

# Interim Report

January 1 – March 31, 2022

- Net asset value on March 31, 2022, was SEK 123.5 billion, or SEK 286 per share, a decrease during the first quarter of SEK 46 per share. Including reinvested dividend, net asset value decreased by 14%.
- The total return for the first three months of 2022 was -7% for the Class A shares, as well as for the Class C shares, compared with -14% for the Stockholm Stock Exchange's total return index (SIXRX).
- During the first quarter of 2022, shares were purchased in Volvo for SEK 0.8 billion, in Essity for SEK 0.2 billion and in Handelsbanken for SEK 0.2 billion.

	<b>2022</b>	2021	2021
	<b>March 31</b>	March 31	Dec 31
Net asset value, SEK M	123,547	139,576	143,455
Net asset value per share, SEK	286	321	332
Share price Industrivärden C, SEK	263.90	306.40	284.10
Debt-equities ratio, %	4%	4%	4%

	<b>2022</b>	2021	2021
	<b>Jan - March</b>	Jan - March	Jan - Dec
SEK M			
Earnings per share, SEK	-45.88	42.25	61.57
Dividend income	2,018	1,720	8,081
Dividend paid	-	-	3,590
<i>Equities portfolio:</i>			
Purchases	1,173	501	4,263
Sales	-	-	2,004

# CEO's message

The beginning of 2022 was characterized by Russia's invasion of Ukraine and its effects. We are witnessing an enormous human tragedy for millions of people who live in or have fled from Ukraine. It is now important to work in various ways to support the people and communities in need, and to try to bring an end to this war.

As a result of the outbreak of the war in Ukraine, several of the trends that could be noticed already in 2021 accelerated and we saw sharply increased energy and commodity prices, supply shortages for certain commodities and components, various types of logistics problems and higher inflation and rising interest rates. In addition, the situation that has arisen has caused substantial geopolitical uncertainty. In summary, these factors have been reflected in falling stock market prices and lower valuations, and during the first quarter of 2022 the Stockholm Stock Exchange fell by a full 14%.

As a consequence of the falling share prices, Industrivärden's net asset value decreased to SEK 123.5 billion, which corresponds to a decrease of 14% during the first quarter, including reinvested dividend. Industrivärden's Class A and C shares generated total returns of -7%, compared with -14% for the total return index. During the first three months of the year, we increased investments in a few of our portfolio companies through purchases of shares for approximately SEK 1.2 billion.

Our portfolio companies are active in various sectors and markets, which is why the changed situation in the world is affecting them in different ways. On the whole, the portfolio companies have limited exposure to Russia and Ukraine, but the situation that has arisen and the subsequent macroeconomic effects affect the portfolio companies both directly and indirectly, and they work determinately to limit the negative effects in the best possible way.

Industrivärden's Annual General Meeting will be held on April 21. Owing to Covid-19, the AGM will be held through a postal voting procedure with support of the temporary legal rules that apply in 2022. Postal voting forms and other customary documents for the AGM are available on our website. Ahead of the AGM the Board of Directors has recommended that the AGM resolve in favor of a dividend of SEK 6.75 per share.

During recent years our portfolio companies have made a determined effort to strengthen their balance sheets and their operational and financial flexibility, which has put them in a good position to deal with various types of challenges in a time of greater uncertainty. This strengthened resilience will over time benefit the portfolio companies as well as Industrivärden.

*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.



