

Year-End Report

January 1 – December 31, 2022

- Net asset value on December 31, 2022, was SEK 126.5 billion, or SEK 293 per share, a decrease during the year of SEK 39 per share. Including reinvested dividend, net asset value decreased by 10%. On February 2, 2023, net asset value was SEK 329 per share.
- The total return for 2022 was -10% for the Class A shares and -9% for the Class C shares, compared with -23% 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 2022, shares were purchased for a total of SEK 3.2 billion, of which 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.
- The Board of Directors proposes a dividend of SEK 7.25 per share (6.75).

	2022	2021
	December 31	December 31
Net asset value, SEK M	126,477	143,455
Net asset value per share, SEK	293	332
Share price Industrivärden C, SEK	253.00	284.10
Debt-equities ratio, %	5%	4%

	2022	2021
	Jan - Dec	Jan - Dec
SEK M		
Earnings per share, SEK	-32.34	61.57
Dividend income	5,479	8,081
Dividend paid	2,915	3,590
<i>Equities portfolio:</i>		
Purchases	3,184	4,263
Sales	-	2,004

CEO's message

The full year 2022 was characterized by dramatic changes in the world that affected macroeconomic development. Geopolitical concerns, the war in Ukraine, the pandemic's continued impact on certain regions and the energy crisis in Europe presented significant challenges. At the same time, demand was favorable in several sectors, even though supply was limited by a shortage of labor and disruptions in certain supply chains. Overall these factors in the business environment resulted in sharply rising inflation, which in turn prompted central banks to raise their key interest rates and cut back on stimulus measures. As a result of this development, global GDP growth fell sharply in 2022.

Development in 2022 was reflected in a very weak and volatile stock market, where the total return for the Stockholm Stock Exchange decreased by 23%. A sector rotation can also 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 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 same time that companies must have focus and resilience to achieve their long-term strategic objectives. Industrivärden's portfolio companies, with proven business models and strong market positions, have been making a determined effort for some time to create operational flexibility and financial strength. Together these are qualities that reduce the portfolio companies' risks and increase their value potential over time.

The dividend policy prescribes that Industrivärden is to generate a positive cash flow, which enables good investment capacity and a strong financial position. With this as a foundation we aim to continually increase the financial return from our active ownership and are therefore making continuous investments in the portfolio companies. During 2022, SEK 3.2 billion was invested in the portfolio companies. Among other things we increased our ownership to 20% in the newly listed portfolio company Alleima, which was distributed from Sandvik during the year.

Industrivärden's distinguished portfolio companies combined with our long-term ownership involvement forms the foundation for good value potential at balanced risk.

Helena Stjernholm
Chief Executive Officer

Long-term value creation at balanced risk

Industrivärden is a listed holding 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.



