

# Interim Report

January 1 – September 30, 2022

- Net asset value on September 30, 2022, was SEK 107.5 billion, or SEK 249 per share, a decrease during the year's first nine months of SEK 83 per share. Including reinvested dividend, net asset value decreased by 23%.
- The total return for the first nine months of 2022 was -20% for the Class A shares and -19% for the Class C shares, compared with -31% for the Stockholm Stock Exchange's total return index (SIXRX).
- During August 2022, Alleima became a new portfolio holding due to Sandvik's distribution of the company to the shareholders.
- During the first nine months of the year, shares were purchased for a total of SEK 2.9 billion, of which in Volvo for SEK 1.0 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.

	<b>2022</b>	2021	2021
	<b>September 30</b>	September 30	December 31
Net asset value, SEK M	107,466	128,577	143,455
Net asset value per share, SEK	249	295	332
Share price Industrivärden C, SEK	223.30	272.00	284.10
Debt-equities ratio, %	6%	4%	4%

	<b>2022</b>	2021	2021
	<b>Jan - Sept</b>	Jan - Sept	Jan - Dec
SEK M			
Earnings per share, SEK	-76.17	25.17	61.57
Dividend income	5,479	7,159	8,081
Dividend paid	2,915	3,590	3,590
<i>Equities portfolio:</i>			
Purchases	2,915	3,524	4,263
Sales	-	2,004	2,004

# CEO's message

The first nine months of the year were characterized by dramatic changes on both the macroeconomic and geopolitical level. Sharply rising inflation has prompted central banks to raise key interest rates and cut back on stimulus measures. The geopolitical situation in the world and Europe's energy crisis create significant challenges. Demand remains good in several sectors, but supply is being constrained by a shortage of labor and supply chain disruptions, which continue to create imbalances. However, inflation-fighting measures are expected to lead to a dampening of demand in pace with decreases in purchasing power among consumers. Various measurements, such as consumer confidence, show that households have a very pessimistic outlook, which in many cases is at record-low levels. Owing to these deteriorated conditions on the whole, global GDP forecasts have continually been adjusted downward. In other words, the situation looks entirely different than at the start of the year.

The challenging macroeconomic development during the first nine months of the year has been reflected in a very weak and volatile stock market, where the Stockholm Stock Exchange's total return decreased by a full 31%. Industrivärden's net asset value decreased by 23%, including reinvested dividend, to SEK 107.5 billion.

During the third quarter, Industrivärden's equities portfolio was expanded with the newly introduced listed company Alleima. The company derives from Sandvik Materials Technology and has leading positions in advanced stainless steels, special alloys and industrial heating products. I am convinced that the completed separation strengthens both Sandvik's and Alleima's development opportunities over time. Following the listing we have purchased additional shares in Alleima for approximately SEK 700 million, and our share of ownership is 20%. During the third quarter we also made investments in Sandvik and Handelsbanken for a combined total of approximately SEK 400 million.

For several years Industrivärden's portfolio companies have made a determined effort to create operational flexibility and financial strength. In a time of significant uncertainty, this is now serving them well, as it gives them favorable conditions to handle weaker markets, but also to take advantage of opportunities as they arise.

*Helena Stjernholm*  
Chief Executive Officer

## Long-term value creation at balanced risk

Industrivärden is a listed investment company that contributes to long-term development and value creation in its portfolio companies through active ownership.

Operations are based on a concentrated portfolio of quality companies with strong market positions and good value potential.

Industrivärden's active ownership is based on strong positions of influence, long-term perspective, and extensive knowledge. Industrivärden thereby contributes to a sustainable perspective, delivering a long-term, attractive return at balanced risk.



