Meeting, which continue to apply, are outlined in the same note.

Proposed distribution of earnings

According to the Parent Company balance sheet, retained earnings totaling SEK 69,148 M are at the disposal of the Annual General Meeting. The Board of Directors proposes that these earnings be distributed as follows: Payment of a dividend to the shareholders of SEK 7.25 per share, or a total SEK 3,131 M. The balance to be carried forward next year is SEK 66,017 M. The Board's proposal for distribution of earnings is presented in its entirety on page 74.

Corporate Governance Report



Corporate governance structure

Industrivärden is a Swedish, public limited liability company that is listed on Nasdaq Stockholm. Corporate governance at Industrivärden is based on external rules and regulations such as the Swedish Companies Act, applicable EU regulations, the Swedish Corporate Governance Code ("the Code") and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares. These frameworks are complemented by internal governance documents such as the Articles of Association, the Rules of Procedure for the Board of Directors and board committees, the instructions for the Chief Executive Officer (CEO), and policies and guidelines for the Company's operations and organization.

The corporate governance structure emanates from the shareholders, who exercise their influence at general meetings, such as by appointing a board of directors and auditor. The Board of Directors appoints the CEO. The CEO leads the Company's continuing operations in accordance with the Board's guidelines. The auditor audits the annual report and oversees the Board's and CEO's administration. The Nominating Committee, which is appointed in the manner decided by a general meeting of shareholders, is tasked with, among other things, recommending board members, the Chairman of the Board and the auditor for election at the Annual General Meeting (AGM). For more information on the Code and the Swedish corporate governance model, visit www.bolagsstyrning.se.

This corporate governance report for the 2022 financial year has been prepared in accordance with the Annual

Accounts Act and the Code, and has been reviewed by the Company's auditor. During 2022 Industrivärden did not depart from the Code. Nor did Industrivärden breach any applicable stock market rules or generally accepted practice in the stock market as decided by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council.

Shares and shareholders

Industrivärden has issued two classes of stock: Class A shares and Class C shares. Class A shares carry entitlement to one vote, and Class C shares carry entitlement to one-tenth of a vote. In other respects there are no restrictions regarding how many votes each shareholder may vote for at a general meeting. Both classes of stock carry equal entitlement to dividends.

On December 31, 2022, Industrivärden had approximately 197,000 shareholders according to Euroclear Sweden AB's register of shareholders. Two shareholders (L E Lundberg-företagen and the Jan Wallander and Tom Hedelius Foundation) each control 10% or more of the total number of votes in the Company. For more information about Industrivärden's stock and ownership structure, see pages 44–46.

General meetings

The shareholders' influence is exercised at a general meeting of shareholders, which is the Company's highest governing body. Through the Articles of Association the shareholders have stipulated, among other things, the object of the Company's business, the minimum and maximum number of

directors on the Company's board and the forms for conducting general meetings. Apart from what is prescribed by law regarding the shareholders' right to participate at general meetings, the Articles of Association prescribe that advance notification shall be made within a period of time stated in the notice of a general meeting.

At the Annual General Meeting (AGM), which is held within six months after the end of the financial year, the shareholders appoint the Board of Directors and auditor. At the AGM, other decisions are also made based on recommendations from the Nominating Committee, the Board and shareholders, and other statutory matters are addressed. Among other things, the income statement and balance sheet are adopted, a decision is made regarding the dividend, the Board of Directors' and auditor's fees are set, and a decision is made on whether to discharge the directors and the CEO from liability. Guidelines for compensation of senior executives are adopted at least every four years, while a remuneration report is submitted to the AGM yearly for approval. In accordance with the Articles of Association, the Board may decide that the shareholders also be able to exercise their voting rights by post prior to a general meeting in accordance with the procedure stipulated in the Swedish Companies Act.

The Annual General Meeting of Industrivärden was held on April 21, 2022. On account of the Covid-19 pandemic, the AGM was held through an advance voting procedure (postal voting), without in-person attendance, with the support of temporary legal rules. At the AGM, the following resolutions were made, among others:

- Ordinary dividend of SEK 6.75 per share (6.25)
- Discharge of the board members and CEO from liability for the 2021 financial year
- Re-election of Fredrik Lundberg as Chairman of the Board
- Election of Katarina Martinson as new director and re-election of the other directors, except for Annika Lundius, who declined re-election
- Approval of directors' fees in accordance with the Nominating Committee's recommendation
- Re-election of Deloitte AB as auditor
- Approval of the Board's remuneration report pursuant to Ch. 8 § 53 a of the Swedish Companies Act
- Approval of a long-term share savings program for Industrivärden employees

Further information about Industrivärden's 2022 AGM is available on Industrivärden's website.

Industrivärden's 2023 Annual General Meeting will be held on April 17, 2023. For more information, see page 94 and Industrivärden's website.

Nominating Committee

As a drafting body the Nominating Committee is responsible for drawing up recommendations for, among other things, election of the members of the Board of Directors and the Chairman of the Board, and – based on a recommendation by the Audit Committee – the auditor as well as

directors' and the auditor's fees, for decision by the Annual General Meeting.

In accordance with the Nominating Committee's instructions (adopted by the 2011 AGM and which apply until further notice), Industrivärden's Nominating Committee shall be composed of representatives of four among the largest owner-registered shareholders in terms of votes in Euroclear Sweden AB's printout of the register of shareholders as per the last business day in August, as well as the Chairman of the Board (convening member). The Nominating Committee appoints a committee chair from among its members. The Nominating Committee's instructions are posted on Industrivärden's website.

Information on the Nominating Committee's composition, recommendations and report on its work ahead of the 2022 AGM is posted on Industrivärden's website.

Ahead of the 2023 AGM the Nominating Committee's members are Mats Guldbbrand (L E Lundbergföretagen), Bo Damberg (the Jan Wallander and Tom Hedelius Foundation and others), Jan Svedjebrant (SCA Pension Foundations and others), Mikael Schmidt (Essity Pension Foundations and others), and Fredrik Lundberg (Chairman of the Board of Industrivärden). Mats Guldbbrand has been appointed as committee chair. Information about the Nominating Committee's recommendations and its report on its work ahead of the 2023 AGM is published over time on Industrivärden's website. The Nominating Committee's complete recommendations to the 2023 AGM are made public not later than in connection with publication of the AGM notice.

Board of Directors

The Board's role, composition and independence conditions

The Board of Directors has ultimate responsibility for the Company's organization and administration. The Board appoints the CEO, who is responsible for the day-to-day operations within the Company, in accordance with the Board's guidelines.

The Board of Directors of Industrivärden plays a central role in the Company's business model for exercising long-term active ownership. It is responsible for, among other things, the Company's strategy, formulation and application of the methods for active ownership, and overarching ownership matters concerning the portfolio companies. The Articles of Association stipulate that the Board shall consist of a minimum of three and a maximum of nine directors. The Board's composition and the directors' attendance at board and committee meetings are shown in the table on page 55. For a more detailed presentation of the board members, see page 58 and Industrivärden's website.

The Nominating Committee's reasoned statement ahead of the 2022 AGM certifies that in formulating its recommendations for members of the Board of Directors, the Nominating Committee relied on Rule 4.1 of the Code as its diversity policy. The aim of the policy is that the Board shall have a suitable composition in respect of the Company's operations, phase of development and conditions in general, distinguished by a diversity and breadth of expertise, experience and backgrounds, whereby an even gender balance shall be strived for.

The 2022 AGM resolved to appoint board members in accordance with the Nominating Committee's recommendation. With respect to gender breakdown, this entailed that of eight elected directors, three were women and five were men.

The composition of Industrivärden's board meets the Code's requirement for independent directors. The Nominating Committee's assessment regarding the directors' independence status ahead of the 2022 AGM is outlined in the table below.

The Board has appointed an audit committee and a compensation committee tasked with conducting preparatory work for audit and compensation matters, respectively, for decision by the Board. The aim of the committees is to take a more in-depth look at, streamline and quality-assure the Board's work on these matters. The committees are described in more detail on page 56.

The Board's work

The Board's work is laid out in the Rules of Procedure (incl. the CEO's instruction), which are adopted yearly at the statutory board meeting. Among other things, the Rules of Procedure and the CEO's instruction regulate and structure the Board's duties during the year, clarify internal decision-making processes, prescribe the routine for dealing with conflicts of interest and stipulate the division of responsibility vis-à-vis the CEO. In addition to the Rules of Procedure, the Board adopts a number of governance documents for the Company's operations. For further information about governance documents, see the section "Internal control over financial reporting" on page 57.

Every board meeting follows an agenda that has been distributed to the directors along with relevant documentation. All board decisions are based on extensive documentation and are made following a discussion that is led by the Chairman of the Board. Senior executives of Industrivärden and employees in the investment and analysis organization participate in board meetings by making presentations in specific matters.

In addition to the statutory board meeting, which is held in conjunction with the AGM, the Board normally meets eight times per year (regular meetings, including meetings in

connection with the publication of interim and year-end reports). Extra board meetings are called when necessary.

The Board held a total of ten meetings in 2022. At the regular board meetings, a number of set agenda points were addressed, including reports on the financial result of operations, development of net asset value and performance of the equities portfolio, and on equity transactions that have been carried out. The Board works actively on a continuous basis with the issue of responsibility and compliance with laws and regulations, which entailed the yearly review of the Company's Code of Conduct and other internal policies.

Reporting at the regular board meetings also involved an update on the macroeconomic situation. During 2022 the Board put particular emphasis on discussing the effects of the geopolitical and macroeconomic situation during the year, such as the consequences of the Covid-19 pandemic, Russia's invasion of Ukraine, rising inflation and interest rates, and what this macro environment entails for the portfolio companies and the sectors and markets they work in. In addition, the Board continued to discuss and evaluate the portfolio companies' approach to sustainability and other matters such as energy, electrification and digitalization.

Within the framework of active ownership, a significant part of the Board's work in 2022 consisted of hearing reports on as well as discussing and evaluating the portfolio companies' performance as well as Industrivärden's owner agendas for exercising its active ownership, which also included specific investigative projects related to the portfolio companies. During 2022 an important matter for the Board was the distribution in kind of the Sandvik Materials Technology business area from Sandvik, through which Industrivärden has gained a new portfolio company, Alleima. In conjunction with this distribution, it was decided in favor of the purchase of additional shares in Alleima in order to have a larger share of ownership in the company. The CEOs of the portfolio companies give presentations to the Board on their respective companies' operations on a regular basis. During 2022 the CEOs of Skanska, SCA and Essity gave such presentations.

Each year the Board evaluates Industrivärden's financial reporting and makes demands on its content and structure to ensure it maintains a high level of quality. In connection

Composition, independence conditions and attendance 2022

Name	Role			Independent in relation to		Attendance at meetings		
	Role on Board	Audit Committee	Compensation Committee	The Company and Executive Management	Major shareholders	Board	Audit Committee	Compensation Committee
Fredrik Lundberg	Chairman	Member	Chair	Yes	No	10 / 10	4 / 4	3 / 3
Pär Boman	Vice Chairman	Chair		Yes	No	10 / 10	4 / 4	
Christian Caspar	Director	Member		Yes	Yes	10 / 10	4 / 4	
Marika Fredriksson ¹	Director		Member	Yes	Yes	9 / 10		2 / 3
Bengt Kjell	Director			Yes	Yes	6 / 10		
Annika Lundius ²	Director		Member	Yes	Yes	3 / 10		1 / 3
Katarina Martinson ³	Director			Yes	No	7 / 10		
Lars Pettersson	Director		Member	Yes	No	10 / 10		3 / 3
Helena Stjernholm	Director			No	Yes	10 / 10		

1) Elected as member of the Compensation Committee in April 2022.

2) Resigned as director at the 2022 AGM and thus also as member of the Compensation Committee.

3) Elected as new director at the 2022 AGM.

with the board meeting that deals with the annual financial statements, the Board of Directors' Report, the proposed distribution of earnings and the year-end report, the Company's auditor submits a report on its observations and assessments from the performed audit.

Evaluation of the Board's work

The Board's work is evaluated yearly through a structured process conducted under the direction of the Chairman of the Board. The 2022 evaluation was conducted via a questionnaire that each board member was requested to complete, in the aim of gaining an idea about the directors' views on, among other things, how the board work has been conducted and which measures can be taken to improve the board work as well as which matters the directors feel should be given more attention. The evaluation also aims to provide information about areas the directors feel may be suitable to have additional expertise on the Board. This could pertain to expertise related to Industrivärden's operations, business environment, internal policies and core values, but also expertise related to the portfolio companies' operations, sectors and markets, and sustainability issues and relevant megatrends. The Chairman of the Board also held individual discussions with directors on the board work during the year. The results of the board evaluation were reported to and discussed by the Board, and were also reported on in the Nominating Committee.

Audit Committee

The Audit Committee serves in a preparatory and oversight role with respect to the Company's risk management, governance and control over financial reporting.

The Audit Committee held four meetings in 2022. The Company's auditor participated at three of these meetings. The committee's work has entailed, among other things, maintaining regular contact with the auditor to ensure that the Company's external reporting meets the requirements placed on a listed company, monitoring the effectiveness of the Company's internal control over financial reporting, staying informed about the audit of the annual report and consolidated financial statements, and discussing the scope and focus of the audit work with the auditor. In addition, the Audit Committee reviewed and conducted oversight of the auditor's impartiality and independence, and issued guidelines for which other services than auditing may be procured from the Company's auditor. The Audit Committee also made a recommendation for election of the auditor to the 2022 AGM. The auditor reported on its observations to the Audit Committee on a regular basis.

The members of the Audit Committee are shown in the table on page 55. Meetings of the Audit Committee are documented by minutes, which are reported on orally at board meetings. No fees have been paid to board members for their work on the committee.

Compensation Committee

The Compensation Committee is tasked with conducting preparatory work, following up and evaluating principles for compensation in the Company.

The Compensation Committee held three meetings in 2022. The committee's work has involved, among other things, following up and evaluating application of the compensation guidelines for senior executives that the AGM has decided on, preparing recommendations for compensation and other terms of employment for the CEO, and following up and evaluating long-term variable compensation programs that were concluded during the year. In addition, the committee addressed matters related to compensation structures and compensation levels in the Company as well as succession planning. The committee drafted the Board's proposed remuneration report that was presented to the 2022 AGM.

The members of the Compensation Committee are shown in the table on page 55. Meetings of the Compensation Committee are documented by minutes, which are reported on orally at board meetings. No fees have been paid to board members for their work on the committee.

CEO and Executive Management

Industrivärden's CEO is responsible for the Company's operating activities in accordance with the objectives and strategies set by the Board of Directors as well as in accordance with the division of responsibilities laid out in the CEO's instruction. The CEO's duties include, among other things, leading and structuring the investment and analysis operations, deciding on equity transactions and drafting owner agendas, and responsibility for personnel, finance and business administration matters.

The CEO organizes the operations and appoints the senior executives who make up Industrivärden's Executive Management. The Executive Management supports the CEO in her assignment. Decisions on equity transactions in the continuing administration are made by the CEO, where applicable after consideration by the Company's Investment Committee. The Investment Committee, which is made up of relevant members of the Executive Management and representatives of the investment organization, also conducts drafting work on owner agendas for exercising active ownership in the portfolio companies and other specific investigative projects related to the portfolio companies.