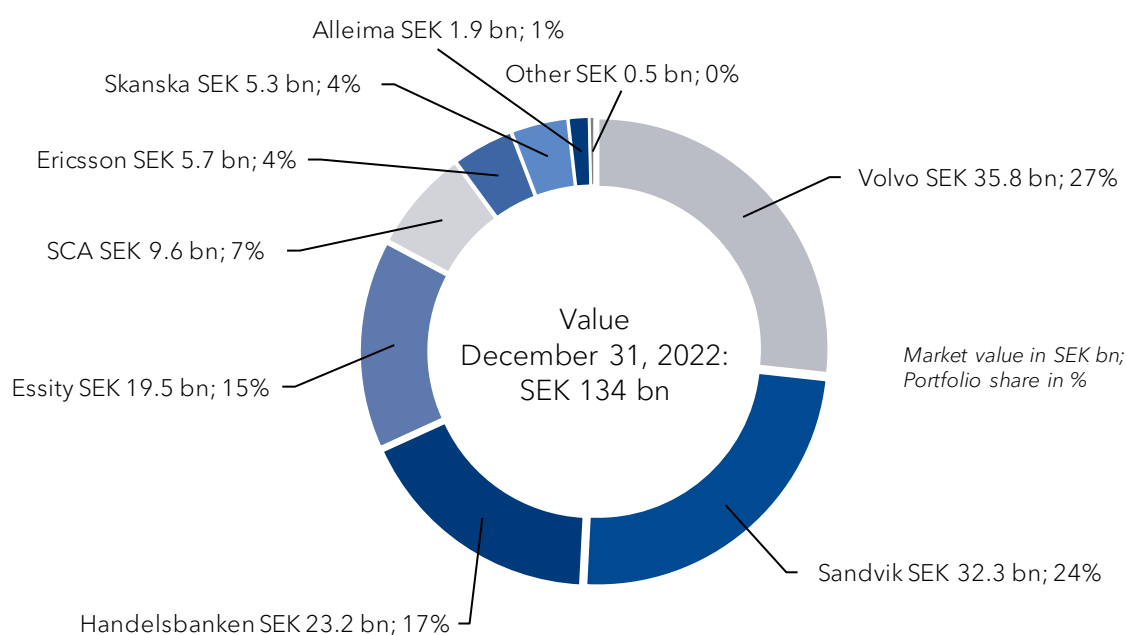
The period in brief

On December 31, 2022, the market value of the equities portfolio was SEK 133.8 billion, or SEK 310 per share. The equities portfolio decreased by SEK 19.3 billion during 2022, adjusted for purchases and sales.

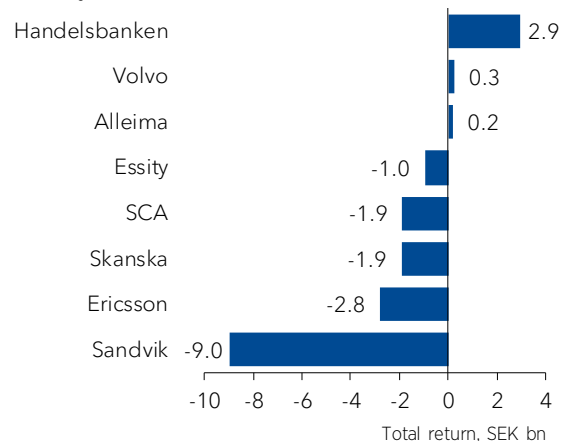
During the year, shares in portfolio companies were purchased for a total of SEK 3,184 M, of which in Volvo for SEK 1,312 M, in Alleima for SEK 676 M, in Sandvik for SEK 467 M, in Handelsbanken for SEK 357 M, in Essity for SEK 199 M and in Skanska for SEK 174 M. Dividend income from the equities portfolio amounted to SEK 5,479 M during 2022.

The equities portfolio showed a better total return than Stockholm Stock Exchange's total return index (SIXRX) during the period. The performance of the respective portfolio companies in the equities portfolio is shown in the contribution analysis below.

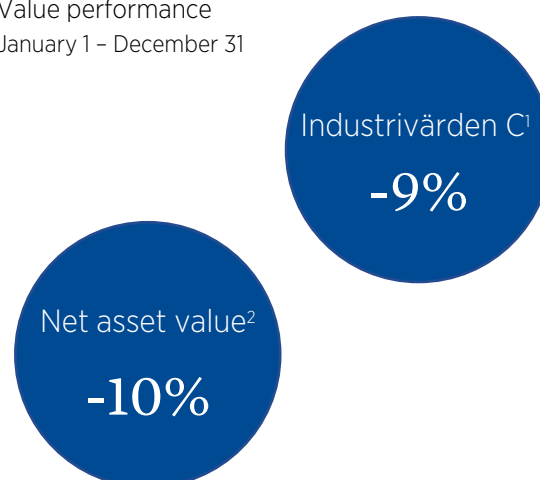
Composition of equities portfolio



Contribution analysis
January 1 – December 31



Value performance
January 1 – December 31



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.

