

Year-End Report 2021

January 1–December 31, 2021

- Net asset value on December 31, 2021, was SEK 143.5 billion, or SEK 332 per share, an increase during the year of SEK 53 per share. Including reinvested dividend, net asset value increased by 22%. On February 9, 2022, net asset value was SEK 329 per share.
- The total return for 2021 was 8% for the Class A shares and 10% for the Class C shares, compared with 39% for the Stockholm Stock Exchange's total return index (SIXRX).
- Earnings per share were SEK 61.57.
- During 2021, shares were purchased in Sandvik for SEK 2.5 billion, in Volvo for SEK 0.8 billion, in Handelsbanken for SEK 0.5 billion and in Essity SEK 0.5 billion. Furthermore, the entire shareholding in SSAB was divested for SEK 2.0 billion.
- The debt-equities ratio as per December 31, 2021, was 4%.
- During the year a distribution in kind was received from Handelsbanken in the form of Industrivärden Class A shares, which were subsequently canceled pursuant to a resolution by an Extraordinary General Meeting.
- The Board of Directors proposes an ordinary dividend of SEK 6.75 per share (6.25).

Value performance

Average annual change as per December 31, 2021

	Net asset value*	Total return	
		Industrivärden C	Index (SIXRX)
1 year	22%	10%	39%
3 years	21%	19%	29%
5 years	14%	13%	18%
7 years	14%	14%	15%
10 years	15%	17%	17%

* Including reinvested dividend.

CEO's message

2021 was largely characterized by continued measures to deal with the coronavirus pandemic and the strong economic recovery. From a real economy perspective, the easing of restrictions combined with major stimulus packages created conditions for strong demand. On the supply side, however, there were significant disruptions in global supply chains, resulting in a shortage of semiconductors, rising prices for input goods and energy, a shortage of labor and higher transport costs, among other things.

A strong economic recovery combined with continued low interest rates and a shortage of attractive investment alternatives lent support to the stock market. However, discussions about inflation expectations and rising interest rates increased toward the end of the year, which contributed to increased volatility. For the full year 2021 the Stockholm Stock Exchange's broad index (OMXSPI) rose 35%.

Despite a challenging year, our portfolio companies performed very well. By continuously adapting their operations to rapidly changed conditions, they managed the sharp decline at the start of the pandemic as well as the strong recovery phase. Parallel with this, the portfolio companies worked to transform their businesses over the long term to meet trends such as digitalization and growing demands for sustainable solutions. All-in-all it can be said that the portfolio companies' operational and financial performance were good during a, in many ways, challenging year.

As per December 31, 2021, Industrivärden's net asset value amounted to SEK 143.5 billion, or SEK 332 per share. This represents an increase of 22% including reinvested dividend. However, Industrivärden's stock had weaker performance as a result of an increased discount to net asset value and a weaker relative return. We believe, however, that our portfolio companies have good value potential, which combined with Industrivärden's financial and structural strength position creates a solid foundation to continue generating a long-term attractive return with balanced risk.

Ultimately, Industrivärden's active ownership is about the strategic activities and step changes that are carried out in our portfolio companies. During 2021 the companies took a number of measures to further develop and strengthen their operations. This involves everything from focusing on businesses that have potential for sustainable growth and good profitability to transforming and adapting operations to changed conditions while at the same time advancing their positions. In Industrivärden's Annual Report, which will be published on February 24, 2022, I will describe these development steps in more detail and highlight the importance of an integrated sustainability perspective.

For several years we have had a dividend policy that aims to create a positive net balance of dividends before investments. During the past year the net of dividends received and paid out amounted to just over three and a half billion kronor. We have thereby once again generated significant investment capacity for future value creation. In 2021 we invested more than four billion kronor in Sandvik, Volvo, Handelsbanken and Essity. In addition, we sold our remaining shareholding in SSAB for two billion kronor. The Board of Directors proposes that the 2022 Annual General Meeting vote in favor of an ordinary dividend of SEK 6.75 per share (6.25).