The CEO reports to the Board of Directors on a regular basis on the performance of operations in order to facilitate well-informed board decisions. The Board continuously evaluates the CEO's work by monitoring performance of the operations based on the set goals, and a comprehensive evaluation is performed yearly. For a more detailed presentation of Industrivärden's CEO and Executive Management, see page 59 and Industrivärden's website.

Compensation

Directors' fees

The 2022 AGM resolved on directors' fees in accordance with the table below.

Directors' fees pursuant to resolution by the 2022 AGM, SEK

Chairman of the Board	2,180,000
Vice Chairman of the Board	1,320,000
Directors	660,000

Compensation of members of the Executive Management

The Board decides on the CEO's total compensation. The CEO decides on the compensation for other members of the Executive Management based on the criteria drawn up by the CEO in consultation with the Compensation Committee.

Compensation of members of the Executive Management is ultimately set based on the guidelines for compensation of senior executives that are adopted by a general meeting of shareholders. Information on the most recently adopted guidelines for compensation of senior executives, which were adopted by the 2020 AGM, is provided in Note 8 on pages 66–67 and on Industrivärden's website. The Board is to draw up a recommendation for new guidelines at least every four years for decision by a general meeting of shareholders.

A remuneration report prepared by the Board on application of the compensation guidelines in 2022 will be published on Industrivärden's website prior to the 2023 AGM. The remuneration report includes information on the CEO's compensation as well as a summary of outstanding long-term incentive programs.

Auditor

The Annual General Meeting appoints the Company's auditor. The auditor audits the annual report, the bookkeeping and the Board's and CEO's administration of the Company, among other things, and reports to the Annual General Meeting.

At the 2022 AGM, Deloitte AB was re-elected as auditor for a term lasting through the 2023 AGM. The chief auditor is Hans Warén, Authorized Public Accountant. In 2022 the auditor reviewed the half-year report and year-end report, and audited the annual report and consolidated financial statements. In addition, the auditor has examined the corporate governance report and ESEF report. The auditor has submitted written as well as oral reports to the Audit Committee and the Board. The auditor's report and opinion regarding the statutory sustainability report are provided on pages 75–78. The auditor's opinion on whether the Company has adhered to the guidelines adopted by the general meeting on compensation of senior executives is posted on Industrivärden's website. The auditor's fee is shown in Note 4 on page 65.

Internal control over financial reporting

Control environment

Internal control at Industrivärden aims primarily to ensure a correct valuation of outstanding equity positions as well as effective and reliable controls in the reporting of purchases and sales of shares and other securities.

Industrivärden's control environment is built upon a clear division of duties and responsibilities between the Company's various bodies and functions, a sound corporate culture and transparent operations. Relevant policies and guidelines are decided on and evaluated on a continuing basis by the Company's board and management. These frameworks, together with internal, formal process descriptions, are well-established and known by the pertinent employees.

Relevant governance documents adopted by the Board of Directors include, among others, the CEO's instructions, which stipulate the division of responsibility between the

Board and the CEO, and the Investment and Finance Policy, which lays out the frameworks for investments in financial instruments, financing and management of financial risks.

Decision-making channels, authority and responsibility at the operational level are defined in more detail by the CEO in investment rules, the Risk Policy and authorization instructions. Other frameworks for internal control consist of, among other things, the Code of Conduct, the Insider Policy and the IT Policy.

Risk assessment

Industrivärden continuously identifies, assesses and manages risks for material errors in the financial reporting. This process is fundamental for ensuring that the financial reporting is reliable. The Company's assessments and measures are reported on a regular basis to the Audit Committee. Risk management is described in more detail in Note 27 on page 73.

Control activities

Industrivärden has established a number of different control activities aimed at ensuring the effectiveness of the measures taken to prevent material errors in the financial reporting. Relevant control and monitoring activities make up an integral part of Industrivärden's business, decision-making and accounting processes.

The Board of Directors continuously evaluates the financial reporting that is received in connection with board meetings and which covers the equities portfolio, gearing and other important conditions. The Audit Committee carries on a continuous dialogue with the Company's auditor on the scope and quality of the Company's financial reporting.

Against the background of Industrivärden's operations, organizational structure and how the financial reporting in other respects is organized, in 2022 the Board did not find a need for a dedicated audit function in the form of internal audit.

Information

Industrivärden's external communication of information is regulated by an Information Policy that is adopted by the Company's board. In addition, internal guidelines are in place to ensure information security as well as correct and reliable communication of information.

Monitoring

Industrivärden's board and management continuously evaluate the effectiveness and quality of internal control over financial reporting. Management reports on the Company's operational and financial development to the Board on a regular basis in connection with forthcoming interim reporting, and board and Audit Committee meetings. Between such occasions, reporting is conducted as needed. The Company's auditor reports its observations to the Audit Committee on a continuing basis.

Board of Directors



Fredrik Lundberg (1951)

*Chairman of the Board since 2015
Director since 2004*

B.Sc. Eng., B.Sc. BA., Honorary Ph.D. in Economics, Honorary Ph.D. in Technology

President and CEO of L E Lundbergföretagen.

Chairman of Holmen and Hufvudstaden. Vice chairman of Handelsbanken. Director of L E Lundbergföretagen and Skanska.

Active in L E Lundbergföretagen since 1977.

Shareholding (own and closely related parties): 96,171,153¹

Pär Boman (1961)

*Vice Chairman since 2015
Director since 2013*

Engineering and Business/Economics degree. Honorary Ph.D. in Economics

Chairman of Handelsbanken, Essity and SCA. Director of Skanska.

Former President and CEO of Handelsbanken.

Shareholding (own and closely related parties): 11,768

Christian Caspar (1951)

Director since 2011

M.Sc. BA.

Director of Stena and Goodgrower SA.

More than thirty years of experience from leading positions at McKinsey & Company.

Shareholding (own and closely related parties): 1,000

Marika Fredriksson (1963)

Director since 2020

M.Sc. BA.

Director of Sandvik and A.P. Møller-Maersk A/S.

Former CFO of Vestas Wind Systems A/S, Gambro, Autoliv and Volvo Construction Equipment.

Shareholding (own and closely related parties): –

Bengt Kjell (1954)

Director since 2015

M.Sc. BA.

Vice Chairman of Indutrade, Pandox and Logitea. Director of ICA Gruppen.

Former acting President and CEO and Deputy CEO of Industrivärden, CEO of AB Handel och Industri, partner at Navet.

Shareholding (own and closely related parties): 27,007

Katarina Martinson (1981)

Director since 2022

M.Sc. BA.

Chairman of Indutrade. Director of L E Lundbergföretagen and other companies in the Lundberg sphere, Fidelio Capital and Husqvarna.

Former Vice President at Strategas Research Partners, analyst at International Strategy & Investment Group.

Shareholding (own and closely related parties): 4,719,596²

Lars Pettersson (1954)

Director since 2015

M.Sc. Eng., Honorary Ph.D.

Director of L E Lundbergföretagen, Indutrade and Husqvarna.

Former President and CEO of Sandvik, and prior to that held executive positions in the Sandvik Group.

Shareholding (own and closely related parties): 5,000

Helena Stjernholm (1970)

Director since 2016

President and CEO since 2015

M.Sc. BA.

Vice Chairman of Ericsson.

Director of Sandvik and Volvo.

Former partner and Chief Investment Officer at IK Investment Partners, strategic consultant at Bain & Company.

Shareholding (own and closely related parties): 88,968 and 75,000 call options

1) Holding on February 14, 2023. Pertains to own and closely related natural persons' holdings of 10,521,153 shares and closely related legal entities' holdings of 85,650,000 shares, of which 83,000,000 shares through L E Lundbergföretagen AB and 2,650,000 shares through Förvaltnings AB Lunden. Total holding amounts to 73,571,153 Class A shares and 22,600,000 Class C shares.

2) Pertains to own and closely related natural persons' holdings of 4,012,981 shares and a closely related legal entity's holding of 706,615 shares, through Katarina Martinsson AB. Total holding amounts of 3,444,596 Class A shares and 1,275,000 Class C shares.

Information about directorships and shareholdings as per December 31, 2022, unless otherwise stated. Shareholdings include holdings of closely related parties, where applicable.

Executive Management



Helena Stjernholm (1970)

President and CEO

Industrivärden employee since 2015
M.Sc. BA.

Vice Chairman of Ericsson.
Director of Sandvik and Volvo.

Former partner and Chief Investment Officer at IK Investment Partners, strategic consultant at Bain & Company.

Shareholding (own and closely related parties): 88,968 and 75,000 call options



Karl Åberg (1979)¹

Deputy Chief Executive Officer

Head of Investment Organization and Finance Function

Industrivärden employee since 2017
M.Sc. BA.

Director of Alleima and SCA.

Former partner and company head at Zeres Capital, partner at CapMan, various roles at Handelsbanken Capital Markets.

Shareholding (own and closely related parties): 12,450



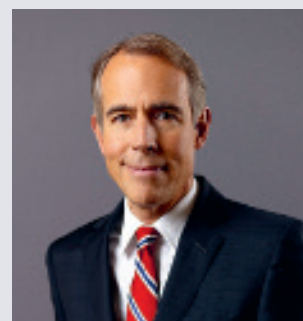
Jennie Knutsson (1976)

General Counsel

Industrivärden employee since 2015
LL.M.

Former Legal Counsel at Industrivärden, Legal Associate at Mannheimer Swartling Advokatbyrå.

Shareholding (own and closely related parties): 7,000



Sverker Sivall (1970)

Head of Corporate Communications and Sustainability

Industrivärden employee since 1997
M.Sc. BA.

Former Head of Investor Relations for Industrivärden, Investment Controller at AstraZeneca.

Shareholding (own and closely related parties): 17,318

Effective January 1, 2023, Sofie Arkelid is Finance Manager and a co-opted member of Industrivärden's executive management team.

¹ In early 2023, the former Chief Financial Officer Jan Öhman left the Company at his own request. Effective January 1, 2023, Karl Åberg is Deputy Chief Executive Officer, and head of the investment organization and the finance function.

Income statement

SEK M	Note	Group		Parent Company	
		2022	2021	2022	2021
Dividend income	2	5,479	8,081	3,563	5,522
Change in value of shares, etc.	3	-19,246	18,774	-17,076	12,152
Management cost	4, 8	-120	-127	-120	-127
Operating income		-13,887	26,728	-13,633	17,547
Financial income	6	4	0	1	0
Financial expenses	7	-94	-53	-107	-52
Income after financial items		-13,977	26,675	-13,739	17,495
Tax	9	10	-81	-	-
Net income for the year		-13,967	26,594	-13,739	17,495
Earnings per share (there is no dilutive effect), SEK	10	-32.34	61.57		

Statement of comprehensive income

Net income for the year		-13,967	26,594	-13,739	17,495
<i>Items that are not to be reclassified in the income statement</i>					
Actuarial gains and losses pertaining to pensions		-22	18	-22	18
Comprehensive income for the year		-13,989	26,612	-13,761	17,513

Balance sheet

SEK M	Note	Group		Parent Company	
		Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
ASSETS					
Tangible fixed assets	11	14	18	14	18
Equities	12, 16	133,832	149,955	39,714	51,061
Participations in associated companies	12, 13, 16	–	–	39,856	43,017
Participations in group companies	14, 15, 16	–	–	1,735	1,735
Total non-current assets		133,846	149,973	81,319	95,831
Current financial receivables		36	41	–	–
Other current receivables	17	79	41	20	41
Cash and cash equivalents		795	697	201	–
Total current assets		910	779	221	41
TOTAL ASSETS		134,756	150,752	81,540	95,872
SHAREHOLDERS' EQUITY AND LIABILITIES					
Share capital	18	1,088	1,088	1,088	1,088
Other capital contributions/Statutory reserve		1,063	1,063	1,063	1,063
Retained earnings	18	137,996	114,334	82,887	68,324
Net income for the year		–13,967	26,594	–13,739	17,495
Total shareholders' equity		126,180	143,079	71,299	87,970
Non-current financial liabilities	19	6,500	5,504	6,500	5,504
Provision for pensions	20	4	14	4	14
Deferred tax liability		134	164	–	–
Other non-current liabilities	21	48	103	48	103
Total non-current liabilities		6,686	5,785	6,552	5,621
Current financial liabilities	22	1,682	1,720	3,559	2,182
Other current liabilities	23	208	168	130	99
Total current liabilities		1,890	1,888	3,689	2,281
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		134,756	150,752	81,540	95,872

Information about pledged assets and contingent liabilities is provided in Note 24.

Shareholders' equity

Group	Share capital ¹	Other capital contributions	Retained earnings	Net income for the year	Total shareholders' equity
SEK M					
Shareholders' equity as per December 31, 2020	1,088	1,063	110,385	8,440	120,976
Net income for the year	–	–	–	26,594	26,594
Other comprehensive income	–	–	18	–	18
Total comprehensive income	–	–	18	26,594	26,612
Transfer of previous year's net income	–	–	8,440	–8,440	–
Transaction in own shares ²	–	–	–922	–	–922
Cancelation of shares	–8	–	8	–	–
Bonus issue	8	–	–8	–	–
Dividend to shareholders	–	–	–3,590	–	–3,590
Share savings program	–	–	3	–	3
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2021	1,088	1,063	114,334	26,594	143,079
Net income for the year	–	–	–	–13,967	–13,967
Other comprehensive income	–	–	–22	–	–22
Total comprehensive income	–	–	–22	–13,967	–13,989
Transfer of previous year's net income	–	–	26,594	–26,594	–
Dividend to shareholders ³	–	–	–2,915	–	–2,915
Share savings program	–	–	5	–	5
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2022	1,088	1,063	137,996	–13,967	126,180

Parent Company	Share capital ¹	Statutory reserve	Retained earnings	Net income for the year	Total shareholders' equity
Shareholders' equity as per December 31, 2020	1,088	1,063	61,484	10,409	74,044
Net income for the year	–	–	–	17,495	17,495
Other comprehensive income	–	–	18	–	18
Total comprehensive income	–	–	18	17,495	17,513
Transfer of previous year's net income	–	–	10,409	–10,409	–
Cancelation of shares	–8	–	8	–	–
Bonus issue	8	–	–8	–	–
Dividend to shareholders	–	–	–3,590	–	–3,590
Share savings program	–	–	3	–	3
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2021	1,088	1,063	68,324	17,495	87,970
Net income for the year	–	–	–	–13,739	–13,739
Other comprehensive income	–	–	–22	–	–22
Total comprehensive income	–	–	–22	–13,739	–13,761
Transfer of previous year's net income	–	–	17,495	–17,495	–
Dividend to shareholders ³	–	–	–2,915	–	–2,915
Share savings program	–	–	5	–	5
SHAREHOLDERS' EQUITY AS PER DECEMBER 31, 2022	1,088	1,063	82,887	–13,739	71,299

1) On December 31, 2022, there were 431,899,108 shares outstanding, of which 260,743,525 were Class A shares and 171,155,583 were Class C shares. The share capital amounted to SEK 657 M for the Class A shares and SEK 431 M for the Class C shares. The share quota value is SEK 2.52.

2) Pertains to a distribution in kind from Handelsbanken in the form of own shares. Further information is provided in Notes 1 and 2.