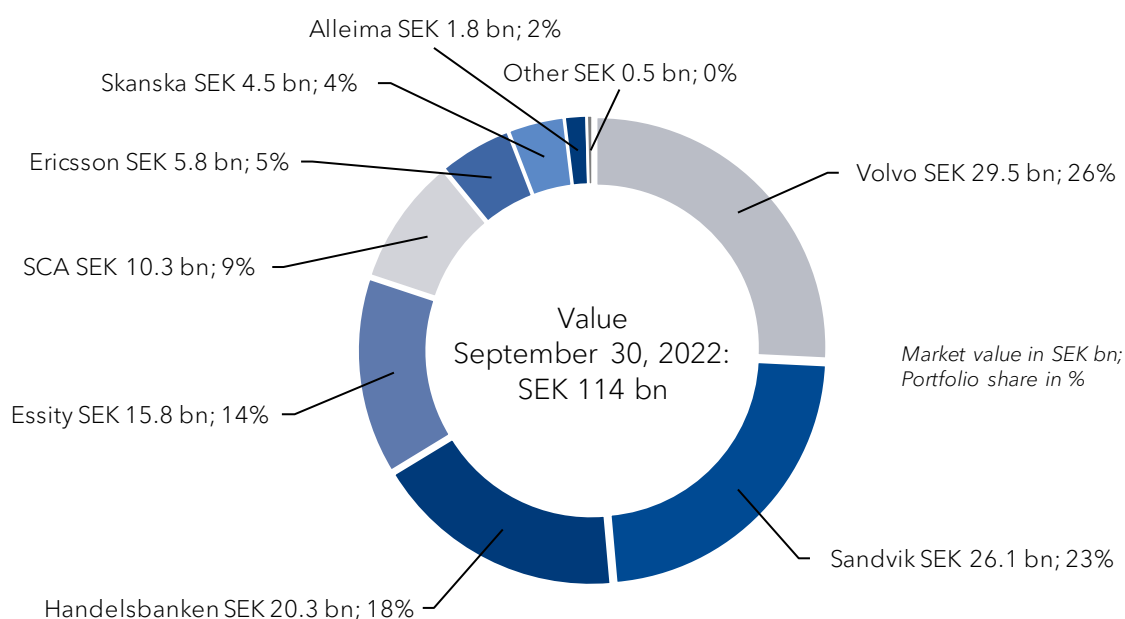
# The period in brief

During the first nine months of 2022 the value of the equities portfolio decreased by SEK 38.4 billion, adjusted for purchases and sales. On September 30, 2022, the market value of the equities portfolio was SEK 114.5 billion, or SEK 265 per share.

During the period January 1 until September 30, 2022, shares in portfolio companies were purchased for a total of SEK 2,915 M, of which in Volvo for SEK 1,043 M, in Alleima for SEK 676 M, in Sandvik for SEK 467 M, in Handelsbanken for SEK 357 M, in Essity for SEK 199 M and in Skanska for SEK 174 M. During the first nine months of the year, dividend income from the equities portfolio amounted to SEK 5,479 M.

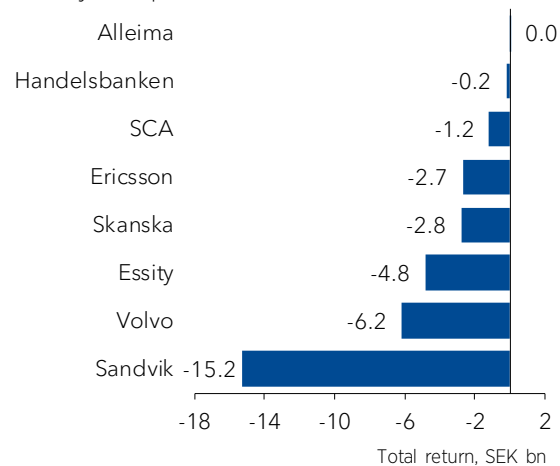
The equities portfolio has, like the Stockholm Stock Exchange as a whole, developed negatively during the period. The performance of the respective portfolio companies in the equities portfolio is shown in the contribution analysis below.

Composition of equities portfolio



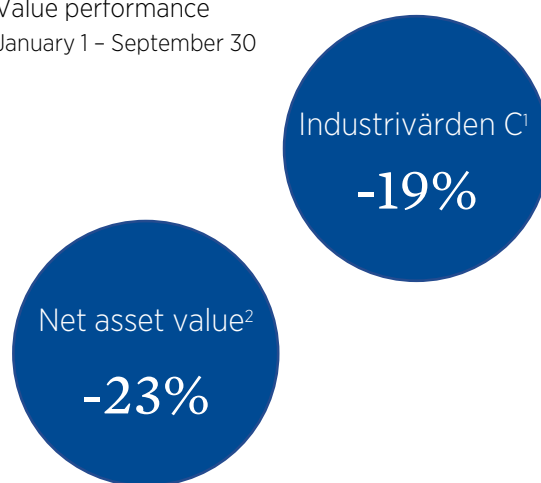
## Contribution analysis

January 1 – September 30



## Value performance

January 1 – September 30



1) Total return  
2) Including reinvested dividend

# Financial overview

For balance sheet items, the figures in parentheses pertain to the value on December 31, 2021. For income statement and cash flow items, the figures in parentheses pertain to the value for the corresponding period in the preceding year.

