

Interim Report

January 1 – June 30, 2022

- Net asset value on June 30, 2022, was SEK 113.6 billion, or SEK 263 per share, a decrease during the first half-year of SEK 69 per share. Including reinvested dividend, net asset value decreased by 19%.
- The total return for the first six months of 2022 was -18% for the Class A shares as well as the Class C shares, compared with -28% for the Stockholm Stock Exchange's total return index (SIXRX).
- During the first half-year of 2022, shares were purchased for a total of SEK 1.9 billion, of which in Volvo for SEK 1.0 billion, in Sandvik for SEK 0.3 billion, in Essity for SEK 0.2 billion, in Handelsbanken for SEK 0.2 billion and in Skanska for SEK 0.2 billion.

	2022	2021	2021
	June 30	June 30	Dec 31
Net asset value, SEK M	113,637	135,398	143,455
Net asset value per share, SEK	263	311	332
Share price Industrivärden C, SEK	227.50	313.20	284.10
Debt-equities ratio, %	5%	3%	4%

	2022	2021	2021
	Jan - June	Jan - June	Jan - Dec
SEK M			
Earnings per share, SEK	-61.90	40.89	61.57
Dividend income	5,370	7,072	8,081
Dividend paid	2,915	3,590	3,590
<i>Equities portfolio:</i>			
Purchases	1,886	2,283	4,263
Sales	-	2,004	2,004

CEO's message

The overall situation in the world shifted dramatically during the first half of 2022, and the macroeconomic conditions that we have lived with for many years have changed. Following a long period of low interest rates, significant stimulus measures and good economic growth, inflation as well as interest rates rose sharply during the first part of the year. The central banks' measures to fight inflation through interest rate hikes and reduced stimulus measures are expected to dampen demand over time and thereby slow economic growth.

In connection with Russia's invasion of Ukraine, several of the challenges that companies have faced with in recent years have increased. Sharply higher energy and commodity prices along with a shortage of input goods and labor have led to limited supply and put focus on companies' ability to carry out price increases. This, combined with the geopolitical development, has prompted many companies to review their supply chains. On the whole, we are now living in a time of elevated uncertainty in many areas.

The stock market has been strongly affected by the development in the world around us, and the Stockholm Stock Exchange's total return decreased by a full 28% during the first half of the year. As a consequence of falling stock prices, Industrivärden's net asset value decreased by 19%, including reinvested dividend, to SEK 114 billion.

An important part of our strategy is to use part of our cash flow to create investment capacity over time, which enables continuous investments in the portfolio companies. During the past half-year we have invested 1.9 billion in Volvo, Sandvik, Essity, Handelsbanken and Skanska, and seen over the last five-year period we have invested approximately SEK 15 billion, net, in our current portfolio companies.

Given the uncertain situation in the world around us, it is comforting to note that Industrivärden's portfolio companies have proven business models and strong market positions, and that they have good operational and financial flexibility. The companies have successfully taken various measures to deal with the current challenges but have also maintained their focus on a more long-term perspective in terms of, for instance, targeted development and innovation work. It is a good starting point for future value creation.

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.