3) The dividend in 2022 was SEK 6.75 per share.

Statement of cash flows

SEK M	Note	Group		Parent Company	
		2022	2021	2022	2021
Operating activities					
Dividends received	2	5,479	7,159	3,563	5,522
Management cost paid		-132	-137	-132	-137
Other items affecting cash flow		6	-	6	-
Cash flow from operating activities before financial items		5,353	7,022	3,437	5,385
Interest received		4	0	-	0
Interest paid		-44	-25	-58	-25
Tax paid		-69	-	-	-
Other financial items		-7	-9	-7	-8
Cash flow from operating activities		5,237	6,988	3,372	5,352
Investing activities					
Purchases of shares	5, 16	-3,184	-4,263	-2,629	-3,292
Sales of shares	5, 16	-	2,004	-	1,778
Cash flow from investing activities		-3,184	-2,258	-2,629	-1,513
Financing activities					
Loans raised		2,498	2,489	2,498	2,489
Amortization of debt		-1,538	-3,056	-1,505	-3,054
Change in financial investments		1	125	1	125
Change in financing of subsidiaries		-	-	1,378	192
Dividend paid		-2,915	-3,590	-2,915	-3,590
Cash flow from financing activities		-1,955	-4,033	-543	-3,838
NET CASH FLOW FOR THE YEAR		98	697	201	0
Cash and cash equivalents at start of year		697	0	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		795	697	201	-

Notes to the financial statements

Amounts in millions of Swedish kronor (SEK M) unless stated otherwise.

Note 1 Accounting policies

Conformity with norms and laws

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, Swedish Financial Reporting Board recommendation RFR 1, Supplementary Reporting Rules for Groups, has been applied.

The annual report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and with application of RFR 2, Accounting for Legal Entities.

New or revised IFRSs and interpretations from the IFRS Interpretations Committee (IFRIC) have not had any effect on the Group's or Parent Company's result of operations or financial position.

Principles of consolidation

According to IFRS 10 Industrivärden is classified as an Investment Entity and as such does not consolidate certain subsidiaries.

Subsidiaries that serve in a supporting function for the Parent Company are consolidated in accordance with the acquisition method. Subsidiaries and associated companies that are investments are not consolidated, but are measured at fair value through profit and loss and are presented under the item Equities. For further information, see Notes 12 and 15.

Parent Company reporting

The Parent Company reports participations in subsidiaries at cost, while associated companies and other holdings are carried at fair value. The capital gain or loss generated upon the sale of shares is calculated accordingly.

Functional currency and presentation currency

The financial statements are presented in Swedish kronor (SEK), which is the Parent Company's functional currency and also the presentation currency for the Parent Company and Group.

Foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate in effect on the transaction date. Assets and liabilities in foreign currency are translated to the functional currency using the exchange rate in effect on the balance sheet date.

Dividends

Dividend income is recognized when the right to receive the dividend has been determined.

The shares received in Alleima are recognized as revenue in the income statement within the line item *Change in value of shares, etc.*, and a corresponding expense pertaining to the negative change in value for Sandvik is reported within the same line item.

The distribution in kind received from Handelsbanken in 2021 in the form of Industrivärden Class A shares has been determined to constitute a dividend from the holding in Handelsbanken. The distribution in kind, which is equated with dividends from other holdings, is recognized in the Group as dividend income in the income statement. This thus affects key ratios based on the income statement. Since the Group cannot report any value of own shares, a corresponding reduction has been made of shareholders' equity.

Tax

The Group's total income tax consists of current tax and deferred tax. According to the Income Tax Act, the Parent Company is classified as an investment company and therefore applies certain, special tax rules. Other companies in the Group apply the general rules of the Income Tax Act.

The main principles concerning taxation of investment companies are that dividends received and interest income are taxable, while dividends paid, interest expenses and management costs are tax deductible. In addition, capital gains on sales of shares are tax exempt, but in return, a standardized level of income, which amounts to 1.5% of the market

value of the equities portfolio at the start of the financial year, is taxed.

The standardized level of income does not apply for unlisted shares and market-listed shares where the holding corresponds to at least 10% of the number of votes. In order for market-listed shares to be excluded from the standardized income calculation, they must have been held for at least one year. The tax rules for investment companies entail that the Parent Company, as an intermediary, has the option to avoid a taxable surplus by paying a dividend. Any tax-loss carryforwards are deductible and may be accumulated in order to be deducted from future taxable surpluses. As a result of applicable rules, the Parent Company normally does not pay any income tax and therefore nor does it report any deferred tax assets for tax-loss carryforwards. Subsidiaries that are taxed in accordance with the general rules of the Income Tax Act report, where applicable, deferred tax calculated on temporary differences. In addition, the tax rules for investment companies also entail that the Parent Company can neither pay nor receive Group contributions. For further information, see Note 9.

Financial instruments

Financial assets and liabilities are classified in the following categories: financial assets and liabilities measured at amortized cost, and financial assets and liabilities measured at fair value through profit and loss. The classification is based on the Group's business model and the contractual terms of the assets and liabilities.

Industrivärden recognizes continuing changes in value of all listed share-holdings and equity derivatives through profit and loss. Purchases and sales of financial instruments are recognized as per the transaction date. For further information, see Notes 3 and 5.

Issued stock options

Option premiums received are booked as a liability and are deducted from premiums paid upon repurchase. If an issued option expires without being exercised, the premium is recognized as income. Upon exercise of an issued option, the premium increases the exercise price upon the sale of shares or reduces the exercise price upon the purchase of shares.

On the balance sheet date, the fair value of issued options is determined, and the difference between the fair value and provisioned premiums is recognized in income. The outstanding options are carried on the balance sheet as Other non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents include – in addition to cash and bank balances – short-term financial investments with remaining terms of less than three months.

Tangible fixed assets

Equipment is carried at cost after deducting accumulated depreciation and any impairment losses. Depreciation is recognized on a straight-line basis over the asset's estimated useful life, which is estimated to be between three and five years. Estimation of an asset's residual value and useful life is done yearly.

Leases are recognized as a right of use measured at cost less depreciation. In addition, a lease liability is recognized, measured as the present value of lease payments that have not been paid at that point in time. Rights of use coupled to leased assets are included on the balance sheet among Tangible fixed assets. The lease liability is included in Non-current financial liabilities and in Current financial liabilities.

Employee compensation

Pensions

The Group has both defined contribution and defined benefit pension plans. Costs for defined contribution pension plans are expensed in pace with payment of premiums. Defined benefit pension plans with Alecta are reported as defined contribution plans, since insufficient information is

available to report these as defined benefit plans. No current employees have defined benefit plans. The pension liability pertains to defined benefit pension obligations, calculated annually for the Group in accordance with IAS 19 with the assistance of an independent actuary. All changes in the pension liability are recognized when they arise. Service and interest costs are recognized in the income statement, while rerevaluations such as of actuarial gains and losses are recognized in other comprehensive income.

Long-term incentive programs

Industrivärden's current long-term incentive programs are share savings programs where employees can invest a certain portion of their fixed annual salary in Industrivärden shares, and after three years receive performance and matching shares, conditional upon continued employment and outcome based on performance targets. For more information about the programs, see Note 8. The share savings programs are classified as equity-settled programs in accordance with IFRS 2 Share-based Payment. Reporting of such share-based compensation programs entails that the instrument's fair value on the grant date is allocated over the term of the program and is reported under the line Management cost in the income statement, with a corresponding adjustment of shareholders' equity. On every book-closing date

during the vesting period, the expected number of granted shares and the effect of any change of previous assessment of the number of granted shares is reported in the income statement under the line Management cost with a corresponding adjustment of shareholders' equity. Social security costs attributable to a share savings program are expensed over the term of the program. Industrivärden has entered into a share swap agreement to limit the cost of the programs described above. The share swap is rerevalued on a continuing basis at fair value in accordance with IFRS 9, and the change in value is reported in the income statement under the line Management cost.

Significant assessments and estimations

In preparation of the financial statements, the Executive Management has determined that there are no significant areas that rely on large assessments and estimations that affect reported amounts.

Other

Unless stated otherwise, all amounts stated are rounded off to the nearest million Swedish kronor (SEK M), which means that tables and calculations do not always sum up. In text and tables, figures between 0 and 0.5 are reported as 0.

Note 2 Dividend income

	Group		Parent Company	
	2022	2021	2022	2021
Volvo	2,317	4,170	2,237	4,021
Sandvik	801	1,038	796	1,031
Handelsbanken	1,096	1,792 ¹	–	–
Essity	502	467	–	–
SCA	234	144	–	–
Ericsson	218	174	218	174
Skanska	312	296	312	296
Total	5,479	8,081	3,563	5,522

1) Of which, SEK 922 M pertains to the distribution in kind in the form of Industrivärden Class A shares, with no cash flow effect for the Group.

Note 3 Change in value of shares, etc.

	Group		Parent Company	
	2022	2021	2022	2021
Volvo	–2,570	2,953	–2,481	2,849
Sandvik	–10,047 ¹	8,445	–9,982 ¹	8,389
Handelsbanken	1,636	3,239	–	–
Essity	–1,609	1,977	–	–
SCA	–2,049	1,128	–	–
Ericsson	–2,982	–445	–2,982	–445
Skanska	–2,166	764	–2,166	764
Alleima	478 ¹	–	475 ¹	–
SSAB	–	705	–	626
Other	2	38	–	–
Shares	–19,307	18,804	–17,137	12,182
Other, net	61	–30	61	–30
Total	–19,246	18,774	–17,076	12,152

1) Adjusted for the shares received in Alleima. For further information, see Note 1.

Note 4 Auditors' fees

	Group		Parent Company	
	2022	2021	2022	2021
Audit assignment	1.1	0.8	1.1	0.8
Auditing activities in addition to audit assignment	0.4	0.2	0.4	0.2
Total	1.5	1.0	1.5	1.0

Note 5 Purchases (+) and sales (–)

	Group		Parent Company	
	2022	2021	2022	2021
Volvo	1,312	808	1,312	808
Sandvik	467	2,484	467	2,484
Handelsbanken	357	489	–	–
Essity	199	482	–	–
Skanska	174	–	174	–
Alleima	676	–	676	–
Other	–	0	–	–
Total purchases	3,184	4,263	2,629	3,292
SSAB	–	–2,004	–	–1,778
Total sales	–	–2,004	–	–1,778
Total	3,184	2,258	2,629	1,513

Note 6 Financial income

	Group		Parent Company	
	2022	2021	2022	2021
Financial income	4	0	1 ¹	0
Total	4	0	1	0

1) Of which, intra-Group interest income of SEK 0 M (0).

Note 7 Financial expenses

	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses	–81	–41	–96 ¹	–40
Other financial expenses	–13	–12	–11	–12
Total	–94	–53	–107	–52

1) Of which, intra-Group interest expenses of SEK –16 M (0).

Note 8 Employees and personnel costs

Average number of employees

	2022					2021				
	Total employees		Of whom, women		Of whom, men	Total employees		Of whom, women		Of whom, men
	number	%	number	%	number	number	%	number	%	
Parent Company ¹	15	40	6	9	60	14	43	6	8	57

1) All employees in the Group are employed by the Parent Company.

Salaries, other compensation and social security costs

	2022				2021			
	Directors' fees	Salaries and other compensation	Social security costs	Of which, pension costs	Directors' fees	Salaries and other compensation	Social security costs	Of which, pension costs
Parent Company	6	46	25	11	6	43	33	10

Executive Management's compensation and pension costs for 2022

	Base salary	Variable salary	Incentive programs	Other benefits	Pension costs
CEO Helena Stjernholm	12.0 ¹	4.8	2.6	0.1	4.8
Other members of the Executive Management (4 persons)	11.4 ¹	3.8	1.5	0.3	3.7
Total	23.4	8.6	4.1	0.4	8.5

1) The Company's cost amounts to SEK 8.0 M for the CEO and SEK 10.0 M for other members of the Executive Management after deducting SEK 5.5 M for directors' fees paid by the portfolio companies, etc..

Fees and compensation

Board of Directors

The Nominating Committee, which has been appointed in the manner decided by the Annual General Meeting (AGM), submits recommendations for directors' fees to the AGM. Fees have been issued to the Chairman of the Board and other directors in accordance with an AGM resolution. A fee of SEK 2.2 M (2.1) was issued to the Chairman of the Board, and a fee of SEK 1.3 M (1.3) was issued to the Vice Chairman. A fee of SEK 0.7 M (0.6) was issued to each of the other directors. Total fees issued to the members of the Board of Directors in 2022 amounted to SEK 6.1 M (6.0). No fees are issued for committee work.

Compensation of the CEO and other members of the Executive Management is based on the guidelines adopted by the AGM. The Compensation Committee submits a recommendation to the Board on the CEO's compensation and draws up, in consultation with the CEO, criteria for compensation for the other members of the Executive Management. A remuneration report for 2022 will be published on Industrivärden's website under the menu Corporate Governance.

CEO and other members of the Executive Management

The CEO was paid a base salary of SEK 12.0 M (11.6). The Company's cost is SEK 8.0 M after deducting SEK 4.0 M for directors' fees paid by portfolio companies, etc. in 2022. The CEO's variable salary for 2022, which is based on the Board's annual evaluation, amounted to SEK 4.8 M (3.5) and will be paid out in 2023. The cost for the vested portion of ongoing incentive programs amounted to SEK 2.6 M (2.1). The incentive program that expired in 2022 resulted in a grant of 2,568 (2,805) Industrivärden Class C shares to the CEO, for a value of SEK 0.6 M (0.8). The cost of defined contribution pension premiums was SEK 4.8 M (4.7). Other benefits pertain to a company car, etc. In the event the Company serves notice of termination of the employment contract, a two-year notice period applies. For notice given by the CEO, a six-month notice period applies.

The other four (four) members of the Executive Management together received base salaries of SEK 11.4 M (10.8). The Company's cost is SEK 10.0 M after deducting SEK 1.5 M for directors' fees paid by portfolio companies in 2022. Short-term variable salaries for 2022 amounted to SEK 3.8 M (3.7), which will be paid out in 2023. The outcome is based on the achievement of individually set goals. The cost for the vested portion of ongoing incentive programs amounted to SEK 1.5 M (1.6). The incentive program that expired in 2022 resulted in grants of 2,429 (1,897) Industrivärden Class C shares to other members of the Executive Management, for a value of SEK 0.6 M (0.5). The combined cost of defined contribution pension premiums was SEK 3.7 M (3.6). Other benefits

pertain to company cars, etc. In the event of the Company serves notice of termination of an executive's employment contract, a one or two-year notice period applies. For notice given by the executive, a six-month notice period applies.