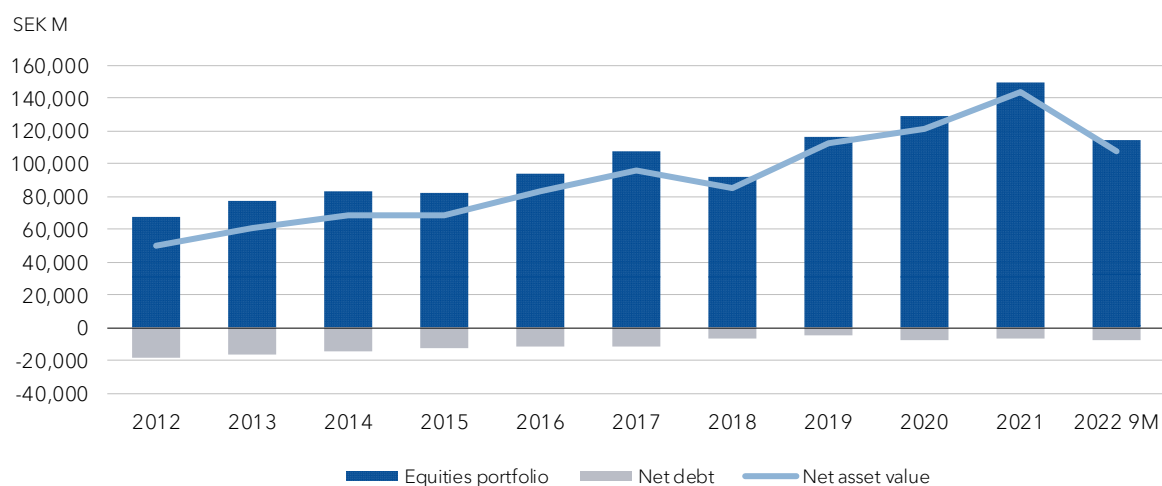
## Net asset value

The net asset value consists of the market value of the equities portfolio less net debt. On September 30, 2022, the net asset value was SEK 107.5 billion (143.5), or SEK 249 per share (332), a decrease of SEK 83 per share during the first nine months. Including reinvested dividend, net asset value decreased by 23%.

Holdings	September 30, 2022					
	No. of shares	Share of ownership, %		Market value		Share of value
		Capital	Votes	SEK M	SEK/share	%
Volvo A	166,600,000	8.8	27.8	27,456	68	26
Volvo B	13,100,000			2,071		
Sandvik	171,200,000	13.6	13.6	26,117	60	23
Handelsbanken A	221,200,000	11.2	11.4	20,266	47	18
Essity A	33,257,000			7,317		
Essity B	38,400,000	10.2	29.6	8,479	37	14
SCA A	33,785,290			4,818		
SCA B	38,300,000	10.3	29.3	5,439	24	9
Ericsson A	86,052,615			5,766		
Ericsson B	1,000,000	2.6	15.1	65	14	5
Skanska A	12,667,500			1,767		
Skanska B	19,500,000	7.7	24.5	2,720	10	4
Alleima	50,300,000	20.0	20.0	1,750	4	2
Other				469	1	0
<b>Equities portfolio</b>				<b>114,499</b>	<b>265</b>	<b>100</b>
<b>Net debt</b>				<b>-7,033</b>	<b>-16</b>	
<b>Net asset value</b>				<b>107,466</b>	<b>249</b>	
<b>Debt-equities ratio</b>				<b>6%</b>		

During the last ten-year period, net asset value has increased from SEK 46.8 billion on September 30, 2012, to SEK 107.5 billion on September 30, 2022, corresponding to an average annual growth of 10% including reinvested dividend. The chart below illustrates net asset value for the respective years as well as for the period ending on September 30, 2022.