The start of 2022 has been characterized by greater uncertainty regarding the macroeconomic climate and security policy situation. We nevertheless believe that our portfolio companies are well equipped to carry out the ongoing transitions and address future challenges.

In closing I want to welcome the approximately 90,000 new shareholders we have received through Handelsbanken's distribution in kind of Industrivärden shares. It is my conviction that with our quality portfolio companies and well developed ownership model, we can create value for our shareholders over time.

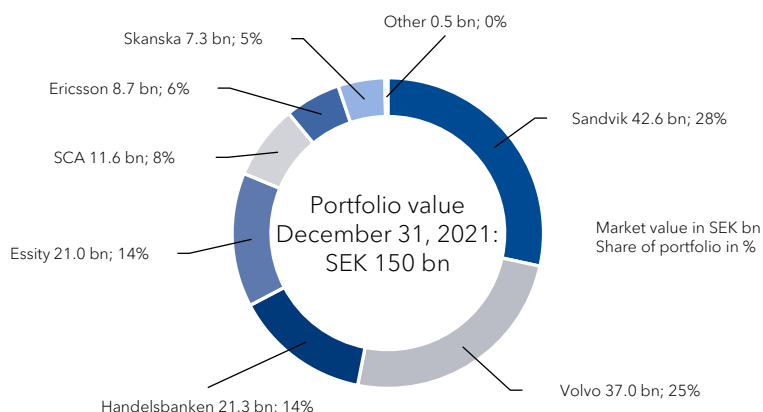
Helena Stjernholm
Chief Executive Officer

Overview

Equity portfolio

The equity portfolio is made up of large shareholdings in seven portfolio companies with strong market positions and a good value potential, in which Industrivärden exercises long-term active ownership.

A significant share of the equity portfolio is exposed to the industrial equipment, commercial vehicles, banking and consumer products sectors.



Composition of the equity portfolio and net asset value

Portfolio companies	December 31, 2021						2021	
	No. of shares	Share of ownership, %		Market value		Share of value, %	Total return, holdings	
		Capital	Votes	SEK M	SEK/share		SEK M	%
Sandvik	168,700,000	13.4	13.4	42,614	99	28	9,639	30
Volvo A	166,600,000	8.6	27.7	35,419	86	25	7,180	22
Volvo B	7,600,000			1,593				
Handelsbanken A	217,200,000	11.0	11.1	21,255	49	14	5,032	29
Essity A	33,257,000	10.1	29.5	9,844	49	14	2,485	13
Essity B	37,600,000			11,107				
SCA A	33,785,290	10.3	29.3	5,453	27	8	1,276	12
SCA B	38,300,000			6,157				
Ericsson A	86,052,615	2.6	15.1	8,622	20	6	-283	-3
Ericsson B	1,000,000			100				
Skanska A	12,667,500	7.4	24.3	2,967	17	5	1,077	16
Skanska B	18,500,000			4,333				
Other				491	1	0	743	
Equity portfolio				149,955	347	100	27,149	21
Net debt				-6,500	-15			
Net asset value				143,455	332			
Debt-equities ratio				4%				

Industrivärden is a listed holding company that contributes to long-term development and value creation of its portfolio companies through active ownership. Operations are based on a concentrated portfolio of listed Swedish companies with strong market positions and good value potential. By contributing to the portfolio companies' operational and strategic development, Industrivärden creates long-term shareholder value with balanced risk.

For further information, visit www.industrivarden.net

Performance

Net asset value

Net asset value on December 31, 2021, was SEK 143.5 billion, or SEK 332 per share, an increase of SEK 53 per share during 2021. Including reinvested dividend, net asset value increased by 22%. The total return index (SIXRX) increased by 39% during the same period.