Long-term incentive programs

The incentive programs are part of a market-based total compensation package where the employee has the opportunity to receive matching shares and performance shares after three years, subject to investment of part of the employee's base salary in Industrivärden shares. The programs aim to encourage Industrivärden's employees to increase their ownership of shares in the Company and thereby further emphasize long-term shareholder value. The incentive programs are judged to increase Industrivärden's opportunities to recruit and retain competent employees as well as the participants' interest in and commitment to Industrivärden's business and development. Against this background, the programs are judged to have a positive impact on Industrivärden's continued development and thereby be beneficial for both the shareholders and Industrivärden's employees. In the outstanding programs, a maximum of 100,964 performance shares may be granted. Grants of matching shares and performance shares require continued employment at the time of the grant. For the 2019 incentive program, grants of performance shares require an average annual total return for Industrivärden's Class C shares during the period that is equal to or higher than the SIXRX index. Full grants of performance shares require that the average total return for Industrivärden's Class C shares during the three-year lock-in period exceeds the SIXRX index by 2 percentage points per year. No matching shares may be granted for the 2020, 2021 and 2022 incentive programs. Grants of performance shares require that the total return for Industrivärden's Class C shares during the period is equal to or higher than 10%. Further, additional performance shares may be granted under the condition that the total return for Industrivärden's Class C shares during the period is equal to or exceeds the SIXRX index. A full grant to the CEO and other senior executives requires that the average annual total return for Industrivärden's Class C shares during the lock-in period exceeds the SIXRX index by three and two percentage points, respectively. For 2022, costs of SEK 8.6 M (3.7) are reported under the line Management cost in the income statement.

Long-term incentive program 2022

The 2022 AGM resolved to offer a long-term incentive program to a maximum of 20 employees in the Industrivärden Group. During 2022, 11,364 shares were bought by employees within the program, which can qualify for a maximum grant of 35,408 performance shares.

Long-term incentive programs 2020 and 2021

The 2020 and 2021 incentive programs include a total of 22,356 purchased shares, which can qualify for grants of a maximum of 65,556 performance shares.

Long-term incentive program 2019

The 2019 incentive program expired in October 2022. In connection with this, a total of 6,058 Industrivärden Class C shares were granted for a value of SEK 1.5 M. The value was calculated based on the price of Industrivärden Class C shares on the grant date.

Guidelines for compensation of senior executives

The 2020 AGM adopted updated guidelines for compensation of senior executives to meet the requirements stipulated by the EU Shareholder Rights Directive. The guidelines for compensation of senior executives are to be adopted at least every four years. The guidelines, as adopted by the 2020 AGM, are presented below.

Guidelines for compensation of senior executives decided by the 2020 AGM

The guidelines pertain to Industrivärden's Chief Executive Officer (CEO) and other members of the Executive Management. The guidelines are to be applied for compensation that is agreed upon and changes made to already agreed-upon compensation after the guidelines were adopted by the 2020 AGM. Compensation decided by a general meeting of shareholders is not covered by the guidelines.

Compared with the guidelines decided by the 2019 AGM, the guidelines below have been updated to meet the requirements stipulated by the EU Shareholder Rights Directive.

The guidelines' promotion of the Company's mission, long-term interests and sustainability

The Company's mission is to be a long-term asset manager and active owner of listed Nordic companies. The mission, objective and strategy are presented in more detail on Industrivärden's website: www.industrivarden.net.

Successful and sustainable execution of the Company's mission, objective and strategy for capitalizing on the Company's long-term interests requires that the Company can recruit and retain qualified employees. The guidelines contribute to this by ensuring that senior executives can be offered a market-based, competitive total compensation package that is commensurate with their responsibilities and authority.

Types of compensation, etc.

Compensation shall be in line with the going rate in the market and competitive, and be related to individual performance as well as the Company's development. Compensation may consist of the following components: fixed cash salary, short-term variable cash compensation, pension benefits and other benefits.

Short-term variable cash compensation may amount to a maximum of 50% of the executive's fixed annual cash salary. The compensation shall be coupled to fulfillment of individual criteria that are set yearly and that are evaluated according to the executive's work contribution and performance. The criteria may be financial or nonfinancial, or they may consist of individually adapted quantitative or qualitative goals. The criteria shall be formulated so that they have a clear coupling to value creation for the Company and promote the Company's mission and sustainable execution of the Company's long-term interests.

Fulfillment of criteria for payment of short-term variable cash compensation shall be measured over a period of one year. The Compensation Committee is responsible for assessing the extent to which the criteria for payment of short-term variable cash compensation to the CEO is fulfilled. The Board thereafter sets the CEO's compensation. The CEO is responsible for assessing the fulfillment of criteria for payment of short-term variable cash compensation for other senior executives. Short-term variable cash compensation shall not be pensionable.

The Board shall have the opportunity pursuant to law or agreement, with the restrictions that may arise out of such, to fully or partly rescind variable cash compensation paid out on incorrect grounds.

Pension benefits, including disability insurance, (Sw. sjukförsäkring) shall be defined contribution solutions to the extent that the executive is not covered by a defined benefit pension under stipulations of a compulsory collective bargaining agreement, and shall entitle the executive to receive a pension from 60 or 65 years of age, depending on the position. For the CEO and other senior executives, premiums and other costs related to

defined contribution pensions may amount to a combined maximum of 40% of the fixed annual cash salary, depending on the position.

Other benefits may include, among other things, life insurance, health insurance (Sw. sjukvårdsförsäkring), a car benefit and a wellness benefit. For the CEO, such benefits may amount to a maximum of one percent (1%) of fixed annual cash salary, and for other senior executives they may amount to four percent (4%) of fixed annual cash salary, depending on the position.

In addition to the above, a general meeting of shareholders may – independently from these guidelines – decide on e.g., share-based and share price–related compensation. Since 2012 the Company has established share-based incentive programs approved by general meetings, of which the 2017–2019 programs are currently in effect. The programs cover all employees and require a personal shareholding and holding period of three (3) years. The outcome is based on performance targets that are related to the long-term growth of Industrivärden's share price. Approved share-based incentive programs are presented in more detail on Industrivärden's website www.industrivarden.net.

For notice of termination served by the Company, the notice period may be a maximum of two (2) years. Fixed cash salary paid during the notice period and severance pay may together not exceed an amount corresponding to two (2) years' fixed cash salary. For notice given by the executive, the notice period may be a maximum of six (6) months, without any right to severance pay.

Additionally, compensation may be payable for any noncompete obligation. Such payment shall compensate for possible loss of income and shall only be paid to the extent the former executive lacks entitlement to severance pay. Compensation shall amount to a maximum of 60% of fixed cash salary at the time notice was served, unless other terms apply under stipulations of a compulsory collective bargaining agreement. It shall be paid during the time the noncompete obligation applies, which shall be a maximum of 12 months after the end of employment.

Decision-making process for setting, revising and implementing the guidelines

The Compensation Committee's duties include conducting preparatory work for board decisions on proposed guidelines for compensation of senior executives. The Board shall draw up a recommendation for new guidelines at least every fourth year and present the recommendation for decision by the Annual General Meeting. The guidelines apply until new guidelines have been adopted by a general meeting. The Compensation Committee shall also monitor and evaluate variable compensation programs for members of the Executive Management, application of guidelines for compensation of senior executives and applicable compensation structures and compensation levels in the Company.

In the preparatory work for the Board's recommendation on these compensation guidelines, salary and terms of employment for the Company's other employees have been taken into account, whereby information on the employees' total compensation, the components of their compensation and the increase in their compensation and rate of growth over time have made up part of the Compensation Committee's and Board's decision-making documentation in evaluating the fairness of the guidelines and the limitations that arise out of these.

The Compensation Committee's members are independent in relation to the Company and Executive Management. In the Board's handling of and decisions on compensation-related matters, the CEO and other members of the Executive Management are not present to the extent they are the subject of the matters at hand.

Departures from the guidelines

The Board may decide to temporarily depart from the guidelines entirely or partly if in an individual case there are special reasons for doing so and a departure is necessary for safeguarding the Company's long-term interests or to ensure the Company's financial soundness. The Compensation Committee's duties include conducting preparatory work for the Board's decisions on compensation matters, which includes decisions to depart from the guidelines.

CEO's holding of call options (related-party transaction)

In 2021 the CEO purchased 75,000 call options for the same number of Industrivärden Class C shares from L E Lundbergföretagen at a premium of SEK 26.70 per share. The options expire on February 18, 2026, with an exercise price of SEK 333 per share. The transaction was carried out at market terms based on the Black & Scholes option pricing model.

Note 9 Taxes**Reported in net income for the year**

	Group		Parent Company	
	2022	2021	2022	2021
Current tax ¹	31	-57	-	-
Deferred tax ²	-21	-24	-	-
Total	10	-81	-	-

1) Pertains to tax in subsidiaries attributable to dividends and capital gains from nonbusiness-related shares.

2) Pertains to deferred tax on temporary differences.

Tax calculation

	Parent Company	
	2022	2021
Market value of equities portfolio on January 1	94,078	80,382
Less: business-related shares	-90,385	-77,635
Basis for standardized income	3,693	2,747
Standardized income 1.5%	55	41
Dividends received	3,563	5,522
Management cost, net financial items, etc.	-253	-189
Dividend paid ¹	-3,131 ²	-2,915
Taxable income	234	2,459
Tax-loss carryforwards from previous years	-8,781	-11,240
Accumulated tax-loss carryforward	-8,547	-8,781

1) Payment is made during the following year pursuant to an AGM decision.

2) Proposed by the Board of Directors.

Note 10 Earnings per share

Earnings per share are calculated as net income for the year divided by the total number of shares outstanding.

	Group	
	2022	2021
Net income for the year, SEK M	-13,967	26,594
Number of shares outstanding	431,899,108	431,899,108
Earnings per share (there is no dilutive effect), SEK	-32.34	61.57

Note 11 Tangible fixed assets

	Group		Parent Company	
	2022	2021	2022	2021
Accumulated cost				
Opening value	28	26	28	26
Investments	1	2	1	2
Disposals and sales	-1	-0	-1	-0
Closing cost	29	28	29	28
Accumulated depreciation				
Opening depreciation	-10	-5	-10	-5
Depreciation for the year	-5	-5	-5	-5
Disposals and sales	0	0	0	0
Closing depreciation	-15	-10	-15	-10
Book value	14	18	14	18

Note 12 Equities

	2022				2021	
	Number of shares	Share of capital, %	Share of votes, %	Market value ¹	Market value ¹	
Volvo A	166,600,000	8.9	27.8	33,003	35,419	
Volvo B	14,600,000			2,752	1,593	
Sandvik	171,200,000	13.6	13.6	32,254	42,614	
Handelsbanken A	221,200,000	11.2	11.4	23,248	21,255	
Essity A	33,257,000	10.2	29.6	9,046	9,844	
Essity B	38,400,000			10,495	11,107	
SCA A	33,785,290	10.3	29.3	4,507	5,453	
SCA B	38,300,000			5,054	6,157	
Ericsson A	86,052,615	2.6	15.1	5,679	8,622	
Ericsson B	1,000,000			61	100	
Skanska A	12,667,500	7.7	24.5	2,090	2,967	
Skanska B	19,500,000			3,218	4,333	
Alleima	50,300,000	20.0	20.0	1,933	–	
Total holdings				133,339	149,464	
Other				493	491	
Group's holdings of equities				133,832²	149,955	
Less: associated companies (see Note 13)				–39,856	–43,017	
Less: non-consolidated companies				–493	–491	
Less: holdings owned via subsidiaries				–53,769	–55,386	
Parent Company's holdings of equities, excluding participations in associated and group companies				39,714	51,061	

1) The market value corresponds to the book value.

2) The Group's total cost as per December 31, 2022, was SEK 55,355 M.

Note 13 Participations in associated companies

	Reg. no.	Domicile	Shareholders' equity	Income after tax	Parent Company			Market value
					Share of capital, %	Share of votes, %	No. shares, million	
Volvo	556012-5790	Gothenburg	166,236	32,969	8.6	26.8	175	34,548
Skanska	556000-4615	Stockholm	55,255	8,284	7.7	24.5	32	5,308
Total								39,856

Note 14 Participations in group companies

	Reg. no.	Domicile	Shareholders' equity	Parent Company			Book value
				Share of capital, %	No. shares	Book value	
Industrivärden Invest AB (publ)	556775-6126	Stockholm	24,373	100	1,000	330	
Industrivärden Förvaltning AB	556777-8260	Stockholm	30,486	100	1,000	1,010	
Investment AB Promotion	556833-0525	Stockholm	1,442	100	100,000	395	
Floras Kulle AB	556364-8137	Stockholm	16	100	10,000	0	
Total						1,735	

Note 15 Group companies

	Domicile	Country	No. shares	Share of capital, %	
			December 31, 2022	2022	2021
Industrivärden Invest AB (publ) ¹	Stockholm	Sweden	1,000	100	100
Nordinvest AB	Stockholm	Sweden	42	100	100
Fastighets AB Östermalm	Stockholm	Sweden	1,000	100	100
Cultus KB	Stockholm	Sweden	–	0.01	0.01
Industrivärden Förvaltning AB ¹	Stockholm	Sweden	1,000	100	100
Investment AB Promotion ¹	Stockholm	Sweden	100,000	100	100
Floras Kulle AB	Stockholm	Sweden	10,000	100	100
Cultus KB	Stockholm	Sweden	–	99.99	99.99

1) The subsidiaries serve in a supporting function for the Parent Company and are consolidated in the Group in accordance with the acquisition method. Other companies are not consolidated in the Group, but are measured at fair value.

Note 16 Change in equities

	Group	
	2022	2021
Opening value	149,955	128,893
Purchases	3,184	4,263
Sales	–	–2,004
Change in value	–19,307	18,804
Closing value	133,832	149,955

	Parent Company							
	Equities		Participations in associated companies		Participations in Group companies		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening value	51,061	41,786	43,017	38,597	1,735	1,735	95,813	82,117
Purchases	1,142	2,484	1,486	808	–	–	2,629	3,292
Sales	–	–1,778	–	–	–	–	–	–1,778
Change in value	–12,490	8,570	–4,647	3,612	–	–	–17,137	12,182
Closing value	39,714	51,061	39,856	43,017	1,735	1,735	81,305	95,813

Note 17 Other current receivables

	Group		Parent Company	
	2022	2021	2022	2021
Prepaid expenses and accrued income	18	27	18	27
Other current receivables	61	14	2	14
Total	79	41	20	41

Note 18 Shareholders' equity

The Company's share capital consists of shares issued in two classes, Class A with 1 vote per share, and Class C with 1/10 vote per share. Shareholders have the right to request conversion of Class A shares to Class C shares. In 2022, 52,339 Class A shares were converted to Class C shares.

Distribution of earnings

According to the balance sheet, retained earnings of the Parent Company totaling SEK 69,148,059,425 are at the disposal of the Annual General Meeting. The Board of Directors proposes that the Annual General Meeting on April 17, 2023, resolve to pay a dividend of SEK 7.25 per share (6.75). The proposed dividend amounts to a total of SEK 3,131 M (2,915). In addition, the Board proposes that the remaining amount, SEK 66,016,790,892, be carried forward.

Share capital

	December 31, 2022		
	Number	Quota value	SEK M
Class A shares	260,743,525	2.52 SEK	657
Class C shares	171,155,583	2.52 SEK	431
Total	431,899,108		1,088

	December 31, 2021		
	Number	Quota value	SEK M
Class A shares	260,795,864	2.52 SEK	657
Class C shares	171,103,244	2.52 SEK	431
Total	431,899,108		1,088

Note 19 Non-current financial liabilities

	Group		Parent Company	
	2022	2021	2022	2021
Bond issues	6,500	5,500	6,500	5,500
Other	0	4	0	4
Total	6,500	5,504	6,500	5,504

Measurement of financial liabilities at fair value as per December 31, 2022 would result in a change in non-current financial liabilities by SEK -364 M (-28).