Net asset value over time



Average annual growth of the net asset value and of the Stockholm Stock Exchange's total index (SIXRX) is shown in the table below.

Average annual growth for respective periods

	September 30, 2022	
	Net asset value*	Total return Index (SIXRX)
2022, 9 months	-23%	-31%
1 year	-14%	-22%
3 years	4%	7%
5 years	4%	7%
7 years	9%	9%
10 years	10%	11%

\* Including reinvested dividend

### Performance of equities portfolio

During the first nine months of 2022, the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 38,371 M, or 26%. Net purchases amounted to SEK 2,915 M.

Change in value, purchases and sales, dividend income

SEK M	September 30, 2022	January - September 2022		
Holdings	Market value	Change in value	Purchase (+) / sales (-)	Dividend
Volvo	29,527	-8,529	1,043	2,317
Sandvik*	26,117	-16,185	467	801
Handelsbanken	20,266	-1,346	357	1,096
Essity	15,795	-5,355	199	502
SCA	10,256	-1,353	-	234
Ericsson	5,831	-2,891	-	218
Skanska	4,487	-2,986	174	312
Alleima*	1,750	296	676	-
Other	469	-22	-	-
<b>Total</b>	<b>114,499</b>	<b>-38,371</b>	<b>2,915</b>	<b>5,479</b>

\* Change in value adjusted for shares received in Alleima, for further information see Accounting principles.

### Dividends received

During the first nine months of 2022, dividend income from the holdings amounted to a total of SEK 5,479 M (7,159). Dividend payments received during the first nine months amounted to SEK 5,370 M. Dividends decided on for which payment has not yet been received are recognized as receivables on the balance sheet after the right to receive dividend has been determined.

### Investment activities

On April 27, 2022, the Annual General Meeting in Sandvik decided to distribute all shares in the wholly owned subsidiary Alleima (former Sandvik Materials Technology) to Sandvik's shareholders. The distribution of shares in Alleima was carried out in line with the Swedish Lex Asea rules, which means that the distribution is tax exempt. Five shares in Sandvik entitled to one share in Alleima. Through the distribution in kind Industrivärden received 34,239,999 shares in Alleima, corresponding to 13.6% of the capital and the number of votes. The first day of trading in Alleima was on August 31, 2022.

During the first nine months, shares were purchased for a total of SEK 2,915 M (3,524), of which in Volvo B for SEK 1,043 M, in Alleima for SEK 676 M, in Sandvik for SEK 467 M, in Handelsbanken A for SEK 357 M, in Essity B for SEK 199 M and in Skanska B for SEK 174 M.

## Management cost

During the first nine months of 2022, the management cost amounted to SEK 96 M (98), which on a yearly basis corresponds to 0.11% (0.10%) of the equities portfolio's value on September 30, 2022.

## Financing

The net debt amounted to SEK 7,033 M (6,500) on September 30, 2022, corresponding to a debt-equities ratio of 6% (4%).

The debt portfolio consists primarily of MTN loans and commercial paper. The average tenor of the debt portfolio was 30 months as per September 30, 2022. During the first quarter of the year, two new bonds of SEK 0.5 billion and SEK 1.0 billion were issued, with tenors of two and a half year and five years, respectively. Furthermore, two new bonds of SEK 0.5 billion each were issued during the third quarter, 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.

Net debt

SEK M	2022 September 30	2021 September 30	2021 December 31
Non-current financial liabilities	6,500	5,504	5,504
Current financial liabilities	1,634	1,683	1,720
Provisions for pensions	0	22	14
Current financial receivables	-146	-129	-41
Cash and cash equivalents	-955	-1,350	-697
<b>Total</b>	<b>7,033</b>	<b>5,730</b>	<b>6,500</b>

## Credit rating

S&P Global Ratings has assigned Industrivärden a credit rating of A+/Stable/A-1. The rating was confirmed on April 4, 2022.

## Shareholders' equity

The Group's shareholders' equity at the end of the period was SEK 107,269 M (143,079), corresponding to an equity ratio of 93% (95%).