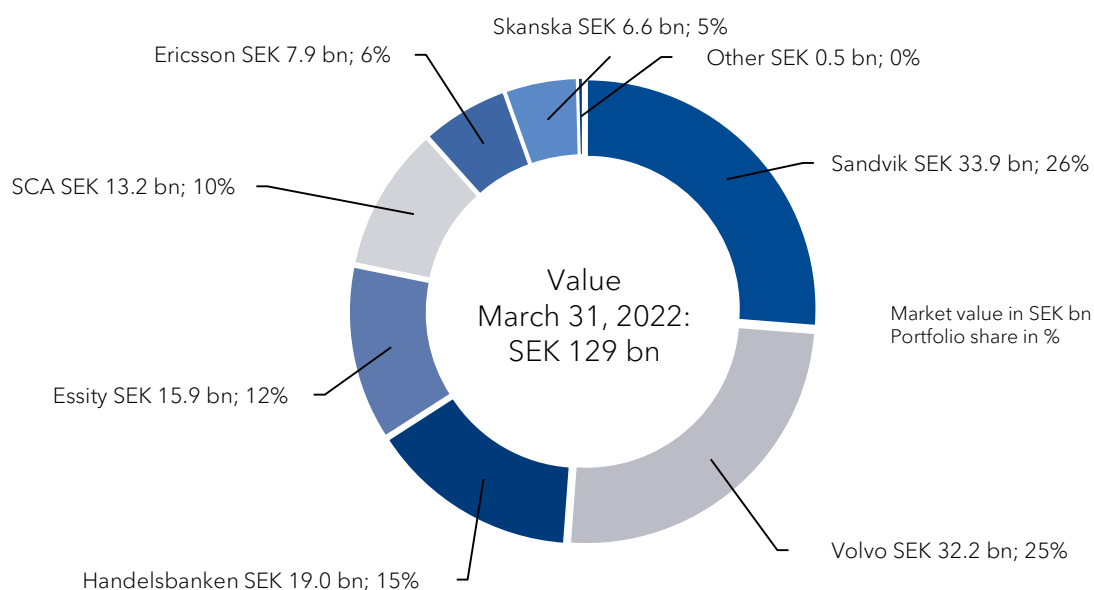
# The period in brief

During the first three months of 2022 the value of the equities portfolio decreased by SEK 21.9 billion, adjusted for purchases and sales. On March 31, 2022, the market value of the equities portfolio was SEK 129.3 billion, or SEK 299 per share.

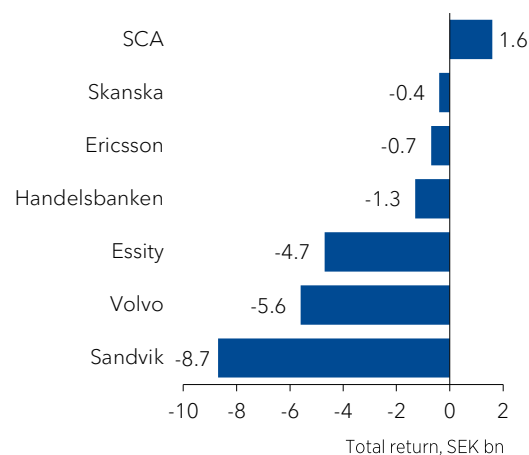
During the period, shares in portfolio companies were purchased for a total of SEK 1,173 M, of which in Volvo for SEK 794 M, in Essity for SEK 199 M and in Handelsbanken for SEK 181 M. During the first three months of the year, dividend income from the equities portfolio amounted to SEK 2,018 M.

Most of the holdings in the equities portfolio, 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 chart below.

Composition of equities portfolio



Contribution analysis  
January 1 – March 31



Value performance  
January 1 – March 31



# Financial overview

For balance sheet items, the figures in parentheses pertain to the value as per 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.

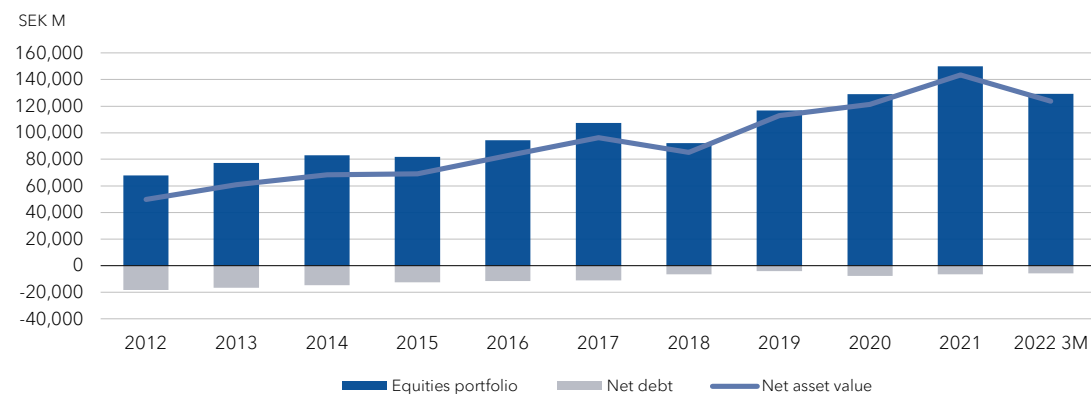
## Net asset value

Net asset value consists of the market value of the equities portfolio less net debt. Net asset value on March 31, 2022, was SEK 123.5 billion (143.5), or SEK 286 per share (332), a decrease of SEK 46 per share during the first three months. Including reinvested dividend, net asset value decreased by 14%.