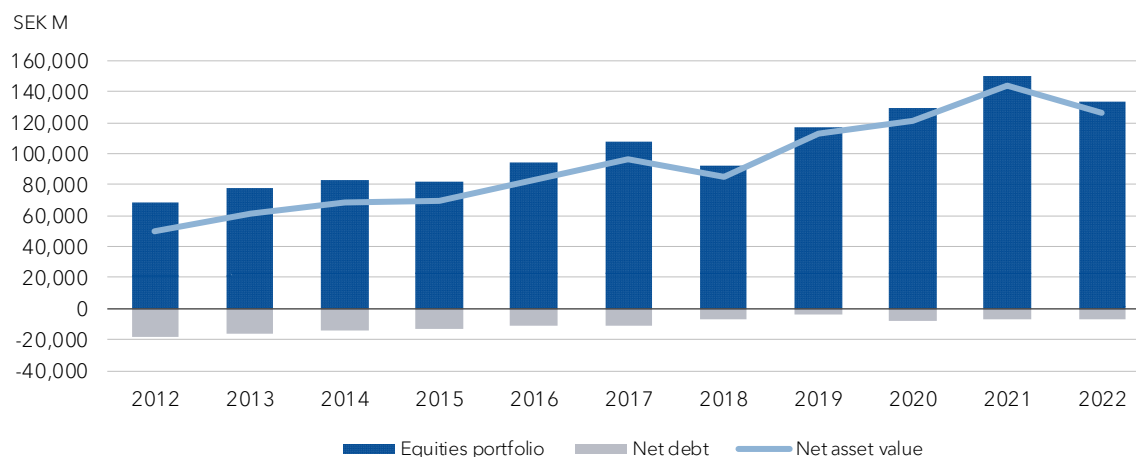
Net asset value

The net asset value consists of the market value of the equities portfolio less net debt. On December 31, 2022, the net asset value was SEK 126.5 billion (143.5), or SEK 293 per share (332), a decrease of SEK 39 per share during the year. Including reinvested dividend, net asset value decreased by 10%. On February 2, 2023, net asset value was SEK 329 per share.

	December 31, 2022					
	No. of shares	Share of ownership, %		Market value		Share of value
		Capital	Votes	SEK M	SEK/share	%
Volvo A	166,600,000	8.9	27.8	33,003	83	27
Volvo B	14,600,000			2,752		
Sandvik	171,200,000	13.6	13.6	32,254	75	24
Handelsbanken A	221,200,000	11.2	11.4	23,248	54	17
Essity A	33,257,000	10.2	29.6	9,046	45	15
Essity B	38,400,000			10,495		
SCA A	33,785,290	10.3	29.3	4,507	22	7
SCA B	38,300,000			5,054		
Ericsson A	86,052,615	2.6	15.1	5,679	13	4
Ericsson B	1,000,000			61		
Skanska A	12,667,500	7.7	24.5	2,090	12	4
Skanska B	19,500,000			3,218		
Alleima	50,300,000	20.0	20.0	1,933	4	1
Other				493	1	0
Equities portfolio				133,832	310	100
Net debt				-7,355	-17	
Net asset value				126,477	293	
Debt-equities ratio				5%		

During the last ten-year period, net asset value has increased from SEK 49.8 billion on December 31, 2012, to SEK 126.5 billion on December 31, 2022, corresponding to an average annual growth of 11% including reinvested dividend. The chart below illustrates net asset value at the end of the respective years.

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

	December 31, 2022	
	Net asset value*	Total return Index (SIXRX)
1 year	-10%	-23%
3 years	6%	7%
5 years	8%	10%
7 years	11%	10%
10 years	11%	12%

* Including reinvested dividend

Performance of equities portfolio

During 2022, the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 19,307 M, or 13%.

Change in value, purchases and sales, dividend income

SEK M	December 31, 2022	January - December 2022		
Portfolio companies	Market value	Change in value	Purchase (+) / sales (-)	Dividend
Volvo	35,755	-2,570	1,312	2,317
Sandvik*	32,254	-10,047	467	801
Handelsbanken	23,248	1,636	357	1,096
Essity	19,541	-1,609	199	502
SCA	9,561	-2,049	-	234
Ericsson	5,740	-2,982	-	218
Skanska	5,308	-2,166	174	312
Alleima*	1,933	478	676	-
Other	493	2	-	-
Total	133,832	-19,307	3,184	5,479

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

Dividends received

During 2022, dividend income from the portfolio companies amounted to a total of SEK 5,479 M (8,081).

