



“Good net asset value growth in 2025”

Macroeconomic developments in 2025 were characterized by continued uncertainty. Global growth was 3.3% according to the IMF, representing an unchanged growth rate in the world economy during the year. The previously projected economic turnaround thus failed to materialize. The development varied significantly, however, between geographical areas and industries. Geopolitical tensions increased during 2025, not least due to US trade policy measures imposing a wave of tariffs against China, the EU, Canada, Mexico and elsewhere that rekindled fears of increased global protectionism. The war in Ukraine continued and a number of other trouble spots impacted the situation in numerous regions.

Inflationary pressure has eased steadily, particularly in the West, following several years of anti-inflationary measures. This has given central banks greater scope to gradually normalize monetary policy. At the same time, structural problems remain in multiple areas, including low productivity growth, energy transition and demographic challenges. The past year was also characterized by major exchange rate movements, with the Swedish krona strengthening against all G10 currencies and the US dollar showing the weakest performance. Several commodities, including gold and copper, performed well, while crude oil fell back to levels prevailing prior to the war in Ukraine due to increased global supply.

Global stock markets performed well during the year, despite the weak economy and challenging geopolitical situation. From an overall perspective, the technology sector maintained its strong performance, driven primarily by large-scale investments in AI, as did the defense sector in the wake of a marked rearmament trend. The Stockholm Stock Exchange performed relatively well in 2025. After a dip in early April due to tariff concerns, the trend was positive

and, at year-end, the Exchange had risen 10% during the year. Overall, the stock market year 2025 was characterized by cautious optimism driven by falling interest rates, robust corporate profits and increasing investments.

Given the challenging global situation, it is gratifying that Industrivärden's portfolio companies delivered fine operational performance and good overall financial development in 2025. This was reflected in the portfolio companies' respective share price performance and in Industrivärden's net asset value, which increased 20% during the year to SEK 191.6 billion at year-end. Sandvik, Volvo and Handelsbanken were the largest contributors in terms of absolute total return. Total return for Industrivärden's Class A and C shares was 22% in 2025, as compared with 13% for the Stockholm Stock Exchange's total return index. The Industrivärden stock has also generated attractive total returns in the longer term, with an average annual return of 12 and 14% on the Class C shares for the last five- and ten-year periods, respectively.

During 2025 Industrivärden received net dividends of SEK 6.0 billion and invested SEK 4.6 billion in our portfolio companies. Since the decision taken by the Board ten years ago to refine the strategy, positive net dividends and continuous investments in the portfolio companies have been key elements of our value creation model. SEK 31 billion has been reinvested in the existing portfolio during this ten-year period, with a good excess return as compared with the Stockholm Stock Exchange's total return index. These investments have therefore made a significant contribution to Industrivärden's total value growth.

Industrivärden's business model is based on our role as an engaged owner that actively contributes to our portfolio

companies' long-term value growth. With our significant influence, industrial knowledge and financial strength, we take responsible action, set demands and evaluate the portfolio companies' development. Industrivärden has a number of fundamental principles—proper leadership, strategic focus, decentralization, operational flexibility and efficiency, financial strength and a sustainable approach—that we believe promote long-term value creation in our portfolio companies, even though each company must be assessed based on its specific situation.

In addition to our ongoing work with active ownership, our specific focus during the year has been on evaluating the long-term trends and structural shifts that will, in time, change the playing field for globally active companies. Rapid technological development, the energy transition, geopolitical challenges and the changing competitive landscape in several industries are placing new demands in terms of flexibility, speed, cost efficiency and customer focus. It is crucial to address these issues in order to strengthen our portfolio companies' long-term competitiveness and capacity to create value over time. In this regard, we play an essential role as active owner.

From an Industrivärden perspective, I cannot overemphasize the importance of good leadership in this context. Our portfolio companies need to have well-adapted boards with skilled directors capable of forming and developing the companies' strategies over time. This is why we are actively involved in the work of the nominating committees. A key task for the companies' boards is to appoint a CEO able to lead the business in a good way. Competent, well-suited leadership cannot be overestimated, and good leaders that attract other good leaders create positive spillover effects throughout the company.

Industrivärden currently has significant ownership stakes in a number of portfolio companies with market-leading positions and proven business models that generate good earnings and cash flow. The portfolio companies' ability to maintain and continuously strengthen these positions is absolutely vital for continued competitive value creation. I would therefore like to say a few words about the companies' work in 2025.

“The portfolio companies delivered fine operational performance and good overall financial development, despite a challenging environment”

Despite the more challenging market conditions, with lower volumes in 2025, Volvo maintained good profitability. This was due to high flexibility and ongoing adaptation of its operations, combined with strict cost control and a growing service business. On this basis, Volvo was able to successfully manage economic fluctuations and a slower pace of transition in its truck operations. The company holds a leading position in zero-emission solutions, balancing its ambitions with customer needs and the speed of society's transition in order to advance the industry while delivering long-term value for customers and shareholders. Volvo is spearheading development in a range of business areas. For example, the company participates in several collaborative projects with other truck manufacturers, and a joint venture was established in 2025 to create a new industry standard in software-defined vehicle platforms. During the year Volvo announced a series of strategic initiatives relating to construction equipment: refocusing its presence in China and divesting its stake in Chinese company SDLG; announcing strategic investments in crawler excavator production in South Korea, North America and Sweden; and announcing the acquisition of Swecon, a construction machinery supplier. Volvo Group posted good profitability with a continued strong financial position.