Holdings	March 31, 2022					
	No. of shares	Share of ownership, %		Market value		Share of value
		Capital	Votes	SEK M	SEK/share	%
Sandvik	168,700,000	13.4	13.4	33,909	79	26
Volvo A	166,600,000	8.8	27.8	30,155	75	25
Volvo B	11,600,000			2,049		
Handelsbanken A	219,200,000	11.1	11.3	19,048	44	15
Essity A	33,257,000	10.2	29.6	7,416	37	12
Essity B	38,400,000			8,532		
SCA A	33,785,290	10.3	29.3	6,162	31	10
SCA B	38,300,000			7,026		
Ericsson A	86,052,615	2.6	15.1	7,796	18	6
Ericsson B	1,000,000			86		
Skanska A	12,667,500	7.4	24.3	2,678	15	5
Skanska B	18,500,000			3,911		
Other				483	1	0
<b>Equities portfolio</b>				<b>129,252</b>	<b>299</b>	<b>100</b>
<b>Net debt</b>				<b>-5,705</b>	<b>-13</b>	
<b>Net asset value</b>				<b>123,547</b>	<b>286</b>	
<b>Debt-equities ratio</b>				<b>4%</b>		

During the last ten-year period, net asset value has increased from SEK 48.0 billion on March 31, 2012, to SEK 123.5 billion on March 31, 2022, corresponding to an average annual growth of 12% including reinvested dividend.

Net asset value over time



Industrivärden's long-term objective is to increase net asset value and thereby generate a return for Industrivärden's shareholders that exceeds the market's required rate of return.

Average annual growth of 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

	March 31, 2022	
	Net asset value*	Total return Index (SIXRX)
2022, 3 months	-14%	-14%
1 year	-9%	5%
3 years	9%	18%
5 years	8%	13%
7 years	9%	11%
10 years	12%	14%

\* Including reinvested dividend

### Performance of equities portfolio

During the first three months of 2022, the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 21,876 M, or 15%. Net purchases amounted to SEK 1,173 M.

Change in value, purchases and sales, dividend income

SEK M	March 31, 2022	Jan - March 2022		
Holdings	Market value	Change in value	Purchase (+) / sales (-)	Dividend
Sandvik	33,909	-8,705	-	-
Volvo	32,203	-5,603	794	-
Handelsbanken	19,048	-2,387	181	1,096
Essity	15,949	-5,201	199	502
SCA	13,189	1,579	-	-
Ericsson	7,883	-840	-	109
Skanska	6,589	-711	-	312
Other	483	-8	-	-
<b>Total</b>	<b>129,252</b>	<b>-21,876</b>	<b>1,173</b>	<b>2,018</b>

### Dividends received

During the first quarter 2022, dividend income from Handelsbanken, Essity, Ericsson and Skanska amounted to SEK 2,018 M (1,720). Dividend payments received during the first quarter amounted to SEK 1,598 M, of which from Handelsbanken SEK 1,096 M and from Essity SEK 502 M. Dividends decided on for which payment has not yet been received are recognized as receivables on the balance sheet.

### Investment activities

During the first three months, shares were purchased for a total of SEK 1,173 M (501), of which in Volvo B for SEK 794 M, in Essity B for SEK 199 M and in Handelsbanken A for SEK 181 M.

## Management cost

During the first three months of 2022, the management cost amounted to SEK 33 M (33), which on a yearly basis corresponds to 0.10% (0.09%) of the equities portfolio's value on March 31, 2022.

## Financing

Net debt amounted to SEK 5.7 billion (6.5) on March 31, 2022, corresponding to a debt-equities ratio of 4% (4%).

The debt portfolio consists primarily of MTN loans and commercial paper. The average tenor of the debt portfolio was 32 months as per March 31, 2022. During the first quarter of 2022, two new bonds of SEK 0.5 billion and SEK 1.0 billion, respectively, were issued within the framework of the existing MTN program. The loans pertain mainly to refinancing and have tenors of two and a half years and five years, respectively. The 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

	2022	2021	2021
SEK M	March 31	March 31	Dec 31
Non-current financial liabilities	5,503	4,506	5,504
Current financial liabilities	2,153	3,806	1,720
Provisions for pensions	7	35	14
Current financial receivables	-460	-888	-41
Cash and cash equivalents	-1,498	-964	-697
<b>Total</b>	<b>5,705</b>	<b>6,495</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 123,265 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 the first three months of 2022, 1,690 shares were converted.