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 2022, shares were purchased for a total of SEK 3,184 M (4,263), of which in Volvo B for SEK 1,312 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.

Board of Directors' dividend proposal 2023

The Board of Directors' proposes a dividend of SEK 7.25 per share (6.75) for the 2022 financial year, with April 19, 2023, as the record date. In total, the proposed dividend amounts to SEK 3,131 M.

Management cost

During 2022, the management cost amounted to SEK 120 M (127), which on a yearly basis corresponds to 0.09% (0.08%) of the equities portfolio's value on December 31, 2022.

Financing

The net debt amounted to SEK 7,355 M (6,500) on December 31, 2022, corresponding to a debt-equities ratio of 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 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 December 31	2021 December 31
Non-current financial liabilities	6,500	5,504
Current financial liabilities	1,682	1,720
Provisions for pensions	4	14
Current financial receivables	-36	-41
Cash and cash equivalents	-795	-697
Total	7,355	6,500

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 126,180 M (143,079), corresponding to an equity ratio of 94% (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 2022, 52,339 shares were converted.

Share structure on December 31, 2022

Share class	No. of shares	No. of 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	100.0	100.0

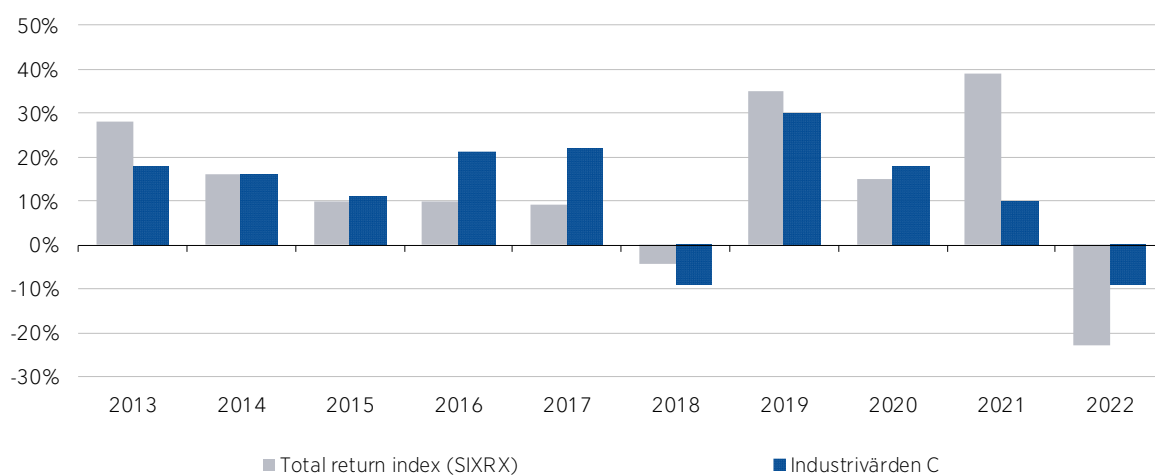
Industrivärden's stock

Stock performance

The price of Industrivärden's Class A and Class C shares on December 30, 2022, was SEK 253.50 and SEK 253.00, respectively. On the last day of trading, December 30, 2021, the shares had corresponding prices of SEK 288.40 and SEK 284.10, respectively.

The total return for 2022 was -10% for the Class A shares and -9% 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 7% 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

	December 31, 2022	
	Total return	
	Industrivärden C	Index (SIXRX)
1 year	-9%	-23%
3 years	6%	7%
5 years	7%	10%
7 years	11%	10%
10 years	12%	12%

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 executive management

Karl Åberg, who has been Head of Industrivärden's Investment and Analysis Organization and a member of the company's executive management team since 2017, has been appointed Deputy CEO, Head of the Investment Organization and the Finance Function, effective January 1, 2023. In connection with this, Sofie Arkelid, who has been working in Industrivärden since 2016, has been appointed Finance Manager and co-opted member of Industrivärden's executive management team.

Nominating committee's recommendation for Board of Directors

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

The Nominating Committee's other proposals will be made public in the notice of the Annual General Meeting of AB industrivärden.

Events after the balance sheet date

No significant events have taken place after December 31, 2022.