During 2025 Sandvik continued to execute its strategy. It capitalized on its leading positions and resiliency, particularly in countering tariffs and currency effects. Demand remained strong in the mining industry, with growth in order intake laying a solid foundation for future development of the after-market business. During the year Sandvik also received its largest order to date for battery-powered equipment. Within the cutting tools business, underlying demand in the manufacturing industry remained subdued in Europe and North America but developed positively in Asia. The company was also strengthened by additional acquisitions in industrial metrology and digital manufacturing. Digital initiatives in the mining and manufacturing industries continued to develop well. Overall, 2025 was a year of fluctuating demand in Sandvik's various customer segments alongside a convergence of challenging global factors. Despite this, the company reported good revenue development, a resilient margin, strong cash flow and a strengthened financial position.

Handelsbanken showed a stable development in 2025. Efficiency initiatives in recent years have successfully aligned business support functions more closely with business generation, strengthened competitiveness and reduced cost levels. The bank reported continued good net inflows to the bank's funds, and lending as well as deposit volumes were on a par with the previous year. During the year Handelsbanken was once again recognized as a leading bank in a number of independent rankings, and customer satisfaction exceeded the industry average in all of its home markets. This is an indication that the bank's decentralized, customer-oriented business model with local presence is appreciated by customers. Handelsbanken has a strong financial position, which gives it scope to act in all market situations and grow its business in line with customer needs. Handelsbanken's good credit quality is reflected in the fact that it has reported net reversals of credit losses. For full-year 2025, the cost/income ratio increased slightly and earnings

decreased compared with the previous year. The bank's strong financial position enables good capital distribution, and the board proposed an increased ordinary and an extraordinary dividend to shareholders.

Essity implemented a number of major changes during the year to respond to the continued challenging market situation while at the same time improving conditions for accelerated growth. Among other things, the company announced a major organizational and management change, focused on decentralized decision-making and greater overall responsibility for each product category, as well as a cost-saving program. Essity also announced the acquisition of an American feminine care business with a range of market-leading brands, in line with Essity's strategy to grow in the most profitable categories in attractive markets. Overall, Essity delivered stable earnings for the full year, with a higher margin, stable cash flow and a strong financial position. Growth was strong in several strategic product segments. Ulrika Kolsrud, who has many years' experience in the company, took over as CEO in June 2025.

SCA, like the forest industry in general, was affected in 2025 by a challenging market for forest industry products, with weak underlying demand and low price levels, while raw material costs remained high. SCA's performance was solid given the market conditions. The company has a well-invested production structure with good delivery quality and a high degree of self-sufficiency in key areas such as wood raw material, energy and logistics. The company has made capacity investments in recent years that are expected to steadily increase production volumes and strengthen cash flow generation over time. At year-end 2025 the company reported net sales on a par with last year, with lower operating profit.

Skanska delivered good development in 2025, driven by strong earnings in the construction business stream and a robust financial position. Margins improved in all of the construction business' main geographic areas. Market conditions for the property development business, while still challenging, showed gradual improvement, and Skanska continued to develop its attractive projects portfolio. The company's investment properties business stream posted stable earnings. Skanska's diversification across multiple geographies and segments, along with the company's presence throughout the value chain, has created resilience in a challenging environment. Following strong earnings growth in recent years, Skanska increased its operating margin target during the year for the construction operations, its largest business stream by revenue. Overall, Skanska showed an increase in earnings in 2025, with the construction business posting its highest-ever earnings with a margin exceeding the new margin target.

In 2025 *Ericsson* maintained focus on implementing its strategic plan, with operational improvements in recent years resulting in a marked increase in margins along with a stronger cash flow and financial position. Several agreements and partnerships were signed during the year, including for 5G expansion, with partners in India, Japan and the UK. The company also consolidated its leadership in 5G solutions, which now integrate AI-based software architecture. The sale of *iconnectiv*, a US subsidiary, was completed.

“Our specific focus during the year has been on evaluating the long-term trends and structural shifts that will, in time, change the playing field for globally active companies”

The overall increase in operating profit and margins resulted in good cash flow. Given Ericsson's strong financial position, its board will be proposing a share buyback program in addition to the ordinary dividend.

For *Alleima*, 2025 was characterized by a volatile market situation with a high degree of uncertainty and customer caution in the project-related areas of the business, particularly in Europe. Underlying profitability and cash flow were resilient, however, thanks to the diversified product portfolio, continued growth in attractive customer segments such as medical technology, and measures to achieve a permanent reduction in costs. The company has also maintained good investment levels in attractive customer segments, which is expected to further strengthen its long-term profit generation capacity. For full-year 2025, *Alleima* reported lower earnings due to, among things, a weaker market and currency headwinds. The company continues to have a strong financial position.

It is gratifying to note that Industrivärden reported good net asset value growth in 2025, which contributed to our goal of generating attractive long-term returns at balanced risk. I am confident that the demonstrated capacity and excellent development opportunities of our portfolio companies, together with Industrivärden's ownership involvement, creates good opportunities for continued competitive value creation over time. Last but not least, I would like to thank my colleagues and our portfolio companies for their excellent efforts during the past year.

Stockholm, February 2026
Helena Stjernholm