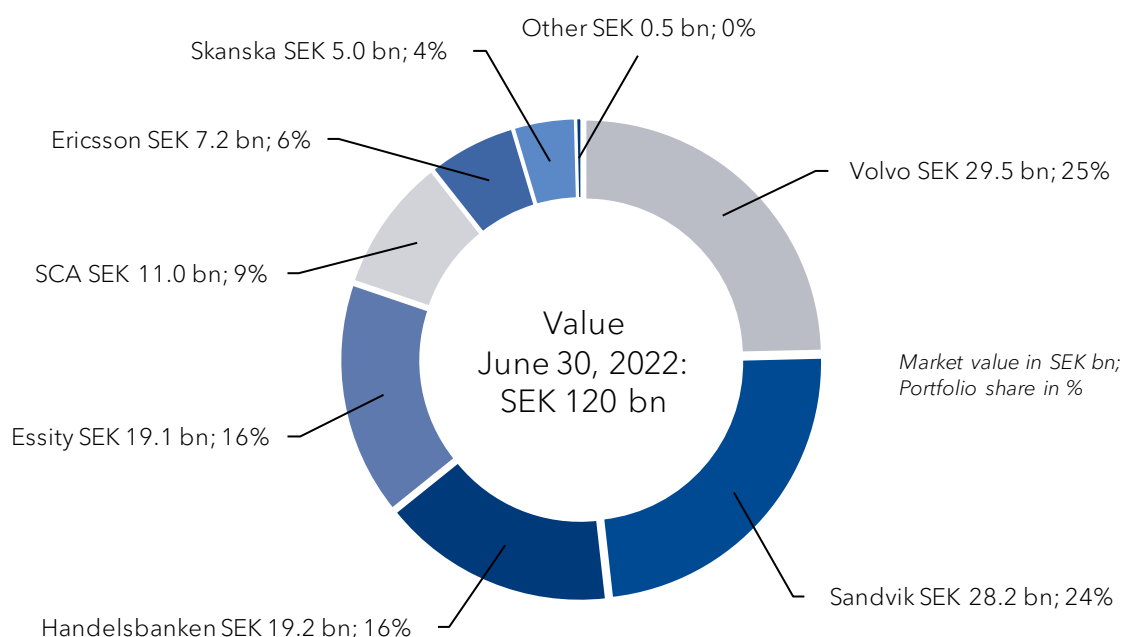
The period in brief

During the first six months of 2022 the value of the equities portfolio decreased by SEK 32.1 billion, adjusted for purchases and sales. On June 30, 2022, the market value of the equities portfolio was SEK 119.7 billion, or SEK 277 per share.

During the period January 1 until June 30, 2022, shares in portfolio companies were purchased for a total of SEK 1,886 M, of which in Volvo for SEK 1,043 M, in Sandvik for SEK 290 M, in Essity for SEK 199 M, in Handelsbanken for SEK 181 M and in Skanska for SEK 174 M. During the first six months of the year, dividend income from the equities portfolio amounted to SEK 5,370 M.

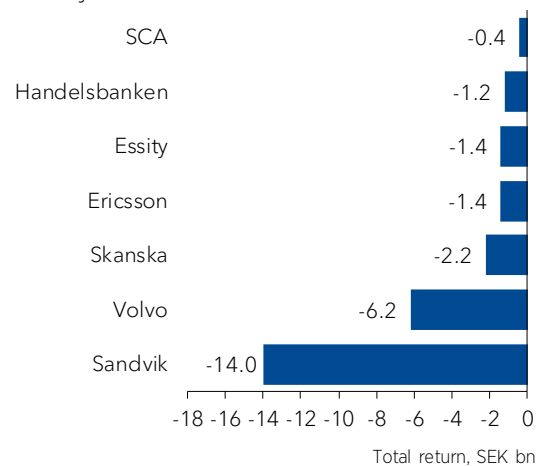
The equities portfolio have, like the Stockholm Stock Exchange as a whole, developed negatively during the period. The performance of the respective portfolio companies in the equities portfolio is shown in the contribution analysis below.

Composition of equities portfolio



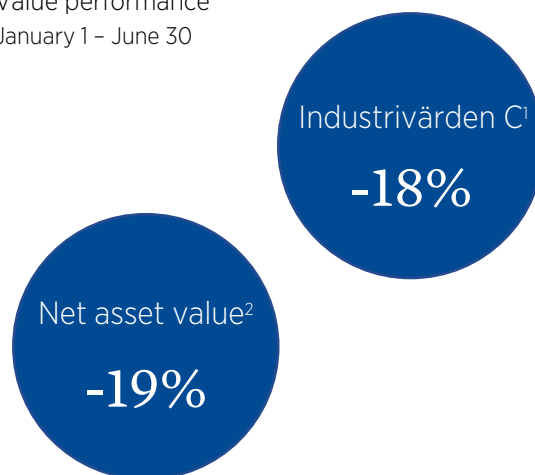
Contribution analysis

January 1 – June 30



Value performance

January 1 – June 30



1) Total return

2) Including reinvested dividend

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.