Note 20 Provision for pensions

Defined benefit plans

The pension plans include retirement pensions, disability pensions and family pensions, and ordinarily entail an obligation to pay lifetime benefits. No current employees have defined benefit plans. As per December 31, 2022, the item provision for pensions amounted to SEK 4 M (14), which consists of pension obligations of SEK 46 M (75) less the value of plan assets, totaling SEK 42 M (61).

Actuarial assumptions

	Group	
	2022	2021
Discount rate, %	3.0	0.2
Anticipated inflation, %	1.9	1.9

Obligations for former CEOs

The item provision for pensions includes pension obligations for former CEOs totaling SEK 4 M (14).

Note 21 Other non-current liabilities

	Group		Parent Company	
	2022	2021	2022	2021
Derivatives, etc.	48	103	48	103
Total	48	103	48	103

Note 22 Current financial liabilities

	Group		Parent Company	
	2022	2021	2022	2021
Bond issues	1,500	1,500	1,500	1,500
Other	182	220	2,059 ¹	682
Total	1,682	1,720	3,559	2,182

1) Of which, SEK 2,055 M (677) pertains to liabilities to Group companies.

Measurement of financial liabilities at fair value as per December 31, 2022 would result in a change in current financial liabilities by SEK 4 M (1).

Note 23 Other current liabilities

	Group		Parent Company	
	2022	2021	2022	2021
Accounts payable, trade	4	4	4	4
Derivatives, etc.	1	0	1	0
Accrued expenses	133	104	121	92
Other current liabilities	70	60	4	3
Total	208	168	130	99

Note 24 Pledged assets and contingent liabilities

There are no pledged assets or contingent liabilities in the Parent Company or Group.

Note 25 Related-party transactions

No significant related-party transactions were made during the period.

Note 26 Financial instruments

Financial assets and liabilities per category

	Group					
	December 31, 2022			December 31, 2021		
	Fair value through profit and loss	Amortized cost	Total	Fair value through profit and loss	Amortized cost	Total
Assets						
Equities	133,832	–	133,832	149,955	–	149,955
Current financial receivables	–	36	36	–	41	41
Cash and cash equivalents	–	795	795	–	697	697
Total assets	133,832	831	134,663	149,955	738	150,693
Liabilities						
Non-current financial liabilities	–	6,500	6,500	–	5,504	5,504
Other non-current liabilities	48	–	48	103	–	103
Current financial liabilities	–	1,682	1,682	–	1,720	1,720
Other current liabilities	1	–	1	0	–	0
Total liabilities	49	8,182	8,231	103	7,224	7,327

In accordance with IFRS 13, financial instruments are carried at fair value based on a 3-level hierarchy. The classification is based on the input data used in the valuation of the instruments. Instruments in Level 1 are valued at quoted prices for identical instruments in an active market. Instruments in Level 2 are valued in a valuation model which uses input data that are directly or indirectly observable in the market. Input data used in the

valuation models include interest rates, volatility and dividend estimates. Instruments in Level 3 are valued using a valuation technique based on input data which are not observable in a market. The valuation technique that is used for the financial instruments in Level 3 is based on net assets in the respective subsidiaries measured at fair value.

Financial instruments measured at fair value

	Group							
	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Equities	133,339	–	493	133,832	149,464	–	491	149,955
Total assets	133,339	–	493	133,832	149,464	–	491	149,955
Liabilities								
<i>Other non-current liabilities</i>								
Derivatives, etc.	–	48	–	48	–	103	–	103
<i>Other current liabilities</i>								
Derivatives, etc.	–	1	–	1	–	0	–	0
Total liabilities	–	49	–	49	–	103	–	103

Note 27 Risk management

The types of financial risks that the Industrivärden Group encounters in its operations consist primarily of equities risk and – to a limited extent – other financial risks, such as interest rate risk and financing risk. Industrivärden's financing and management of financial risks are conducted in accordance with guidelines set by the Board of Directors.

Equities risk

Share price risk is the dominant risk in Industrivärden's operations and pertains to the risk of a decline in value caused by changes in prices in the stock market. A change in the price of all holdings of listed shares by one percentage point would have affected the portfolio's value on December 31, 2022, by +/- SEK 1.3 billion.

Industrivärden's role as a long-term, active owner should reduce the relative share price risk in the portfolio companies and thereby also in Industrivärden's equities portfolio.

Interest rate risk

Interest rate risk is the risk that the financing cost will vary due to changes in market interest rates. Industrivärden's financial instruments that are exposed to interest rate risk consist mainly of loans with variable interest rates. Interest rate risk can be mitigated by limiting the level of debt and taking into account fixed interest periods and the maturity structure of existing loans in connection with new borrowing. Interest rate risk can also be managed through swap agreements aimed at adjusting the terms for fixed interest periods and maturities. At year-end the Group's debt portfolio had an even balance between fixed and variable interest rates, with respect to nominal value. On December 31, 2022, the average period of fixed interest was 23 months (20).

Based on net debt and the fixed interest periods at year-end, a change in the market interest rate by 1 percentage point would have affected income after financial items in 2022 by approximately +/- SEK 29 M.

With low gearing, Industrivärden also has limited interest rate risk.

Financing risk

Financing risk is the risk that financing of the operations' capital requirement at any given time will be impeded or more costly. Financing risk is reduced by maintaining an even maturity structure along with available credit frameworks and credit promises. Under a Medium-Term Note (MTN) program Industrivärden has the opportunity to issue bonds in SEK or EUR up to a framework amount of SEK 10.0 billion, of which SEK 8.0 billion was utilized on December 31, 2022. In addition, under a commercial paper framework of SEK 4.0 billion, Industrivärden has utilized SEK 0.0 billion on December 31, 2022. Industrivärden's net debt amounted to SEK 7,355 M (6,500) on December 31, 2022. The average maturity, excluding pension provisions, was 27 months (26).

The credit rating agency Standard & Poor's has assigned the Group a long-term rating of A+/Stable outlook and short-term ratings of A-1 and K-1.

Industrivärden has a strong financial position, with an equity ratio of 94% (95%). Combined with a strong rating, this means that the financing risk is considered to be very low and financial flexibility is considered to be good.

The maturity structure of undiscounted financial liabilities and derivative instruments with negative market values on December 31, 2022, is presented below:

Maturity structure¹

Maturity year	Financial liabilities	Derivatives, etc	Total	Share, %
2023	1,550	1	1,551	19
2024	1,500	41	1,541	19
2025	2,000	–	2,000	25
2026	1,500	–	1,500	19
2027–	1,500	7	1,507	19
Total	8,050	49	8,099	100

1) Excluding pension provisions of SEK 4 M.

Liquidity risk

Liquidity risk is the risk of not being able to meet payment obligations due to insufficient liquidity. Industrivärden has exposure to liquidity risk in connection with the refinancing of loans and in the event a financial instrument cannot be sold without leading to considerably higher costs. Liquidity risk can be mitigated by forecasting anticipated dividends from portfolio companies, limiting the maturities of short-term investments and ensuring that long- and short-term loan promises have been contracted. On December 31, 2022, Industrivärden had contracted long-term loan promises of SEK 4.0 billion and short-term loan promises of SEK 500 M in the form of an overdraft facility.

Against the background of the measures outlined above, the Company's strong financial position and liquid financial instruments, the liquidity risk is considered to be low.

Counterparty risk

Counterparty risk is the risk of a party in a transaction with a financial instrument not being able to meet its obligations and thereby causing loss to the other party.

Industrivärden's internal rules and guidelines prescribe that approved counterparties have high credit ratings, which is why counterparty risk is considered to be low.

Internal control

Against the background of the share price risk described above, the most important control process in Industrivärden's business consists of the continuous monitoring of value exposure in the equities portfolio. Industrivärden's internal control is therefore primarily focused on ensuring the reliability of valuations of outstanding equity and derivative positions and of the reporting of purchases and sales of shares and other securities. Industrivärden's control environment is built upon a clear division of duties and responsibility, well-established governance documents and guidelines, and a good company culture.

Note 28 Net debt

	Group	
	Dec 31 2022	Dec 31 2021
Non-current financial liabilities	6,500	5,504
Provision for pensions	4	14
Current financial liabilities	1,682	1,720
Current financial receivables	–36	–41
Cash and cash equivalents	–795	–697
Total	7,355	6,500

For definitions of Alternative Performance Measures, see page 80.

Note 29 Events after the balance sheet date

No significant events have taken place after the end of the financial year.

Proposed distribution of earnings

The Board of Directors proposes a dividend of SEK 7.25 per share (6.75). The proposed dividend corresponds to 4.4% of the Parent Company's equity and 2.5% of the Group's equity. Of shareholders' equity, 57%, or SEK 40.3 billion in the Parent Company, and 62%, or SEK 78.4 billion in the Group, is attributable to market valuation of assets and liabilities. The Board is of the opinion that the proposed dividend is well balanced in view of the objectives, scope and risks of the business as well as with respect to the ability to meet the Company's future obligations. The total amount to be paid out according to the proposed dividend, based on the number of shares outstanding, is SEK 3,131 M (2,915).

According to the Parent Company balance sheet, earnings totaling SEK 69,148 M are at the disposal of the Annual General Meeting.

The Board of Directors proposes that the earnings be disposed of as follows:

To the shareholders, a dividend of SEK 7.25 per share totaling	SEK 3,131 M
Balance carried forward	SEK 66,017 M
	<u>SEK 69,148 M</u>

The Board of Directors and CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting principles, that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of July 19, 2002, on application of International Financial Reporting Standards, that disclosures herein give a true and fair view of the Parent Company's and Group's financial position and results of operations, and that the statutory Administration Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Group's and Parent Company's earnings and position in general are shown in the income statements, balance sheets, statements of changes in shareholders' equity, statements of cash flows and notes to the financial statements. Adoption of the Consolidated and Parent Company Income Statements and Balance Sheets will take place at the Annual General Meeting on April 17, 2023.

Stockholm, March 3, 2023

Fredrik Lundberg
Chairman

Pär Boman
Vice Chairman

Christian Caspar
Director

Marika Fredriksson
Director

Bengt Kjell
Director

Katarina Martinson
Director

Lars Pettersson
Director

Helena Stjernholm
CEO
Director

Our Audit Report was submitted on March 8, 2023

Deloitte AB

Hans Warén
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of AB Industrivärden (publ)
Corporate Identification Number: 556043-4200

Report on the Annual Accounts and Consolidated Accounts

Opinions

We have audited the annual accounts and consolidated accounts of AB Industrivärden (publ) for the financial year ending 31 December 2022, aside from the corporate governance report on pages 53–57. The annual accounts and consolidated accounts of the company are included on pages 50–74 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section.

We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for Quoted Investments

Description of Risk

A substantial portion of Industrivärden's total assets consist of holdings in quoted investments. The total carrying value of quoted investments amounted to SEK 133 339 million as of 31 December 2022.

In a portfolio of quoted investments such as the one held by Industrivärden, there are several considerations regarding accounting and valuation that need to be determined for a fair valuation in accordance with IFRS.

Industrivärden's principles for accounting for quoted investments are described in Note 1 and detailed disclosures regarding quoted investments are included in Note 12 and in Note 26 in the section associated with measurement of financial instruments.

Our Audit Procedures

Our audit procedures included, but were not limited to:

- We have obtained an understanding of the accounting and valuation process and tested key controls.
- We have evaluated Industrivärden's controls for obtaining prices and volumes from external sources and we have verified prices and volumes against external sources.
- We have reviewed transactions of quoted investments and the accounting of received dividends and fair value changes.
- We have reviewed disclosures relating to valuation of quoted investments for compliance with IFRS.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–17, 20–49, 79–80 and 94–95. Other information also includes the remuneration report. The Board of Directors

and the Managing Director are responsible for this other information.

We expect to obtain the remuneration report after the date of this audit report.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors (SIA) website: revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on Other Legal and Regulatory Requirements *Opinions*

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Industrivärden (publ) for the financial year ending 31 December 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with the professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors (SIA) website: revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The Auditor's Examination of the ESEF Report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for AB Industrivärden (publ) for the financial year ending 31 December 2022.

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

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of AB Industrivärden (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF regulation.

The Auditor's Examination of the Corporate Governance Report

The Board of Directors is responsible for that the corporate governance report on pages 53–57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph in the same

law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of AB Industrivärden (publ) by the general meeting of the shareholders on the 21 April 2022 and has been the company's auditor since 17 April 2019.

Stockholm 8 March 2023
Deloitte AB

Signature on Swedish Original

Hans Warén
Authorized Public Accountant

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in AB Industrivärden (publ)
Corporate Identification Number: 556043-4200

Engagement and Responsibility

The Board of Directors is responsible for the statutory sustainability report for the financial year ending 31 December 2022 on pages 18-19 and 81-93 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

Scope of Audit

Our examination has been conducted in accordance with FAR's standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 8 March 2023
Deloitte AB

Signature on Swedish Original

Hans Warén
Authorized Public Accountant

Other information



Definitions and Alternative Performance Measures

The Annual Report includes financial key ratios that are based on the IFRS rules. In addition to these, there are other Alternative Performance Measures (APMs) that are used by the Company and other interests to describe the Group's operations and which cannot be discerned or derived from the financial statements. These APMs are to be regarded as a complement to the financial reporting presented in accordance with IFRS. It should be noted that the APMs defined below may differ somewhat from other companies' definitions of the same terms. Reconciliation of APMs are available on Industrivärden's website.

Market value of equities portfolio

The value of the equities portfolio based on share prices on the balance sheet date. For calculation, see page 22 and Note 12 on page 69.

Dividend yield

Dividend per share in relation to the share price on the balance sheet date.

Net debt

Financial liabilities and provisions for pensions less cash and cash equivalents and financial receivables. For calculation, see Note 28 on page 73.

Earnings per share

Net income for the year divided by the total number of shares outstanding. For calculation, see Note 10 on page 68.

Debt-equities ratio

Net debt in relation to the market value of the equities portfolio.

Equity ratio

Shareholders' equity as a share of total assets.

Net asset value

The market value of the equities portfolio less net debt. For calculation, see page 43.

Net asset value including reinvested dividend

To calculate the development of net asset value before dividends paid out, the dividends paid out by the Company are reversed and recalculated to take into account the performance of the equities portfolio. This gives a measure of how net asset value would have developed if Industrivärden had not paid any dividend.

Total return, shareholding

Change in value of a shareholding included calculated reinvested dividend. Reported only for the current reporting period.

Total return, shares

Change in the share price taking into account reinvested dividends. The total return is compared against the total return index (SIXRX), which indicates the price development including reinvested dividends for stocks listed on the Stockholm Stock Exchange.

Total return, Sandvik and Alleima

The total return for Sandvik and Alleima has been calculated as the respective companies' share of the original company Sandvik's total return before the split (based on the share of value at the time of the split), and thereafter based on the value development for the respective companies. The split was carried out on August 26, 2022, and the first day of trading in Alleima shares was August 31, 2022.

Change in value, shareholding

For shares held at both the start and end of the year, the change in market value consists of the difference in value between these two points in time. For shares sold during the year, the change in market value consists of the difference between the payment received for the shares and their value at the start of the year. For shares purchased during the year, the change in market value consists of the difference between the cost of the shares and their value at the end of the year.