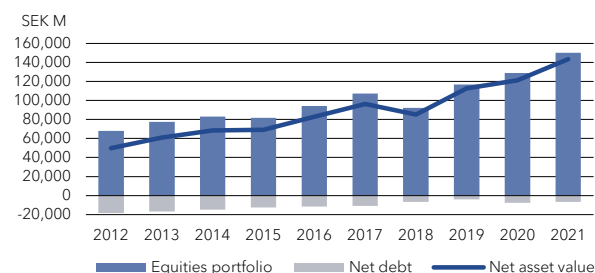
On February 9, 2022, net asset value was SEK 329 per share.

During the last three-, five- and ten-year periods, net asset value grew annually by 21%, 14% and 15%, respectively, including reinvested dividend. The total return index (SIXRX) increased by 29%, 18% and 17%, respectively, during the same periods.

Net asset value

	2021		2020	
	Dec 31	SEK/share	Dec 31	SEK/share
Equities portfolio	150.0	347	128.9	296
Net debt	-6.5	-15	-7.7	-18
Net asset value	143.5	332	121.2	279

Growth in net asset value, 10 years



Equity portfolio

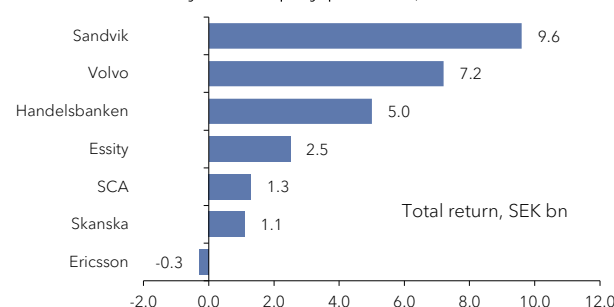
During 2021 the value of the equity portfolio, adjusted for purchases and sales, increased by SEK 18.8 billion. On December 31, 2021, the equity portfolio was worth SEK 150.0 billion, or SEK 347 per share.

On May 10, 2021, the entire shareholding in SSAB of 44,334,933 Class A shares was divested for SEK 45.53 per share, corresponding to total proceeds of SEK 2.0 billion.

The largest contributors in value in Industrivärden's equity portfolio during the period were Sandvik with SEK 9.6 billion, Volvo with SEK 7.2 billion and Handelsbanken with SEK 5.0 billion. All portfolio companies showed a lower total return than the total return index (SIXRX), as shown in the table on page 3.

The total returns for the shareholdings, for the last three-year period are shown in the table to the right.

Contribution analysis of equity portfolio, 12M:2021



Performance of portfolio companies, 3 years

Class of shares	Annual average total return, %
SCA B	34
SCA A	33
Volvo A	30
Volvo B	29
Total return index (SIXRX)	29
Sandvik	28
Skanska B	22
Essity B	13
Essity A	13
Ericsson A	11
Ericsson B	10
Handelsbanken A	5

Cash flow

Investment activities

During 2021 shares were purchased in Sandvik for SEK 2,484 M, in Volvo B for SEK 808 M, in Handelsbanken A for SEK 489 M and in Essity B for SEK 482 M. Furthermore, the whole shareholding in SSAB A was divested for SEK 2 004 M.

Dividend paid out 2021

The Annual General Meeting on April 21, 2021, voted in favor of the Boards' proposal to pay out an ordinary dividend of SEK 6.25 per share (0.00) and an extra dividend of SEK 2.00 per share. Total dividend paid out amounted to SEK 3,590 M (0).

Dividends received

During 2021, dividends received amounted to SEK 8,081 M (657), of which SEK 922 M attributable to the distribution in kind received from Handelsbanken. The transaction has not affected the consolidated cash flow.

Board of Directors' dividend proposal 2022

The Board of Directors proposes an ordinary dividend of SEK 6.75 per share (6.25) for the 2021 financial year, with April 25, 2022, as the record date. In total, the proposed dividend amounts to SEK 2,915 M.

Management cost

The management cost during 2021 was SEK 127 M (130), which on a yearly basis corresponds to 0.08% (0.10) of the equity portfolio's value on December 31, 2021.