Share structure as per March 31, 2022

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	260,794,174	260,794,174	60.4	93.8
C (1/10 vote)	171,104,934	17,110,493	39.6	6.2
<b>Total</b>	<b>431,899,108</b>	<b>277,904,667</b>	<b>100.0</b>	<b>100.0</b>

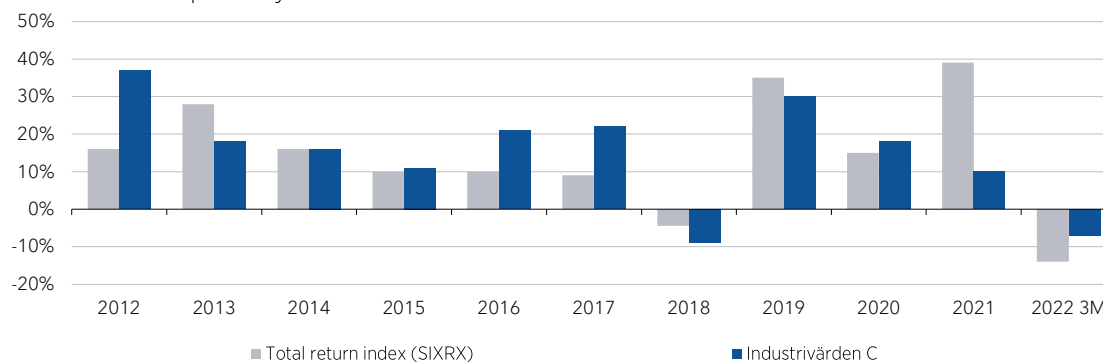
# Industrivärden's stock

## Stock performance

The price of Industrivärden's Class A and Class C shares on March 31, 2022, was SEK 268.80 and SEK 263.90, respectively. On December 31, 2021, the shares had corresponding prices of SEK 288.40 and SEK 284.10, respectively.

The total return during the first three months of 2022 was -7% for the Class A shares, as well as for the Class C shares.

Total return for respective years



During the last five- and ten-year period, the total return for the Class C shares was 9% and 14% 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

	March 31, 2022	
	Total return	
	Industrivärden C	Index (SIXRX)
2022, 3 months	-7%	-14%
1 year	-12%	5%
3 years	13%	18%
5 years	9%	13%
7 years	10%	11%
10 years	14%	14%

# Other

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

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

## **Annual General Meeting and dividend**

The 2022 Annual General Meeting (AGM) will be held on April 21. Due to covid-19, the Board of Directors has decided that the Annual General Meeting is to be held only through postal voting in accordance with temporary legislation being in effect in 2022. This means that the AGM will be conducted without the physical presence of shareholders, representatives or external parties. Shareholders will only be able to exercise their voting rights by postal voting in advance of the AGM in the manner described in the AGM notice.

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

Further disclosures and information about the AGM, including the Board's and Nominating Committee's complete proposals, are available on Industrivärden's website.

*This interim report has not been reviewed by the Company's auditors.*

Stockholm, April 7, 2022

Helena Stjernholm  
Chief Executive Officer



# Financial statements

## Group, condensed

### Income statement

	2022	2021	2021
SEK M	Jan - Mar	Jan - Mar	Jan - Dec
Dividend income	2,018	1,720	8,081
Change in value of shares, etc.	-21,836	16,636	18,774
Management cost	-33	-33	-127
<b>Operating income</b>	<b>-19,851</b>	<b>18,323</b>	<b>26,728</b>
Financial items	-15	-14	-53
<b>Income after financial items</b>	<b>-19,866</b>	<b>18,309</b>	<b>26,675</b>
Tax	51	-60	-81
<b>Net income for the period</b>	<b>-19,815</b>	<b>18,249</b>	<b>26,594</b>
Earnings per share (no dilution exists), SEK	-45.88	42.25	61.57

### Statement of comprehensive income

	2022	2021	2021
SEK M	Jan - Mar	Jan - Mar	Jan - Dec
Net income for the period	-19,815	18,249	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>-19,815</b>	<b>18,249</b>	<b>26,612</b>