## Share structure

At the 2011 Annual General Meeting a share conversion clause was added to the Articles of Association. Shareholders have the right at any time to request conversion of Class A shares to Class C shares. During the first nine months of 2022, 2,212 shares were converted.

Share structure on September 30, 2022

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	260,793,652	260,793,652	60.4	93.8
C (1/10 vote)	171,105,456	17,110,545	39.6	6.2
<b>Total</b>	<b>431,899,108</b>	<b>277,904,197</b>	<b>100.0</b>	<b>100.0</b>

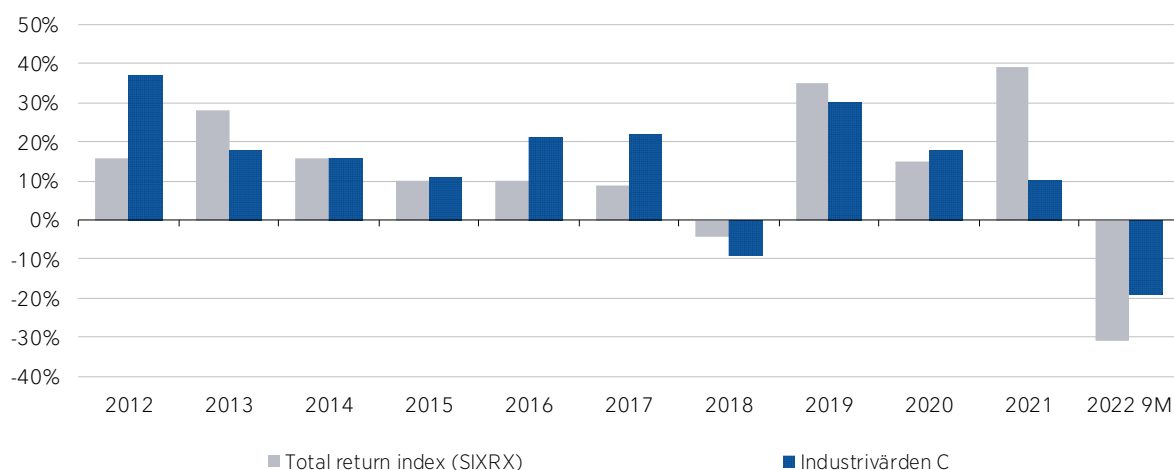
# Industrivärden's stock

## Stock performance

The price of Industrivärden's Class A and Class C shares on September 30, 2022, was SEK 225.70 and SEK 223.30, respectively. On December 31, 2021, the shares had corresponding prices of SEK 288.40 and SEK 284.10, respectively.

The total return for the first nine months of 2022 was -20% for the Class A shares and -19% for the Class C shares.

Total return for respective years



During the last five- respectively ten-year period, the total return for the Class C shares was 4% and 12% per year, respectively. The total return for Industrivärden's stock compared with the total return index (SIXRX) is shown in the table below.

Average annual growth in value for respective periods

	September 30, 2022	
	Total return	
	Industrivärden C	Index (SIXRX)
2022, 9 months	-19%	-31%
1 year	-16%	-22%
3 years	3%	7%
5 years	4%	7%
7 years	9%	9%
10 years	12%	11%

# Other

## **Implications from Russia's invasion of Ukraine**

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

## **Change in management team**

Industrivärden's Chief Financial Officer Jan Öhman announced in August 2022 that he leaves his position. He will remain in his role until February 2023 and the recruitment of a successor is ongoing.

## **Events after the balance sheet date**

No significant events have taken place after September 30, 2022.

*This interim report has not been subject to review by the Company's auditors.*



# Financial statements

## Group, condensed

### Income statement

SEK M	2022	2021	2022	2021	2021
	July - Sept	July - Sept	Jan - Sept	Jan - Sept	Jan - Dec
Dividend income	109	87	5,479	7,159	8,081
Change in value of shares, etc.	-6,225	-6,856	-38,291	3,902	18,774
Management cost	-26	-28	-96	-98	-127
<b>Operating income</b>	<b>-6,142</b>	<b>-6,797</b>	<b>-32,908</b>	<b>10,963</b>	<b>26,728</b>
Financial items	-24	-14	-54	-40	-53
<b>Income after financial items</b>	<b>-6,166</b>	<b>-6,811</b>	<b>-32,962</b>	<b>10,923</b>	<b>26,675</b>
Tax	1	21	64	-53	-81
<b>Net income for the period</b>	<b>-6,165</b>	<b>-6,790</b>	<b>-32,898</b>	<b>10,870</b>	<b>26,594</b>
Earnings per share (no dilution exists), SEK	-14.27	-15.72	-76.17	25.17	61.57