Detailed sustainability information

Structure of sustainability reporting

Industrivärden's sustainability reporting is integrated in the Company's business review and annual report, where the sustainability perspective makes up part of the descriptions of the Company's business model and operations. The statutory sustainability report as prescribed by the Annual Accounts Act for the 2022 calendar years consists of the sections Sustainable value creation (pages 18–19), Detailed sustainability information (pages 81–89), and the GRI Index and TCFD Reference (pages 90–93). The GRI Index has been prepared based on the Global Reporting Initiative Standards (the GRI Standards).

The sustainability report has been examined by the Company's auditor in accordance with FAR's recommendation RevR 12, *Auditor's opinion regarding the statutory sustainability report*, and an opinion on the sustainability report has been provided (page 78). Information about which parts of Industrivärden's business review and annual report are included in the formal annual report that has been submitted by the Board of Directors is provided on page 3.

Industrivärden has signed the UN Global Compact, and Industrivärden's Communication on Progress (CoP) report for 2022/2023 as well as its commitments for 2023/2024 are published on the UN Global Compact website (in March of the respective years). Industrivärden also reports yearly climate data including the portfolio's carbon emissions to the CDP as well as its climate exposure (TCFD) in the sustainability report. To address the market's interest, general sustainability data is also reported to the largest sustainability databases, including S&P Global CSA and Sustainalytics.

Industrivärden's Code of Conduct and an SASB index for 2022 has been published on Industrivärden's website.

Industrivärden's portfolio companies have prepared their own sustainability reports, which can be found on the companies' respective websites.

Industrivärden's view of sustainability

Industrivärden's view of sustainability as well as the expectations and requirements it sets for the portfolio companies are described in the sustainability introduction on pages 18–19.

Direct and indirect sustainability influence

From an overarching perspective, Industrivärden has the greatest sustainability influence through its role as an active owner of its portfolio companies. Against this backdrop, the sustainability perspective makes up an integral part of Industrivärden's company analyses and owner agendas. Particular emphasis is put on ensuring that the portfolio companies have clear systems of corporate governance and

adhere to good business ethics, a well-integrated sustainability perspective, and that they offer an attractive workplace. It is the respective companies' boards and management teams that are responsible for prominent and well-integrated sustainability work. In order to evaluate and, where needed, exert influence in these areas, Industrivärden analyses sustainability aspects such as governance and leadership, business culture, resource efficiency, climate impact, organization and diversity. In doing so Industrivärden has an indirect sustainability influence in its portfolio companies.

In addition, Industrivärden has a direct sustainability influence through the work that is conducted in its own operations in the listed company AB Industrivärden. The organization comprises approximately 15 employees at the office in Stockholm. Sustainability work encompasses all relevant aspects, but the main focus is on being a responsible employer, striving for diversity and reducing the Company's own climate impact. Given its active owner role, Industrivärden strives to serve as a model and to work proactively with a clear sustainability focus in its own operations.

Further information about the direct sustainability work in Industrivärden's own operations is provided on page 89.

Governance and execution

Sustainability strategy and owner influence

The principles for how Industrivärden is to act as a company and responsible owner are laid out in the Code of Conduct, which is adopted by the Board of Directors and is revised yearly. Through its active ownership Industrivärden strives to ensure that these approaches will permeate the companies in which it is an active owner. These guidelines stipulate, among other things, that:

- the overarching goal is to generate sustainable shareholder value while taking into account the stakeholders' interests as well as the overall economic, environmental, climate and social impact of operations;
- good business ethics and clear corporate governance with a genuine sustainability perspective contribute to long-term value creation and sustainable development of society;
- the workplace shall be distinguished by openness, responsiveness and mutual respect;
- the Company shall repudiate all forms of discrimination, since diversity in all forms enhances the level of knowledge, dynamism and quality in the operations;
- the Company shall uphold and integrate the UN Global Compact's Ten Principles in the areas of human rights, labor, anti-corruption and the environment.

With a foundation of good knowledge about the portfolio companies and the worlds they work in, Industrivärden exercises its ownership influence, mainly through representation on nominating committees and boards as well as in close dialogue with the companies. This work is an integral part of Industrivärden's overarching model for active ownership, thereby ensuring that Industrivärden's analysis, influencing work and follow-up are of high quality. The specific sustainability analysis is described below, and the process for exercising active ownership and ownership influence is described in more detail on pages 11–15.

Organization and responsibility

Industrivärden's board is responsible for formulation of the Company's goals and strategy, the forms of exercising active ownership and the fundamental sustainability principles. Sustainability work is evaluated on a continuous basis within the framework of operations as a whole. Follow-up of and decisions on sustainability work are conducted yearly at a board meeting and when necessary. The CEO has overarching responsibility for the Company's direct and indirect sustainability work as well as for integrating the sustainability aspect in the analysis and ownership processes. The Head of Sustainability is responsible for Industrivärden's direct sustainability work, external communication on sustainability matters, and internal collaboration in certain sustainability matters within the framework of the active ownership. Team managers are responsible for the integrated sustainability analysis in the respective portfolio companies.

Sustainability analysis

Being able to conduct a qualitative analysis of the portfolio companies' sustainability work – and exercising influence when needed – requires that Industrivärden has a depth of knowledge about the respective companies' operations and sustainability-related matters. The sustainability analysis is therefore an integral part of the company analysis that is performed of the respective portfolio companies. In this way, material sustainability aspects are evaluated from a holistic perspective, with a base in the portfolio companies' respective operations, geographies and stages of development. This means that the sustainability perspective is included in evaluations of the portfolio companies' boards and management teams, strategic issues and financial performance. The sustainability analysis also constitutes a more in-depth evaluation of sustainability issues and encompasses the portfolio companies' organizations, structures, risk management, utilization of value-creating opportunities and communication.

The analysis is materiality-oriented and ranks the issues that Industrivärden intends to study further as well as matters over which it wants to exercise influence.

Important areas of assessment include climate and environmental impact, social conditions, anti-corruption, and prevention of human rights violations. The portfolio companies are to have the boards, leadership, organizations and resources needed to integrate sustainable business practices and thereby long-term value creation in their business models, processes and offerings.

The sustainability due diligence that is required of all listed companies (according to the GRI today and the CSRD in 2023) thus makes up an integral part of Industrivärden's continuing sustainability analysis.

The main focus of the analysis is on sustainability-related risks and opportunities to create value. The analysis is conducted with a double materiality perspective and looks both at the portfolio companies' external sustainability influence and how they are affected themselves from a sustainability perspective – financially and operationally. In cases where Industrivärden identifies strategic conditions, risks or value creation opportunities in which it wants to exercise influence, these are defined in Industrivärden's respective owner agendas, which form the foundation for influencing work. The owner agendas are revised at regular intervals and are set by Industrivärden's executive management.

Industrivärden exercises influence through representation in the portfolio companies' nominating committees and boards. The individuals who represent or have ties to Industrivärden are to have a current and pertinent understanding of the value creation measures identified for the respective portfolio companies. Against this background, Industrivärden's owner agendas are continuously presented and evaluated by Industrivärden's board. This allows Industrivärden to have an influence on strategic sustainability issues over time.

Risk management

Industrivärden's material sustainability risks and value creation opportunities exist in the portfolio companies, which are responsible for managing these within the framework of their respective operations. Industrivärden's risk analysis aims to identify conditions that deviate from the Company's understanding of an optimal approach in the respective portfolio companies. The analysis encompasses all material sustainability risks in the respective companies with a base in Industrivärden's prioritized focus areas. Climate-related financial risks are one example, where the analysis covers transition risks as well as physical risks (effects of a changed climate) in various scenarios and time perspectives. The portfolio companies' combined sustainability risks make up part of Industrivärden's equities risk, which is described on page 73.

The overall outcome of Industrivärden's risk analysis or the prioritized areas is shown below. Where needed, Industrivärden exercises its owner influence. Its active ownership thereby contributes to a long-term reduction of risk levels and to increasing value creation.

Guidelines and rules

Industrivärden's sustainability strategy forms the foundation of the Company's sustainability work both within the Company and within the framework of its active ownership. The sustainability strategy, which is described above, is defined in Industrivärden's Code of Conduct. In addition to this are a number of guidelines and rules that normally apply for Industrivärden's approximately 15 employees. All guidelines and rules are updated at regular intervals, and Indus-

trivärden's employees receive training in regulatory matters on a regular basis. See table below.

Handling suspected violations of the Code of Conduct
Industrivärden has a routine that is prescribed in the Code of Conduct for handling suspected violations of the Code of Conduct.

Cooperation and networks

Cooperation is a precondition for addressing sustainability challenges. Industrivärden has therefore signed the UN Global Compact and has been working to embody its ten principles since 2015. The Company regularly conducts various types of cooperation in the sustainability area.

It its sustainability work Industrivärden also adheres to global initiatives such as the OECD's Guidelines for Multinational Enterprises, the ILO's eight fundamental conventions and the UN Guiding Principles on Business and Human Rights.

Generated economic value

Good economic performance and financial strength are necessary preconditions for Industrivärden's ability to create long-term value for its shareholders and support the portfolio companies over time. In this way, Industrivärden can contribute to good development of the portfolio companies' corporate governance as well as social and environmental development. Industrivärden's financial performance and growth in net asset value are described on pages 51–73. Industrivärden's stock performance and dividends paid are shown on pages 44–46.

Materiality analysis

Industrivärden's sustainability-related focus areas have been identified and concretized with a foundation in a materiality analysis. This analysis draws from Industrivärden's stakeholder

dialogues, its abilities to influence through its ownership, and a materiality perspective.

Stakeholder dialogues

In its capacity as a holding company, Industrivärden has a financial, social and environmental influence on the world around it and on various stakeholder groups. Industrivärden therefore carries on a continuous dialogue with its stakeholders, which increases knowledge about important changes in the business environment and illuminates prioritized issues for the Company's stakeholders.

The stakeholder dialogues are an integral part of the continuous contacts with the Company's stakeholders and take the form of regular talks and meetings, annual reports, interim reports, Annual General Meetings, performance reviews with employees, memberships in various organizations, etc. Important stakeholders include shareholders, employees, other market actors, equity analysts, representatives of the portfolio companies, business partners and nongovernmental organizations (NGOs). During 2022 the stakeholder dialogues were reiterated for an updated materiality analysis without any material changes being made.

Significant issues

With a base in the respective stakeholder groups' priorities and Industrivärden's opportunities to exercise influence, the following have been identified.

- *Attractive return at balanced risk*
By owning quality companies with proven business models, where Industrivärden contributes through engaged ownership, the opportunities for long-term value creation increase at the same time that risk decreases. It is thus important that the portfolio companies have a good ability to minimize risks and capitalize on value creation opportunities within the framework of their own sustainability influence and external sustainability factors.

Central guidelines and rules

Policy area	Type	Scope	Decision
Business ethics and anti-corruption	Code of Conduct	Public	Board of Directors
Working conditions – general	Code of Conduct	Public	Board of Directors
Working conditions – Parent Company	HR policy	Internal	CEO
Human rights	Code of Conduct	Public	Board of Directors
Diversity/nondiscrimination – general	Code of Conduct	Public	Board of Directors
Diversity/nondiscrimination, safety, etc. – Parent Company	HR policy	Internal	CEO
Environment and climate – general	Code of Conduct	Public	Board of Directors
Environment and climate – Parent Company	Environment and climate policy	Internal	CEO
Information technology and cybersecurity	IT policy	Internal	CEO
Insider issues	Insider policy	Internal	CEO/Board of Directors
Risk management	Risk policy	Internal	CEO
Information and confidentiality	Information policy	Internal	Board of Directors
Protection of personal privacy	Personal data policy	Internal/public	CEO
Reporting of rule violations	Code of Conduct	Public	Board of Directors

- *Owner influence to drive integration of sustainability in the portfolio companies*
Industrivärden's opportunities to exercise active ownership require formal as well as trust-based influence in the portfolio companies. It is therefore of major importance that Industrivärden has financial opportunities as well as trust capital to maintain its influence.
- *Good corporate governance and business ethics*
Both Industrivärden's and the portfolio companies' corporate governance and business ethics are of major importance for sustainable value creation. In its capacity as a sizable owner, Industrivärden has great opportunities to influence corporate governance. The portfolio companies themselves are to integrate good business ethics in all parts of their operations, which is crucial for upholding the trust of their stakeholders and long-term value creation.
- *Greater diversity*
The portfolio companies themselves are to strive for greater diversity from a double materiality perspective. Taking advantage of various perspectives is important for the portfolio companies' long-term value creation as well for sustainable development of society.
- *Reduced climate and environmental impact*
The portfolio companies themselves are to strive for reduced climate and environmental impact from a double materiality perspective. A reduced impact creates opportunities for value creation at the same time that a slow pace of transition may entail direct as well as indirect risks and costs.
- *Responsible employers*
The portfolio companies themselves are to be responsible employers from a double materiality perspective. Attracting and retaining relevant expertise is crucial for the ability to generate enduring value creation in the portfolio companies.

Stakeholders' priorities may differ somewhat between various groups. However, there is a strong consensus that Industrivärden's most important duty is to contribute to enduring shareholder value in its portfolio companies. Given Industrivärden's business model, particular emphasis should be put on ensuring well-integrated and structured sustainability work within the portfolio companies. The same applies for more owner-related matters such as corporate governance and diversity as well as the globally urgent climate issue. Overall it can be noted that more strategically oriented sustainability issues are given higher priority than more operationally oriented matters.

Focus areas

Industrivärden shall be an engaged and responsible owner that contributes to well-managed companies for sustainable development of society. In doing so it can offer long-term attractive shareholder value at balanced risk. Industrivärden's portfolio companies are active in various sectors and geographies, and thus the material sustainability issues

differ from company to company. However, from a materiality perspective, certain more general, relevant matters can be discerned.

Moreover, given Industrivärden's business model, it has the greatest opportunity to exert an influence in corporate governance-related matters.

The materiality analysis shows that some sustainability areas are deemed to be particularly important, within which Industrivärden has chosen to actively pursue its owner role. These focus areas are:

1. *Responsible corporate governance and a sustainable role in society*
Good corporate governance incl. good business ethics and anti-corruption as well as diversity and good work conditions.
2. *Minimized negative climate and environmental impact*
Reduced impact on the world around us.
3. *Sustainable production and innovation*
Development and innovation of sustainable products and services as well as sustainable production with greater resource efficiency.

Based on these focus areas, relevant goals have been established with support of the UN's Agenda 2030 framework for the Global Sustainable Development Goals (SDGs). From an influence perspective, SDGs 5, 8, 9, 12, 13 and 16 relate to Industrivärden's portfolio companies (indirect impact) within the framework of Industrivärden's active ownership. SDGs 5 and 13 also pertain to the Company's own operations (direct impact).




Industrivärden's portfolio companies – goals and outcomes

From an overarching perspective, it is Industrivärden's expectation that the portfolio companies will:

- view sustainability as an important, strategic matter and conduct prominent sustainability work within their respective sectors, where sustainability aspects are integrated in their business models, business cultures, strategies, processes and product offerings;
- continuously develop and strengthen their sustainability work in a structured way with support from relevant guidelines and measurable goals;
- monitor, evaluate and continuously communicate the progress of their sustainability work and convey the ways in which they are contributing to long-term sustainable development in the communities in which they operate.