Financing

Net debt

The net debt amounted to SEK 6.5 billion (7.7) on December 31, 2021. The debt-equities ratio was 4% (6), and the equity ratio was 95% (94). The debt-equities ratio is calculated as net debt in relation to the market value of the equity portfolio.

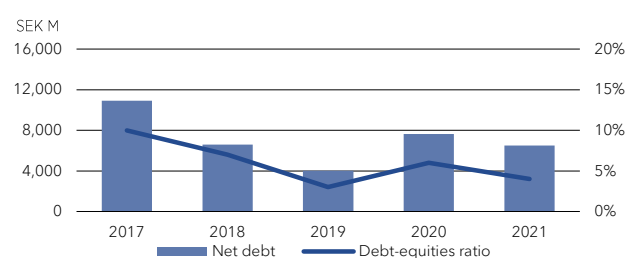
Within the framework of the existing MTN program, during the first quarter 2021 a new bond of SEK 1.5 billion was issued with a five-year maturity. In addition, during the third quarter a bond of SEK 1.0 billion was issued with a maturity of 30 months. The loans pertain mainly to refinancing of matured MTNs and commercial papers. The terms of the loans are available on the Company's website.

No part of Industrivärden's borrowings is conditional upon any covenants.

Net debt

	2021 Dec 31	2020 Dec 31
Non-current financial liabilities	5,504	4,507
Current financial liabilities	1,720	3,269
Pensions provisions	14	42
Total liabilities	7,238	7,818
Less:		
Current financial receivables	-41	-164
Cash and cash equivalents	-697	0
Total net debt	6,500	7,654

Development of Debt-equity ratio, 5 years



Credit rating

S&P Global Ratings has assigned Industrivärden a credit rating of A+/Stable/A-1. The rating was confirmed on May 27, 2021.

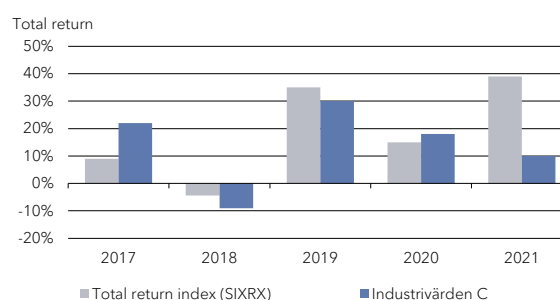
Industrivärden share data

Share performance

The market prices for Industrivärden's Class A and C shares on December 31, 2021, were SEK 288.40 and SEK 284.10, respectively. The corresponding prices on December 31, 2020, were SEK 274.20 and SEK 265.50, respectively.

The total return during the year 2021 was 8% for the Class A shares and 10% for the Class C shares. The Stockholm Stock Exchange's total return index (SIXRX) was 39% during the same period. The total returns for longer periods of time are shown in the table on page 1 and for specific years in the chart below.

Value performance for respective years



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 2021, 3,005,151 shares were converted.

An Extraordinary General Meeting in AB Industrivärden decided on November 23, 2021, to decrease the share capital through a cancellation of the 3,310,769 Industrivärden Class A shares received through Handelsbanken's distribution in kind. In conjunction with the cancellation a bond issue, without issuing new shares, was performed to restore the share capital which increased the shares quota value from SEK 2.50 to SEK 2.52 per share. At the end of the year, no own shares were held within the group.

Share structure as per December 31, 2021

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	260,795,864	260,795,864	60.4	93.8
C (1/10 vote)	171,103,244	17,110,324	39.6	6.2
Total	431,899,108	277,906,188	100.0	100.0

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34.16A appear not only in the financial statements and their accompanying notes but 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's financial statements have been prepared in accordance with RFR 2 – Accounting for Legal Entities, and the Swedish Annual Accounts Act. New or amended IFRSs and IFRIC interpretations have not had any material effect on the Group's or Parent Company's earnings or financial position.