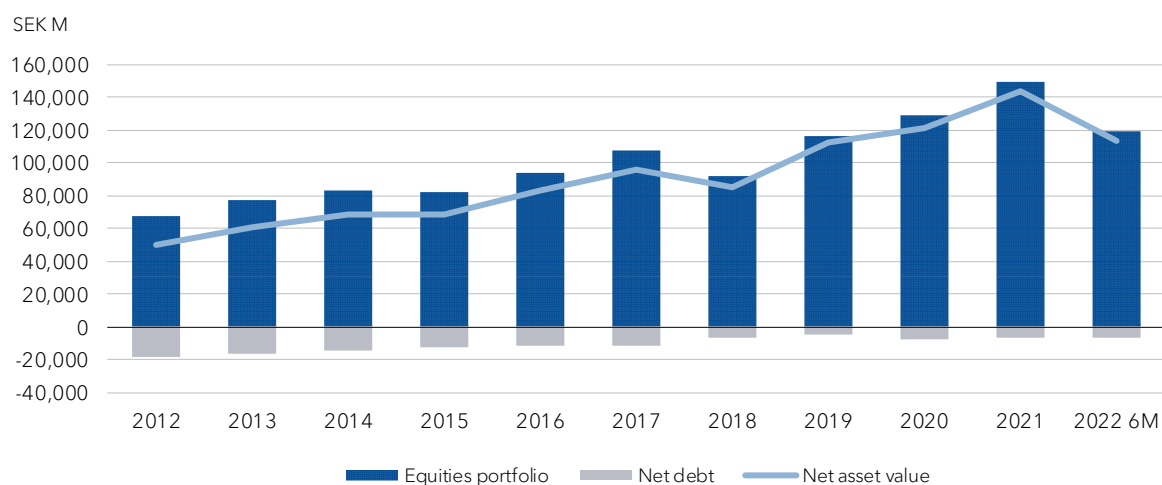
Net asset value

The net asset value consists of the market value of the equities portfolio less net debt. On June 30, 2022, the net asset value was SEK 113.6 billion (143.5), or SEK 263 per share (332), a decrease of SEK 69 per share during the first six months. Including reinvested dividend, net asset value decreased by 19%.

Holdings	June 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	27,422	68	25
Volvo B	13,100,000			2,075		
Sandvik	170,200,000	13.6	13.6	28,228	65	24
Handelsbanken A	219,200,000	11.1	11.3	19,162	44	16
Essity A	33,257,000	10.2	29.6	8,863	44	16
Essity B	38,400,000			10,257		
SCA A	33,785,290	10.3	29.3	5,142	25	9
SCA B	38,300,000			5,852		
Ericsson A	86,052,615	2.6	15.1	7,125	17	6
Ericsson B	1,000,000			76		
Skanska A	12,667,500	7.7	24.5	1,986	12	4
Skanska B	19,500,000			3,058		
Other				468	1	0
Equities portfolio				119,715	277	100
Net debt				-6,078	-14	
Net asset value				113,637	263	
Debt-equities ratio				5%		

During the last ten-year period, net asset value has increased from SEK 43.7 billion on June 30, 2012, to SEK 113.6 billion on June 30, 2022, corresponding to an average annual growth of 11% including reinvested dividend. The chart below illustrates the net asset value for respective years as well as for the period ending on June 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

	June 30, 2022	
	Net asset value*	Total return Index (SIXRX)
2022, 6 months	-19%	-28%
1 year	-14%	-18%
3 years	5%	9%
5 years	6%	8%
7 years	8%	9%
10 years	11%	12%

* Including reinvested dividend

Performance of equities portfolio

During the first six months of 2022, the value of the equities portfolio, adjusted for purchases and sales, decreased by SEK 32,126 M, or 21%. Net purchases amounted to SEK 1,886 M.

Change in value, purchases and sales, dividend income

SEK M	June 30, 2022	January - June 2022		
Holdings	Market value	Change in value	Purchase (+) / sales (-)	Dividend
Volvo	29,497	-8,558	1,043	2,317
Sandvik	28,228	-14,676	290	801
Handelsbanken	19,162	-2,273	181	1,096
Essity	19,120	-2,030	199	502
SCA	10,994	-615	-	234
Ericsson	7,201	-1,521	-	109
Skanska	5,044	-2,430	174	312
Other	468	-23	-	-
Total	119,715	-32,126	1,886	5,370

Dividends received

During the first half-year of 2022, dividend income from the holdings amounted to a total of SEK 5,370 M (7,072).

Investment activities

During the first six months, shares were purchased for a total of SEK 1,886 M (2,283), of which in Volvo B for SEK 1,043 M, in Sandvik for SEK 290 M, in Essity B for SEK 199 M, in Handelsbanken A for SEK 181 M and in Skanska B for SEK 174 M.

Management cost

During the first half-year of 2022, the management cost amounted to SEK 70 M (70), which on a yearly basis corresponds to 0.12% (0.10%) of the equities portfolio's value on June 30, 2022.

Financing

The net debt amounted to SEK 6,078 M (6,500) on June 30, 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 was 31 months as per June 30, 2022. During the first half-year 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

SEK M	2022 June 30	2021 June 30	2021 Dec 31
Non-current financial liabilities	5,501	4,505	5,504
Current financial liabilities	1,650	2,695	1,720
Provisions for pensions	0	28	14
Current financial receivables	-38	-1,657	-41
Cash and cash equivalents	-1,035	-1,021	-697
Total	6,078	4,550	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 113,433 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 six months of 2022, 2,030 shares were converted.