### Statement of comprehensive income

SEK M	2022	2021	2022	2021	2021
	July - Sept	July - Sept	Jan - Sept	Jan - Sept	Jan - Dec
Net income for the period	-6,165	-6,790	-32,898	10,870	26,594
<i>Items that are not to be reclassified in the inc. statement:</i>					
Actuarial gains and losses on pensions	-	-	-	-	18
<b>Comprehensive income for the period</b>	<b>-6,165</b>	<b>-6,790</b>	<b>-32,898</b>	<b>10,870</b>	<b>26,612</b>

### Balance sheet

SEK M	2022	2021	2021
	Sept 30	Sept 30	Dec 31
Tangible fixed assets	15	18	18
Equities	114,499	134,307	149,955
Total non-current assets	114,514	134,325	149,973
Current financial receivables	146	129	41
Other current receivables	88	34	41
Cash and cash equivalents	955	1,350	697
Total current assets	1,189	1,513	779
<b>Total assets</b>	<b>115,703</b>	<b>135,838</b>	<b>150,752</b>
Shareholders' equity	107,269	128,258	143,079
Non-current financial liabilities	6,500	5,504	5,504
Provisions for pensions	0	22	14
Deferred tax liability	84	136	164
Other non-current liabilities	22	66	103
Total non-current liabilities	6,606	5,728	5,785
Current financial liabilities	1,634	1,683	1,720
Other current liabilities	194	169	168
Total current liabilities	1,828	1,852	1,888
<b>Total shareholders' equity and liabilities</b>	<b>115,703</b>	<b>135,838</b>	<b>150,752</b>

## Group, condensed (cont.)

### Change in shareholders' equity

SEK M	2022	2021	2021
	Jan - Sept	Jan - Sept	Jan - Dec
Opening shareholders' equity as per balance sheet	143,079	120,976	120,976
Net income for the period	-32,898	10,870	26,594
Other comprehensive income	-	-	18
Transaction in own shares	-	-	-922
Cancelation of shares	-	-	0
Bond issue	-	-	0
Dividend to shareholders	-2,915	-3,590	-3,590
Share savings program	3	2	3
<b>Closing shareholders' equity as per balance sheet</b>	<b>107,269</b>	<b>128,258</b>	<b>143,079</b>

### Cash flow

SEK M	2022	2021	2021
	Jan - Sept	Jan - Sept	Jan - Dec
Dividend received	5,370	7,072	7,159
Management cost paid	-103	-103	-137
Other	-91	-30	-34
<b>Cash flow from operating activities</b>	<b>5,176</b>	<b>6,939</b>	<b>6,988</b>
Purchases of shares	-2,915	-3,524	-4,263
Sales of shares	-	2,004	2,004
<b>Cash flow from investing activities</b>	<b>-2,915</b>	<b>-1,520</b>	<b>-2,258</b>
Loans raised	2,498	2,489	2,489
Amortization of debt	-1,586	-3,093	-3,056
Change in financial investments	-	125	125
Dividend paid	-2,915	-3,590	-3,590
<b>Cash flow from financing activities</b>	<b>-2,003</b>	<b>-4,069</b>	<b>-4,033</b>
Cash flow for the period	258	1,350	697
<b>Cash and cash equivalents at end of period</b>	<b>955</b>	<b>1,350</b>	<b>697</b>

## Parent Company, condensed

### Income statement

SEK M	2022	2021	2021
	Jan - Sept	Jan - Sept	Jan - Dec
Operating income	-26,356	6,273	17,547
Income after financial items	-26,415	6,235	17,495
<b>Income for the period</b>	<b>-26,415</b>	<b>6,235</b>	<b>17,495</b>
<b>Comprehensive income for the period</b>	<b>-26,415</b>	<b>6,235</b>	<b>17,513</b>