The received distribution in kind, of Industrivärden Class A shares, from Handelsbanken has been determined to constitute a return on the investment in Handelsbanken. The distribution in kind, which has been equated to dividends from other investments, is presented as a dividend income in the consolidated income statement. Hence, this affects APMs based on the income statement. Since the group cannot account for the value of own shares, consolidated equity has been reduced by an equal amount.

Risks and uncertainties

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a change in value caused by changes in share prices. A 1% change in the share price of the holdings in the equity portfolio as per December 31, 2021, would have affected its market value by approximately +/- SEK 1,500 M. Further information about risks and uncertainties is provided in the 2020 Annual Report.

Impact of COVID-19-pandemic

During the ongoing COVID-19-pandemic, Industrivärden's operations have been managed without major disruptions. The company has continued low debt level and a good financial position.

The portfolio companies' have been impacted in various ways and successively taken measures to deal with the situation.

Related party transactions

No significant related party transactions occurred during the period.

Events after the balance sheet date

No significant events have occurred after December 31, 2021.

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, Lars Pettersson and Helena Stjernholm, and new election of Katarina Martinson. Annika Lundius has declined re-election. In addition, Fredrik Lundberg is proposed for re-election as Chairman of the Board.

Katarina Martinson was born in 1981 and has a M.Sc. from the Stockholm School of Economics. With a background as an analyst, she now works with asset management for the Lundberg family. Katarina Martinson is Chair of the board of Indutrade and board member of L E Lundbergföretagen, L E Lundberg Kapitalförvaltning, Fastighets AB L E Lundberg, Förvaltnings AB Lunden, Fidelio Capital and Husqvarna.

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

This year-end report has been reviewed by the company's auditors.

Stockholm, February 10, 2022

Helena Stjernholm
Chief Executive Officer

Auditor's review report

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

Introduction

We have reviewed the interim report for AB Industrivärden (publ) as of 31 December 2021 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 interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and apply-

ing 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 interim 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 10, 2022
Deloitte AB

Hans Warén
Authorized Public Accountant

Financial statements

Group, condensed

Income Statement

SEK M	2021 Oct.-Dec.	2020 Oct.-Dec.	2021 Jan.-Dec.	2020 Jan.-Dec.
Dividend income	922	592	8,081	657
Change in fair value of financial assets etc	14,872	8,355	18,774	8,008
Management costs	-29	-33	-127	-130
Operating income	15,765	8,914	26,728	8,535
Financial items	-13	-14	-53	-48
Income after financial items	15,752	8,900	26,675	8,487
Tax	-28	-32	-81	-47
Net income for the period	15,724	8,868	26,594	8,440
Earnings per share (there is no dilution effect), SEK	36.41	20.53	61.57	19.54
STATEMENT OF COMPREHENSIVE INCOME				
Net income for the period	15,724	8,868	26,594	8,440
Items that are not to be reversed in the inc. statement				
Actuarial gains and losses on pensions	18	0	18	0
Comprehensive income for the period	15,742	8,868	26,612	8,440

Balance Sheet

SEK M	2021 Dec 31	2020 Dec 31
Equities	149,955	128,893
Non-current tangible assets	18	21
Total non-current assets	149,973	128,914
Cash and cash equivalents	697	0
Current financial receivables	41	164
Other current receivables	41	32
Total current assets	779	196
Total assets	150,752	129,110
Shareholders' equity	143,079	120,976
Non-current financial liabilities	5,504	4,507
Pensions provisions	14	42
Other non-current liabilities	267	213
Total non-current liabilities	5,785	4,762
Current financial liabilities	1,720	3,269
Other current liabilities	168	103
Total current liabilities	1,888	3,372
Total shareholders' equity and liabilities	150,752	129,110

Group, condensed (cont.)