### Balance sheet

	2022	2021	2021
SEK M	March 31	March 31	Dec 31
Tangible fixed assets	17	20	18
Equities	129,252	146,071	149,955
Total non-current assets	129,269	146,091	149,973
Current financial receivables	460	888	41
Other current receivables	30	44	41
Cash and cash equivalents	1,498	964	697
Total current assets	1,988	1,896	779
<b>Total assets</b>	<b>131,257</b>	<b>147,987</b>	<b>150,752</b>
Shareholders' equity	123,265	139,225	143,079
Non-current financial liabilities	5,503	4,506	5,504
Provisions for pensions	7	35	14
Deferred tax liability	113	200	164
Other non-current liabilities	63	114	103
Total non-current liabilities	5,686	4,855	5,785
Current financial liabilities	2,153	3,806	1,720
Other current liabilities	153	101	168
Total current liabilities	2,306	3,907	1,888
<b>Total shareholders' equity and liabilities</b>	<b>131,257</b>	<b>147,987</b>	<b>150,752</b>

## Group, condensed (cont.)

### Change in shareholders' equity

SEK M	2022	2021	2021
	Jan - March	Jan - March	Jan - Dec
Opening shareholders' equity as per balance sheet	143,079	120,976	120,976
Net income for the period	-19,815	18,249	26,594
Other comprehensive income	-	-	18
Transaction in own shares	-	-	-922
Cancellation of shares	-	-	0
Bond issue	-	-	0
Dividend to shareholders	-	-	-3,590
Share savings program	1	0	3
<b>Closing shareholders' equity as per balance sheet</b>	<b>123,265</b>	<b>139,225</b>	<b>143,079</b>

### Cash flow

SEK M	2022	2021	2021
	Jan - March	Jan - March	Jan - Dec
Dividend received	1,598	870	7,159
Management cost paid	-30	-39	-137
Other	-24	-17	-34
<b>Cash flow from operating activities</b>	<b>1,544</b>	<b>814</b>	<b>6,988</b>
Purchases of shares	-1,173	-501	-4,263
Sales of shares	-	-	2,004
<b>Cash flow from investing activities</b>	<b>-1,173</b>	<b>-501</b>	<b>-2,258</b>
Loans raised	1,999	1,789	2,489
Amortization of debt	-1,568	-1,263	-3,056
Change in financial investments	-	125	125
Dividend paid	-	-	-3,590
<b>Cash flow from financing activities</b>	<b>431</b>	<b>651</b>	<b>-4,033</b>
Cash flow for the period	801	964	697
<b>Cash and cash equivalents at end of period</b>	<b>1,498</b>	<b>964</b>	<b>697</b>

## Parent Company, condensed

### Income statement

SEK M	2022	2021	2021
	Jan - March	Jan - March	Jan - Dec
Operating income	-15,183	12,805	17,547
Income after financial items	-15,197	12,792	17,495
<b>Income for the period</b>	<b>-15,197</b>	<b>12,792</b>	<b>17,495</b>
<b>Comprehensive income for the period</b>	<b>-15,197</b>	<b>12,792</b>	<b>17,513</b>

### Balance sheet

SEK M	2022	2021	2021
	March 31	March 31	Dec 31
Non-current assets	81,014	95,134	95,831
Current assets	449	425	41
<b>Total assets</b>	<b>81,463</b>	<b>95,559</b>	<b>95,872</b>
Shareholders' equity	72,774	86,836	87,970
Non-current liabilities	5,573	4,655	5,621
Current liabilities	3,116	4,068	2,281
<b>Total shareholders' equity and liabilities</b>	<b>81,463</b>	<b>95,559</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.

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	March 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Assets</i>								
Equities	128,769	-	483	129,252	149,464	-	491	149,955
<b>Total assets</b>	<b>128,769</b>	<b>-</b>	<b>483</b>	<b>129,252</b>	<b>149,464</b>	<b>-</b>	<b>491</b>	<b>149,955</b>
<i>Liabilities</i>								
Derivatives, etc.	-	65	-	65	-	103	-	103
<b>Total liabilities</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>65</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 as per March 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.

# 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 equities portfolio**

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

## **Market's required rate of return**

Risk-free interest (return on a government bond) plus a risk premium (excess return to compensate for the higher risk in an equity investment).

## **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.

## **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 General Meeting: April 21, 2022

Interim report Jan - June: July 7, 2022

Interim report Jan - Sept: October 6, 2022

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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 Head of Corporate Communications and Sustainability named above, at 10 a.m. CEST on April 7, 2022.