In order to drive development in Industrivärden's sustainability-related focus areas as an owner, a number of goals have been formulated. Set goals may be qualitative or quantitative. Follow-up is done using relevant metrics or indicators.

1. Responsible corporate governance and a sustainable role in society

	Industrivärden's goal	Outcome	Overall risk analysis
 Good corporate governance incl. good business ethics and anti-corruption	<p>The portfolio companies shall contribute to sustainable communities by working within the framework of their respective operations to ensure good corporate governance incl. ethical practices and targeted anti-corruption work. Similarly, they shall promote sustainable development in society and human rights.</p>	<ul style="list-style-type: none"> • 100% of the portfolio companies have an anti-corruption policy • 100% of the portfolio companies have a code of conduct and whistleblower function • 100% of the portfolio companies provide training to their employees in the company's code of conduct 	<p>The portfolio companies contribute to inclusive and peaceful societies by promoting long-term sustainable development in society in a structured way. All of the companies have codes of conduct for their employees and suppliers that enable reporting and follow-up of improprieties, and preventive training aimed at ensuring good business ethics and combating corruption.</p>
 Greater diversity	<p>All of the portfolio companies shall conduct active and targeted work to promote diversity and equal opportunity in all parts of the company based on specific competency needs.</p> <p>The goal is that the under-represented gender shall make up at least 40% of the portfolio companies' board members by 2030 from a portfolio perspective.</p>	<ul style="list-style-type: none"> • The underrepresented gender makes up 40% of directors on the portfolio companies' boards • 100% of the portfolio companies have anti-discrimination principles in their codes of conduct or policies 	<p>All of the portfolio companies put strong emphasis on diversity and equality, since this strengthens their operations, and they work continuously on being an inclusive employer that offers equal opportunities to all employees. Among other things, the portfolio companies have adopted anti-discrimination principles in internal guidelines.</p>
 Decent working conditions	<p>Sustainable economic growth is a precondition for development of responsible companies that create value over time. Against this background, the portfolio companies shall conduct their operations with focus on a long-term perspective, good business ethics, and guarantee a safe workplace for all employees.</p>	<ul style="list-style-type: none"> • 100% of the portfolio companies have signed the UN Global Compact for decent and productive working conditions • 88% of the portfolio companies report their accident frequency rate. 100% of the six companies that have reported this during the last four years (December 2018 – December 2022) have decreased their accident frequency rate 	<p>All of the portfolio companies generate sustainable value creation and have contributed to economic growth over time. The companies adhere to international conventions on human rights and working conditions, and conduct ambitious preventive work to ensure a safe work environment. All of the portfolio companies conduct preventive work to minimize the number of accidents.</p>

2. Minimized negative climate and environmental impact

Management of climate-related risks and opportunities

Long-term value creation requires a reduced climate impact and successful utilization of climate-related opportunities. Industrivärden's greatest climate risk consists of the combined climate risk in the equities portfolio based on Industrivärden's share of ownership in the portfolio companies, which is described below. Industrivärden's climate work in its own operations is described in more detail on page 89.

Through its active ownership Industrivärden follows the respective portfolio companies' inventorying, analysis and measures related to reducing carbon emissions and climate-related opportunities. The portfolio companies are active in different sectors and geographies, and thus their climate risks differ. Industrivärden's respective sustainability analyses are therefore based on the portfolio companies' climate scenario analyses, internal and external expert knowledge, and on measures taken by the companies.

Industrivärden's governance, strategy and management of climate risk are conducted in line with the model for sustainability issues that is described above in this sustainability report. Where needed, influence is exercised in accordance with Industrivärden's ownership model.

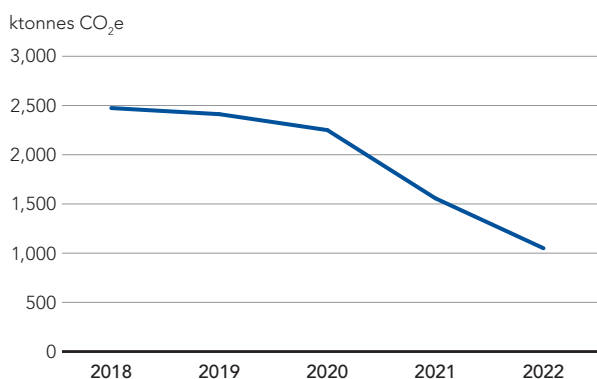
To illustrate the portfolio's combined climate risk in the form of climate impact and climate exposure, consolidated portfolio emissions and an overview of the portfolio's climate exposure are presented.

The portfolio's carbon emissions

The largest share of Industrivärden's emissions consist of indirect CO₂e emissions within framework of the Company's ownership in the portfolio companies (Industrivärden's Scope 3 emissions). Greenhouse gas emissions (CO₂e) from the equities portfolio and Industrivärden's own operations have been reported since 2010, when Industrivärden also began reporting its carbon footprint to the CDP (cdp.net).

The chart below shows the portfolio's yearly emissions over a five-year period. Data has been obtained from the portfolio companies' own disclosures of greenhouse gas emissions (GHG Protocol, market-based method), in proportion to Industrivärden's share of ownership (equity share approach). This development illustrates the portfolio companies' determined efforts to steadily reduce their CO₂e emissions as well as Industrivärden's divestment of its holding in the steel company SSAB in 2020/2021. Further information on the composition of the equities portfolio and Industrivärden's ownership stakes is provided on pages 22–23.

Portfolio emissions (Scope 1 and 2)



The equities portfolio's climate exposure (via TCFD)

The largest share of Industrivärden's climate risk exposure is within the framework of its ownership in the portfolio companies. Industrivärden uses the companies' climate scenario analyses and TCFD reporting, among other things, as documentation for its analysis of their identification and management of climate risk. Given that the portfolio companies are active in varying business areas, their analyses differ, but from a portfolio perspective a number of more general risks can be described, as below. The compilation shows the portfolio companies' disclosed climate-related risks in terms of physical risks and transition risks that could bear impact on the companies' operations in the short, medium and long terms. Climate-related opportunities pertain to the companies' identified ability to create value added that contributes to growth, emissions reductions and societal benefit.

Physical risks

- Disruptions caused by extreme weather events – impacts in supply chains, on transports, own production and property holdings (acute risk)
- Permanent changes in the climate and environment – higher average temperatures, rising sea levels and changed precipitation patterns – higher costs for climate adaptation measures, impact on asset values (chronic risk)
- Shortages/depletion of critical raw materials (chronic risk)


Transition risks

- Rising costs due to imposition of carbon emissions regulations and taxes (policy and regulatory risk)
- Higher costs for reporting and compliance (policy and regulatory risk)
- Limitations in a company's operations due to regulations of ownership rights/use (policy and regulatory risk)
- Slow and/or unpredictable permitting processes (policy and regulatory risk)
- Inability to develop the products, solutions and offerings needed for transition to a low-emissions economy – adaptation and limitation of impact (technological risk)
- Supply and pricing of renewable energy, raw materials, water and transport (market risk)
- Changed preferences and behaviors among customers (market risk)
- Inability to live up to requirements and expectations from the company's stakeholders (reputational risk)

Opportunities

- Innovation and technological development of products, services and offerings that support the transition to a low-emissions society
- New business models and strong sustainability work lead to competitive advantages, customer satisfaction and investment capital
- Products that support emissions reductions among customers and partners
- Global operations reduce geographic risks
- Longer growing seasons result in faster/larger harvests
- Own production of renewable energy is profitable
- Cooperation and partnerships with research, trade organizations and local communities

Industrivärden has reported climate-related information to the CDP since 2010. Today the TCFD's recommendations are integrated in the CDP's questionnaire on climate change. Industrivärden has been implementing relevant parts of the TCFD's recommendations regarding its own operations since 2020. See the TCFD reference on page 93.

	Industrivärden's goal	Outcome	Overarching risk analysis
 Reduced climate impact	<p>The portfolio companies shall develop prominent positions with respect to minimizing carbon emissions and the environmental impact of their own production and value chains. They shall have strong focus on efficient use of resources.</p> <p>The goal is that the portfolio companies shall adopt science-based targets for reducing their carbon emissions (Scope 1–2). They shall also have clear targets for reducing emissions in their value chains (Scope 3).</p> <p>By science-based climate targets is meant targets based on scientific grounds, with recognized methods such as the Science Based Targets initiative, Carbon Law (Exponential Roadmap) or similar, with the aim of contributing to achievement of the goals of the Paris Agreement.</p>	<ul style="list-style-type: none"> • 88% of the portfolio companies have joined the Science Based Targets initiative (SBTi), and 50% have had their targets approved. These targets meet the reduction goals within the framework of the Paris Agreement • 88% of the portfolio companies have concrete goals for reducing indirect carbon emissions in their value chains (Scope 3) <p>Presented below is an overview of ambitions, goals and outcomes for the portfolio companies' climate work.</p> <p>All of the portfolio companies have goals that aim to achieve the objectives of the Paris Agreement, but they have chosen different paths for achieving their set targets. Essity has chosen a slower pace of reduction by 2030, but like Volvo, Sandvik and Handelsbanken, it has made a long-term commitment to achieve net zero emissions in accordance with the Paris Agreement. The Net Zero Standard according to the SBTi entails that a company commits to achieving a 90%–95% absolute reduction by 2050 at the latest. Commitments without verification by SBTi have been made. Further information about the portfolio companies' targets and target achievement can be found in the respective companies' annual and sustainability reports.</p>	<p>Several of the portfolio companies work in emissions-intensive industries or have large environmental impacts through their products and services. The companies therefore need to reduce their environmental and climate impacts and take advantage of environment- and climate-related opportunities for long-term value creation. The portfolio companies have express ambitions to reduce their carbon footprints and have set concrete goals for reducing their climate-impacting emissions.</p>

Science based climate targets – status

Portfolio companies	Science Based Targets Initiative	Level	Scope 1 & 2 emissions targets	Total Scope 1 & 2 reductions (starting from base year)	Scope 3 emissions targets set	Net Zero
Volvo	✓	1.5°C	50% reduction by 2030 Base year: 2019	-13%	X	X
Sandvik	✓	1.5°C	50% reduction by 2030 Base year: average 2019	-19%	X	X
Handelsbanken	✓	1.5°C	Under development	—	—	X
Essity	✓	Well below 2°	35% reduction by 2030 Base year: 2016	-18%	X	X
SCA	—	—	50% reduction of Scope 1, 2 and 3 fossil emissions by 2030 Base year: 2019	-10%	X	—
Ericsson	✓	1.5°C	35% reduction by 2022 Base year: 2016	-63%	X	X*
Skanska	✓	1.5°C	70% reduction by 2030 Base year: 2015	-55%	X	X*
Alleima	✓	1.5°C	More than 50% reduction by 2030 Base year: 2019	-29%	X	X

✓ Approved

✓ Enrolled

* Company's commitment not verified by SBTi.

3. Sustainable production and innovation

	Industrivärden's goal	Outcome and illustrative examples	Overarching risk analysis
 Sustainable production	<p>The portfolio companies shall offer long-term sustainable products and services that contribute to sustainable production and consumption. They shall have ambitious goals and be at the forefront of resource-efficiency and circular business models.</p>	<ul style="list-style-type: none"> • 86% of manufacturing companies have measurable goals for reducing waste • 71% of manufacturing companies have measurable goals for reducing energy consumption in production or in products and services <p>SCA has invested SEK 70 M in a pellet plant to increase sustainability in its value chain. The investment will also allow the company to substitute fossil fuel oil with wood pellets at SCA's paper mill in Obbola. The plant's production capacity will be 25,000–30,000 tons of pellets per year.</p> <p>Volvo has accelerated its work with the transition to electrification. As an example, the company has taken the first step in the process to establish a large-scale production plant for battery cells in Sweden. In Ghent, Belgium, Volvo Trucks is opening its first battery assembly plant. The plant will supply batteries for Volvo Trucks' fully electric heavy duty trucks (Volvo FH, Volvo FM and Volvo FMX).</p> <p>At its quarry in Gävle, Skanska has begun accepting surplus loads from various construction and building projects. An electric hybrid plant sorts dumped loads, where Skanska expects to be able to recycle 50%–75%. Clean rock material is crushed and returned to the market in a circular business model, with a lower climate impact and price than virgin material.</p>	<p>The portfolio companies are actively striving to offer sustainable products and contribute to development of circular solutions. They are working actively to increase resource efficiency in production and operation, such as with respect to waste and energy consumption. The portfolio companies have high ambitions to be resource-efficient, using sustainability as a competitive advantage.</p>
 Sustainable innovation	<p>Industrivärden's portfolio companies shall have high aspirations to conduct sustainable operations, where they increase their competitiveness by developing sustainable innovations that are at the forefront of their industries.</p>	<p>Volvo has begun introducing fossil-free steel in its electric heavy trucks as a step toward achieving its sustainability targets. The fossil-free steel is manufactured with the help of entirely new, innovative technology that uses fossil-free energy sources. Volvo is the world's first truck manufacturer to use fossil-free steel in its trucks.</p> <p>In partnership with the British state-owned company National Highways and the National Composites Center in the UK, Skanska is conducting a trial of a new type of concrete that has a smaller carbon footprint than conventionally made concrete. The concrete is reinforced with basalt fiber, a construction material that causes lower carbon emissions in production than steel. It is currently being tested in a temporary road for heavy vehicles. The trial will provide a better understanding of the impact of the use the new material in road construction.</p> <p>Ericsson, together with Deutsche Telecom, has reached a new milestone in its partnership on renewable energy. The partnership is based on powering one of Deutsche Telecom's wireless facilities for the 5G network using solar and wind power. The project is also developing battery and fuel cell solutions for energy storage to replace diesel generators for backup power.</p> <p>Sandvik has won a record-large order for battery electric mining equipment. The deal, worth SEK 300 M, includes delivering a battery electric equipment fleet of forklifts, loaders and drills as well as on-site service for a mining project in Canada. The mining project will be one of the world's first carbon-neutral mining projects for copper and zinc.</p>	<p>To manage future sustainability-related risks and opportunities, companies need to continually strengthen and integrate sustainability aspects in their operations. The portfolio companies have a long tradition of actively promoting sustainable industrialization and innovation, and are well-equipped to manage the transition to a more sustainable approach. They contribute in various ways with innovations for sustainable industry and are leading the transition in their respective industries.</p>



Industrivärden's own operations – goals and outcome

Industrivärden shall be a workplace in which the employees enjoy their work, feel good and can develop. Toward this end, evaluations are continuously conducted of performance and development opportunities, and a continuous dialogue is conducted on matters related to the workplace, forms of cooperation and personal development. Industrivärden believes that better results are achieved at a workplace characterized by gender equality and diversity.

Industrivärden has an ambition to reduce its own carbon footprint over time. Emissions come mainly from electricity and district heating consumption in the Company's office

building and from business travel. To reduce greenhouse gas emissions, environmentally certified electricity from wind and hydro power is purchased, and the remainder is compensated through offsets. To be able to monitor and benchmark the Company's carbon footprint, Industrivärden conducts carbon footprint reporting within the CDP framework. Industrivärden has been applying the TCFD's recommendations since 2019. See further the GRI Index and TCFD Reference on pages 90–93.