### Balance sheet

SEK M	2022	2021	2021
	Sept 30	Sept 30	Dec 31
Non-current assets	68,284	83,946	95,831
Current assets	338	120	41
<b>Total assets</b>	<b>68,622</b>	<b>84,066</b>	<b>95,872</b>
Shareholders' equity	58,643	76,691	87,970
Non-current liabilities	6,522	5,592	5,621
Current liabilities	3,457	1,783	2,281
<b>Total shareholders' equity and liabilities</b>	<b>68,622</b>	<b>84,066</b>	<b>95,872</b>

# Notes

## Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting. Disclosures in accordance with IAS 34.16A are provided – in addition to the financial statements and their accompanying notes – also in other parts of the interim report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and the Swedish Annual Accounts Act. The Parent Company financial statements have been prepared in accordance with RFR 2 – Accounting for Legal Entities, and the Annual Accounts Act. New or revised IFRSs and interpretations from the IFRS Interpretations Committee (IFRIC) have not had any material effect on the Group’s or Parent Company’s result of operations or position.

Received shares in Alleima have been accounted for in the income statement under *Change in value of shares, etc.* as a revenue and a corresponding cost relating to the negative change in value of Sandvik has been accounted for on the same line.

For the accounting policies applied with respect to the distribution in kind received from Handelsbanken in 2021, see Notes 1, 2 and 16 in the 2021 Annual Report.

## Note 2 Financial instruments

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 is directly or indirectly observable in the market. Input data used in the valuation model in Level 2 includes interest rates, volatility, and dividend estimates. Instruments in Level 3 are valued using a valuation technique based on input data that is 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. No changes between the levels have taken place compared with the preceding year.

SEK M	September 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Assets</i>								
Equities	114,030	-	469	114,499	149,464	-	491	149,955
<b>Total assets</b>	<b>114,030</b>	<b>-</b>	<b>469</b>	<b>114,499</b>	<b>149,464</b>	<b>-</b>	<b>491</b>	<b>149,955</b>
<i>Liabilities</i>								
Derivatives, etc.	-	25	-	25	-	103	-	103
<b>Total liabilities</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>103</b>

## Note 3 Risks and uncertainties

The most significant risk in Industrivärden’s operations is share price risk, i.e., the risk of a change in value due to changes in share prices. A change of 1% in the prices of the holdings in the equities portfolio on September 30, 2022, would have affected the portfolio’s market value by approximately +/- SEK 1,100 M. Further information on risks and uncertainties is provided in the 2021 Annual Report.

## Note 4 Related-party transactions

No significant transactions with related parties were made during the period.

# Definitions and alternative performance measures

This report includes financial key ratios that are based on IFRS. In addition, other Alternative Performance Measures (APMs) 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.

## **Market value of equities portfolio**

The value of the equities portfolio based on the companies' share prices on the balance sheet date.

## **Net debt**

Financial liabilities and provisions for pensions less financial receivables and cash and cash equivalents.

## **Earnings per share**

Net income for the year divided by the total number of shares outstanding.

## **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.

## **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, shares**

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

## **Total return, shareholding**

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

## **Total return, Sandvik and Alleima**

The total returns for Sandvik and Alleima have been calculated as the respective companies share of the original company Sandvik's total return before the split (based on share of value at the time of the split) and thereafter based on the value performance of 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 of shares**

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 acquired 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.

# Information

## Financial calendar

Year-end report: February 3, 2023  
Annual report 2022: March 9, 2023  
Interim report January – March: April 5, 2023  
Annual General Meeting: April 17, 2023  
in Stockholm  
Interim report January – June: July 6, 2023  
Interim report January – September:  
October 6, 2023

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## Ticker codes, Class C shares

INDUC:SS in Bloomberg  
INDUc.ST in Reuters  
INDU C in Nasdaq Stockholm

## Further information

Further information, including interim reports, annual reports and press releases, is available on Industrivärden's website: [www.industrivarden.net](http://www.industrivarden.net).

*This report is a translation of the Swedish original.*

## Publication

This information is such that AB Industrivärden is required to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the named Head of Corporate Communications and Sustainability, at 10 a.m. CEST on October 6, 2022.