This year-end report has been subject to review by the Company's auditors.

Stockholm, February 3, 2023

Helena Stjernholm
Chief Executive Officer

Auditor's review report

Auditor's review report of financial information in the year-end report prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed the year-end report for AB Industrivärden (publ) as of 31 December 2022 and for the period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of this year-end report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this year-end report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, February 3, 2023
Deloitte AB

Hans Warén
Authorized Public Accountant

Financial statements

Group, condensed

Income statement

SEK M	2022	2021	2022	2021
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Dividend income	-	922	5,479	8,081
Change in value of shares, etc.	19,045	14,872	-19,246	18,774
Management cost	-24	-29	-120	-127
Operating income	19,021	15,765	-13,887	26,728
Financial items	-36	-13	-90	-53
Income after financial items	18,985	15,752	-13,977	26,675
Tax	-54	-28	10	-81
Net income for the period	18,931	15,724	-13,967	26,594
Earnings per share (no dilution exists), SEK	43.83	36.41	-32.34	61.57

Statement of comprehensive income

SEK M	2022	2021	2022	2021
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net income for the period	18,931	15,724	-13,967	26,594
<i>Items that are not to be reclassified in the inc. statement:</i>				
Actuarial gains and losses on pensions	-22	18	-22	18
Comprehensive income for the period	18,909	15,742	-13,989	26,612

Balance sheet

SEK M	2022	2021
	Dec 31	Dec 31
Tangible fixed assets	14	18
Equities	133,832	149,955
Total non-current assets	133,846	149,973
Current financial receivables	36	41
Other current receivables	79	41
Cash and cash equivalents	795	697
Total current assets	910	779
Total assets	134,756	150,752
Shareholders' equity	126,180	143,079
Non-current financial liabilities	6,500	5,504
Provisions for pensions	4	14
Deferred tax liability	134	164
Other non-current liabilities	48	103
Total non-current liabilities	6,686	5,785
Current financial liabilities	1,682	1,720
Other current liabilities	208	168
Total current liabilities	1,890	1,888
Total shareholders' equity and liabilities	134,756	150,752

Group, condensed (cont.)

Change in shareholders' equity

SEK M	2022	2021
	Jan - Dec	Jan - Dec
Opening shareholders' equity as per balance sheet	143,079	120,976
Net income for the period	-13,967	26,594
Other comprehensive income	-22	18
Transaction in own shares	-	-922
Cancelation of shares	-	0
Bond issue	-	0
Dividend to shareholders	-2,915	-3,590
Share savings program	5	3
Closing shareholders' equity as per balance sheet	126,180	143,079

Cash flow

SEK M	2022	2021
	Jan - Dec	Jan - Dec
Dividend received	5,479	7,159
Management cost paid	-132	-137
Other	-111	-34
Cash flow from operating activities	5,237	6,988
Purchases of shares	-3,184	-4,263
Sales of shares	-	2,004
Cash flow from investing activities	-3,184	-2,258
Loans raised	2,498	2,489
Amortization of debt	-1,538	-3,056
Change in financial investments	1	125
Dividend paid	-2,915	-3,590
Cash flow from financing activities	-1,955	-4,033
Cash flow for the period	98	697
Cash and cash equivalents at end of period	795	697

Parent Company, condensed

Income statement

SEK M	2022	2021
	Jan - Dec	Jan - Dec
Operating income	-13,633	17,547
Income after financial items	-13,739	17,495
Income for the period	-13,739	17,495
Comprehensive income for the period	-13,761	17,513

Balance sheet

SEK M	2022	2021
	Dec 31	Dec 31
Non-current assets	81,319	95,831
Current assets	221	41
Total assets	81,540	95,872
Shareholders' equity	71,299	87,970
Non-current liabilities	6,552	5,621
Current liabilities	3,689	2,281
Total shareholders' equity and liabilities	81,540	95,872

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

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 December 31, 2022, would have affected the portfolio’s market value by approximately +/- SEK 1,300 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

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.

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. The information was submitted for publication, through the agency of the named Head of Corporate Communications and Sustainability, at 2:30 p.m. CET on February 3, 2023.