Industrivärden has the following sustainability goals for its own operations.

	Industrivärden's goal	Outcome	Overarching risk analysis
 Increased diversity at a good workplace	<p>Industrivärden shall be an attractive employer with focus on competence development, openness and diversity, and will attract, recruit and retain competent employees. The goal is to maintain proportional representation of the underrepresented gender of at least 40% on Industrivärden's board and Executive Management.</p>	<ul style="list-style-type: none"> • On Industrivärden's board, the underrepresented gender accounts for 37% of directors, and in the Executive Management it accounts for 40% of members • Continuously developed processes for broadened competence and diversity • Further training of all employees in the Company's sustainability strategy, Code of Conduct, anti-corruption, and policy documents on the environment, climate and diversity • Regularly recurring performance reviews with particular focus on the work environment and competence development • Continuous evaluation of development opportunities for all employees 	<p>Industrivärden offers a workplace where the employees enjoy their work, feel good and can develop. To continuously improve operations, a continuous dialogue is conducted with the employees on matters pertaining to the workplace, forms of cooperation and personal development.</p>
 Reduced carbon footprint	<p>The goal is to reduce Industrivärden's Scope 1, 2 and 3 carbon emissions (excluding emissions from portfolio companies) by 50% by 2030 compared with 2017. This goal is aligned with the Paris Agreement's goal to limit global warming to well below 2°C.</p>	<ul style="list-style-type: none"> • Industrivärden's carbon emissions have decreased by 43% since 2017 • Measurement and follow-up of Industrivärden's Scope 1–3 environmental impacts and carbon footprint • Report Industrivärden's carbon footprint to the CDP and compensate for the Company's footprint through offsets 	<p>Industrivärden works actively to minimize its own negative carbon footprint and environmental impacts, and compensates for all actual greenhouse gas emissions through offsets.</p>

Reporting in accordance with the EU Taxonomy

The EU Taxonomy Regulation aims to help investors and companies identify and compare investments that contribute to sustainable development. Industrivärden's own operations are not yet eligible under the Taxonomy, but it will have a major impact on the portfolio companies. In pace with the portfolio companies' development of their reporting in accordance with the Taxonomy, it is Industrivärden's ambition to provide a summary overview of this work. On December 31, 2021, the following share of the respective portfolio companies' sales were Taxonomy-eligible: Volvo 53%, Sandvik 15%, SCA 7%, and Skanska 56%. For Handelsbanken as a financial institution, the share of assets eligible under the

Taxonomy was reported based on the balance sheet as 39%. Essity and Ericsson have reported that those companies were not eligible under the Taxonomy Regulation in 2021. Alleima was introduced on the stock market in August 2022. For 2021 the portfolio companies reported the share of their sales that were Taxonomy-eligible, and starting in 2022 they will report the share of sales that are aligned with the Taxonomy. The portfolio companies are expected to report on more activities in pace with development of the Taxonomy.

Development of sustainability work in 2022

Development of Industrivärden's sustainability work in 2022 is described in the sustainability introduction on page 19.

GRI Index and TCFD Reference

Industrivärden's sustainability report follows the most recent version of the Global Reporting Initiative (GRI) Standard, Core level, with the Financial Services sector supplement. This is Industrivärden's sixth sustainability report produced in accordance with the GRI framework and draws from the GRI principles regarding content and quality. The report pertains to Industrivärden's own operations in 2022 (January 1–December 31, 2022). The ambition is to report yearly.

Industrivärden's operations are conducted by approximately 15 employees at the Company's head offices in Stockholm. Since 2017 stakeholder dialogues and subsequent materiality analyses have been conducted to identify the highest priority issues in the area of sustainability. These analyses form the basis for determining which disclosures are reported in Industrivärden's sustainability report and GRI

Index. Industrivärden adheres to sustainable business practices by adopting a clear sustainability perspective in its investment decisions and operations as an active owner. The portfolio companies' sustainability reports are available on the respective companies' websites.

The GRI Index describes Industrivärden's sustainability work based on the GRI Standards. The report consists of the information below as well as the information reported in the 2022 Annual and Sustainability Report, on Industrivärden's website, and on cdp.net according to the respective references provided in the GRI Index.

In 2020 Industrivärden began implementing the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) for reporting climate-related risks, but at present does not report in accordance with the entire framework.

GRI Universal Standards (2021)

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
Organization & reporting practices				
2-1	Organizational details		50	
2-2	Entities included in the organization's sustainability reporting		50, 69–70	The Parent Company and all subsidiaries are covered by the report.
2-3	Reporting period, frequency and contact point		50, 94	The report, which is prepared annually, pertains to the 2022 financial year. The contact person is Sverker Sivall, Head of Corporate Communication & Sustainability, ssl@industrivarden.se .
2-4	Restatements of information			No significant changes have taken place since the preceding report.
2-5	External assurance		75–78	The Company's auditor has given an opinion on the statutory sustainability report. Significant information is also included in the Company's Board of Directors' Report, which has been reviewed by Company's auditor.
Activities & workers				
2-6	Activities, value chain and other business relationships		10–15	
2-7	Employees	89	14, 52, 66	All employees are active at the head offices in Stockholm. Data does not include any consultants and advisors. Industrivärden has 15 employees. Apart from regulatory requirements, information that can be coupled to individual persons is therefore not disclosed.
2-8	Other workers who work for the organization			The organization has a facility management contract for the office building. The scope of outsourced assignments amounts to less than one full-time position in total.

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
Governance				
2-9	Governance structure and composition		53–58	
2-10	Nomination and selection of the board of directors		53–54, 94	
2-11	Chairman of the Board of Directors		54–56, 58	
2-12	The Board's role in overseeing the management of impacts	82	53–57	
2-13	Delegation of responsibility for managing impacts	82		
2-14	Role of the Board of Directors in sustainability reporting	82		
2-15	Conflicts of interest			Handled within the framework of Rules of Procedure and instructions, etc.
2-16	Communication of critical concerns			Communication of critical concerns is conducted in accordance with applicable rules and regulations.
2-17	Collective knowledge of the Board of Directors		54–55, 58	
2-18	Evaluation of the performance of the Board of Directors		55–56	
2-19	Remuneration policies		56, 67	Guidelines for compensation of senior executives are posted on Industrivärden's website: Corporate governance/CEO and Executive Management/Compensation.
2-20	Process to determine remuneration		67	
2-21	Annual total compensation		66–67	
Strategy, policies & practices				
2-22	Statement on sustainable development strategy		8–9, 18–19	
2-23	Policy commitments		18–19	Information on Industrivärden's commitments can be found on the UN Global Compact's website: https://www.unglobal-compact.org/what-is-gc/participants/72671-AB-Industrivarden-publ .
2-24	Embedding policy commitments	81–89		
2-25	Processes to remediate negative impacts	81–89		
2-26	Mechanisms for seeking advice and raising concerns	82–83		Industrivärden's Code of Conduct is posted on the Company's website: Corporate governance/Governance structure/Code of Conduct.
2-27	Compliance			The Company has no knowledge about any incidences of noncompliance with laws and regulations, and no fines were paid during the reporting period.
2-28	Membership associations			Confederation of Swedish Enterprise, Centre for Business and Policy Studies (SNS), Royal Swedish Academy of Engineering Sciences (IVA), Swedish Investors for Sustainable Development (SISD).
Stakeholder engagement				
2-29	Approach to stakeholder engagement	18–19, 83		
2-30	Collective bargaining agreements			All employees are covered by collective bargaining agreements.
Material topics				
3-1	Process to determine material topics	83–84		
3-2	List of material topics	84	18–19	
3-3	Management of material topics	11–15, 81–83		Covers the issue of human rights, among others.

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
Economic				
201	Economic Performance 2016			
201-1	Direct economic value generated and distributed	83	40–47, 60–73	
201-2	Financial implications and other risks and opportunities due to climate change	85–87		
201-3	Defined benefit obligations and other retirement plans		64–67, 71	
201-4	Financial assistance received from government			No financial assistance has been received from government bodies.
205	Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	18–19	11–15	No material risks have been identified in the Company's own operations. Questions related to the Company's sustainability analysis are addressed on a continuing basis within the framework of active ownership.
205-2	Communication and training about anti-corruption policies and procedures	82		All employees receive training in the annually revised Code of Conduct, which covers all aspects of corporate social responsibility in accordance with the Global Compact's ten principles, including anti-corruption.
205-3	Confirmed incidents of corruption and actions taken			No incidents occurred during the year.
Environment				
305	Emissions 2016			
305-1	Direct GHG emissions (Scope 1)	89		Scope 1 emissions in 2022 amounted to 18 tonnes CO ₂ e (14). www.cdp.net: Industrivärden, CC 6.1.
305-2	Energy indirect GHG emissions (Scope 2)	87, 89		Scope 2 emissions in 2022 amounted to 8 tonnes CO ₂ e (10) (according to market-based method). www.cdp.net: Industrivärden, CC 6.3.
305-3	Other indirect GHG emissions (Scope 3)	85–87, 89		Scope 3 emissions in 2022 amounted to 11 tonnes CO ₂ e (10) (business travel, publications, etc.). www.cdp.net: Industrivärden, CC 6.5. This GRI Index pertains to own operations, which is why portfolio emissions (which are normally included in Scope 3) are not included above. See page 86.
305-4	GHG emissions intensity	85–87, 89		Information is provided in the yearly reporting to the CDP.
305-5	Reduction of GHG emissions	85–87, 89		Information is provided in the yearly reporting to the CDP.
305-6	Emissions of ozone-depleting substances (ODS)			No ozone-depleting emissions are made in operations.
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions			No significant emissions in operations.
Social				
401	Employment 2016			
401-1	New employee hires and employee turnover			The Company has 15 employees. Employee turnover was 7% (7%) for new hires and 7% for departures (0%). 1 woman in age group 30–50 was newly hired.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		56, 67	Individual compensation structure.
401-3	Parental leave			During the period 1 man was on parental leave. 1 man returned to work after parental leave during the reporting period.

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
403	Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	83, 89		In accordance with Swedish law. Covers all employees.
403-2	Hazard identification, risk assessment, and incident investigation	89		A safety assessment has been carried out.
403-3	Occupational health services	83, 89		All employees are offered company health care services.
403-4	Worker participation, consultation, and communication on occupational health and safety	89		Conducted under the direction of the HR function.
403-5	Worker training on occupational health and safety	89		Conducted under the direction of the HR function.
403-6	Promotion of worker health	89		Measures for preventing injuries at the workplace, and wellness subsidy.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			Not relevant given the nature of operations.
403-8	Workers covered by an occupational health and safety management system			Not relevant given the size of the workplace (15 employees).
403-9	Work-related injuries			No work-related injuries during the period.
403-10	Work-related ill health			Average absenteeism due to illness in relation to total work time was 0%. Additional information is not provided due to the size of the workplace.
404	Training and Education 2016			
404-1	Average hours of training per year per employee	89		The average number of hours per employee was 15.
404-2	Programs for upgrading employee skills	89		Structured through individual talks with employees.
404-3	Percentage of employees receiving regular performance and career development reviews	89		All employees receive regular evaluations about their performance and career development.
405	Diversity and Equal Opportunity 2016			
405-1	Diversity of board of directors, management and employees	82–83, 85, 89	53–55, 58–59	
405-2	Ratio of basic salary and remuneration of women to men		66–67	Information not provided given the size of the workplace (15 employees).
Sector-specific disclosures, financial				
G4 FS6	Breakdown of investment portfolio by region, size and by sector		22–23	All of the portfolio companies are listed on Nasdaq Stockholm.
G4 FS10	Percentage of companies held in the institution's portfolio with which the organization has interacted on environmental or social issues	82	18–19	Sustainability issues are addressed in all portfolio companies within the framework of Industrivärden's analysis and influence activities.

Page references for disclosures in accordance with the TCFD's recommendations

Industrivärden has begun implementation of the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) for reporting of climate-related risks, but currently is not reporting entirely in accordance with the framework.

Reference	Category			
	Governance	Strategy	Risk management	Metrics and targets
a)	54–56, 81–82	86–87	82	85–87
b)	54–56, 81–82	85–86	73, 85	87, 92
c)	not applicable	–	82	87

Annual General Meeting and shareholder information

Annual General Meeting 2023

The Annual General Meeting will be held at 2 p.m. on Monday, April 17, 2023, at the Grand Hôtel, Vinterträdgården room, entrance at the corner of Stallgatan/Blasieholmsgatan, in Stockholm. The doors will open at 1 p.m.

Notification

Shareholders who wish to participate in the Annual General Meeting must be registered as a shareholder in the register of shareholders maintained by Euroclear Sweden AB, based on the conditions on April 5, 2023, and must have notified the Company of their intention to participate in the AGM in accordance with the instructions in the AGM Notice.

To have the right to participate in the AGM, a shareholder whose shares are registered in a nominee's name must request that the nominee registers the shares in the shareholder's own name so that the shareholder is listed in the register of shareholders on April 5, 2023. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee in accordance with the nominee's routines in such advance time as determined by the nominee. Voting rights registrations made by nominees by not later than, April 11, 2023, will be taken into account in the current register of shareholders.

Dividend

The Board of Directors proposes a dividend of SEK 7.25 per share (6.75). The last day to acquire shares that carry entitlement to the dividend is April 17, 2023, entailing that Industrivärden shares will be traded ex-rights on April 18, 2023. Provided that the AGM resolves in favor of the proposal, it is expected that dividends will be sent out by Euroclear Sweden AB on April 24, 2023.

Board composition

The Nominating Committee proposes re-election of board members Pär Boman, Christian Caspar, Marika Fredriksson, Bengt Kjell, Fredrik Lundberg, Katarina Martinsson, Lars Pettersson and Helena Stjernholm. In addition, Fredrik Lundberg is proposed for re-election as Chairman of the Board.

Shareholder information

Reporting, ordering reports and subscriptions

All interim reports, annual reports, press releases and more are available on Industrivärden's website: www.industrivarden.net. Printed copies of interim reports and annual reports are distributed to shareholders and other interested parties upon request.

Financial reports and press releases can be ordered individually or by subscription by registering at www.industrivarden.net, by email at info@industrivarden.se, or by phone at +46-8-666 64 00.

Financial calendar 2023

Interim report January–March	April 5
Annual General Meeting, Stockholm	April 17
Interim report January–June	July 6
Interim report January–September	October 6

Annual Report 2022

This publication constitutes the annual report for AB Industrivärden (publ). Printed copies of the annual report are distributed to shareholders and others upon request. The annual report is also available in digital form on the Company's website.

Contact persons

Queries from shareholders, investors and others can be directed to:

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Financial institutions that monitor Industrivärden

The following institutions monitored Industrivärden as per year-end 2022/start of 2023:

- ABG Sundal Collier, +46-8-566 286 00
- AlphaValue, +33-1-70 61 10 50
- Bank of America Merrill Lynch, +46-8-535 220 80
- Danske Bank, +46-8-568 806 00
- DNB Bank, +46-8-473 41 00
- Handelsbanken, +46-8-701 10 00
- Kepler Cheuvreux, +46-8-723 51 00
- Nordea, +46-8-614 70 00
- Pareto Securities, +46-8-402 50 00
- SEB, +358-9-616 28700

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