Shareholders' Equity

SEK M	2021	2020
	Jan.-Dec.	Jan.-Dec.
Opening shareholders' equity as per balance sheet	120,976	112,528
Net income for the period	26,594	8,440
Other comprehensive income	18	0
Transaction in own shares*	-922	-
Cancellation of shares	0	-
Bond issue	0	-
Dividend	-3,590	-
Share-savings programme	3	8
Closing shareholders' equity as per balance sheet	143,079	120,976

* Refers to extraordinary dividend from Handelsbanken of Industrivärden Class A shares

Cash Flow

SEK M	2021	2020
	Jan.-Dec.	Jan.-Dec.
Dividends received	7,159	657
Other	-171	-166
Cash flow from operating activities	6,988	491
Acquisitions of shares	-4,263	-4,311
Divestments of shares	2,004	205
Cash flow from investing activities	-2,258	-4,106
Borrowings	2,489	4,375
Repayment of loans	-3,056	-816
Dividend paid	-3,590	-
Other	125	-
Cash flow from financing activities	-4,033	3,559
Cash flow for the period	697	-56
Cash and cash equivalents at end of period	697	0

Net Debt

SEK M	2021	2020
	Dec 31	Dec 31
Cash and cash equivalents	697	0
Current financial receivables	41	164
Non-current financial liabilities	5,504	4,507
Current financial liabilities	1,720	3,269
Pensions provisions	14	42
Net debt	6,500	7,654

Fair value measurement of financial instruments

In accordance with IFRS 13, financial instruments are measured at fair value according to a three-level hierarchy. Classification is based on input data that is used in measuring the instruments. Instruments in Level 1 are valued according to quoted prices for identical instruments in an active market. Instruments in Level 2 are measured in a valuation model which uses input data that are directly or indirectly observable in the market. Instruments in Level 3 are measured using a valuation technique based on input data that are not observable in a market. The valuation technique that has been used for the financial instruments under level 3 is based on net assets in each respective subsidiary at fair value. No changes have been made between levels compared with the preceding year.

December 31 2021	Level 1	Level 2	Level 3	Total
Assets				
Equities	149,464	-	491	149,955
Total assets	149,464	-	491	149,955
Liabilities				
Derivatives, etc.	-	103	-	103
Total liabilities	-	103	-	103

Parent Company, condensed

Income Statement

	2021	2020
SEK M	Jan.-Dec.	Jan.-Dec.
Operating income	17,547	10,457
Income after financial items	17,495	10,409
Income for the period	17,495	10,409
Comprehensive income for the period	17,513	10,409

Balance Sheet

	2021	2020
SEK M	Dec 31	Dec 31
Non-current assets	95,831	82,138
Current assets	41	156
Total assets	95,872	82,294
Shareholders' equity	87,970	74,044
Non-current liabilities	5,621	4,622
Current liabilities	2,281	3,628
Total shareholders' equity and liabilities	95,872	82,294

Alternative Performance Measures and definitions

This report includes financial key ratios that are based on IFRS (earnings per share). In addition, other key ratios (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 equity portfolio (Portfolio value)

The value of the equity portfolio, based on market prices on the balance sheet date.

Earnings per share

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

Net debt

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

Debt-equities ratio

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

Equity ratio

Shareholders' equity as a share of total assets.

Net asset value

The market value of the equity 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 recalculated to consider the performance of the listed 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 considering 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, shareholding

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

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 sales price of 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

Reporting

All interim reports, annual reports and press releases annual reports and more are available on Industrivärden's website, www.industrivarden.net.

Financial calendar

Annual report 2021: February 24, 2022

Interim report January-March: April 7, 2022

Annual General Meeting: April 21, 2022

Interim report January-June: July 7, 2022

Interim report January-September: October 6, 2022

Contact persons

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Ticker codes, Class C shares

INDUC:SS in Bloomberg

INDUc.ST in Reuters

INDU C in NASDAQ OMX

Publication

This information is such that AB Industrivärden is required to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the Head of Corporate Communication and Sustainability stated above, at 3:30 p.m. CET on February 10, 2022.