Share structure as per June 30, 2022

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	260,793,834	260,793,834	60.4	93.8
C (1/10 vote)	171,105,274	17,110,527	39.6	6.2
Total	431,899,108	277,904,361	100.0	100.0

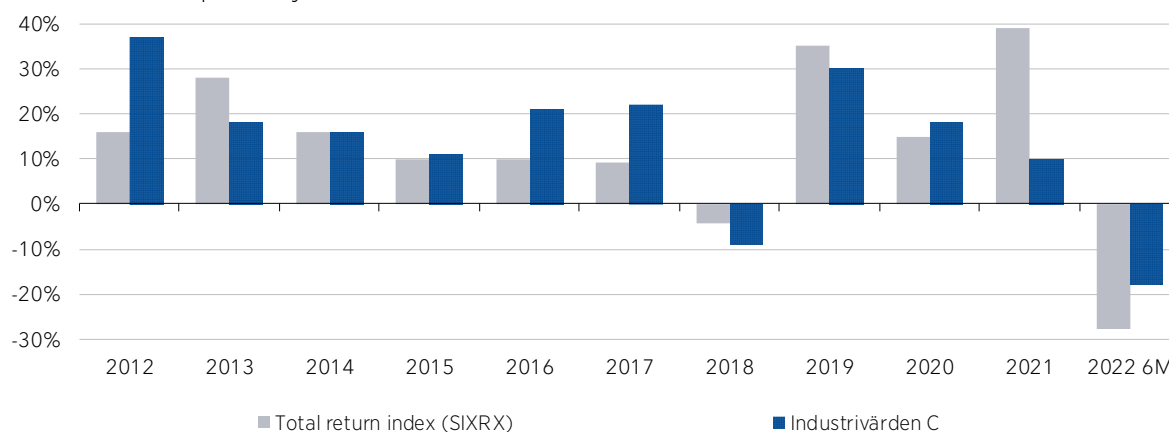
Industrivärden's stock

Stock performance

The price of Industrivärden's Class A and Class C shares on June 30, 2022, was SEK 230.20 and SEK 227.50, 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 six months of 2022 was -18% for the Class A shares as well as 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 5% and 13% 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

	June 30, 2022	
	Total return	
	Industrivärden C	Index (SIXRX)
2022, 6 months	-18%	-28%
1 year	-25%	-18%
3 years	5%	9%
5 years	5%	8%
7 years	8%	9%
10 years	13%	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 during the first half-year. Industrivärden, however, has no direct exposure to Ukraine or Russia, and thus the impact on its operations is limited to indirect effects.

Annual General Meeting

The 2022 Annual General Meeting (AGM) was held on April 21. Due to covid-19, the Board of Directors had decided that the Annual General Meeting was to be held only through postal voting in accordance with temporary legislation being in effect in 2022.

- The AGM voted in favor of the proposal to pay an ordinary dividend of SEK 6.75 per share.
- Pär Boman, Christian Caspar, Marika Fredriksson, Bengt Kjell, Fredrik Lundberg, Lars Pettersson and Helena Stjernholm were re-elected as directors. Katarina Martinson was elected as a new director. Annika Lundius, who had declined re-election, left the Board in connection with the AGM. In addition, Fredrik Lundberg was re-elected as Chairman of the Board.
- The AGM voted on directors' fees in accordance with the Nominating Committee's proposal.
- The AGM resolved to re-elect Deloitte AB as the auditing firm for a term until the end of the 2023 AGM.
- The AGM approved the Board of Directors' report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.
- The AGM voted in favor of the Board of Directors' proposal for a long-term share savings program for employees of Industrivärden.

Events after the balance sheet date

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

This interim report has been reviewed by the Company's auditors.

Board's assurance

The Board of Directors and CEO certify that the half-year interim report gives a true and fair presentation of the Parent Company's and Group's business, financial position and result of operations, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, July 7, 2022
AB Industrivärden (publ)

Fredrik Lundberg
Chairman

Pär Boman
Vice Chairman

Christian Caspar
Director

Marika Fredriksson
Director

Bengt Kjell
Director

Katarina Martinson
Director

Lars Pettersson
Director

Helena Stjernholm
CEO and Director

Review report

Introduction

We have reviewed the interim report for AB Industrivärden (publ) as of 30 June 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 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 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 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, July 7, 2022
Deloitte AB

Hans Warén
Authorized Public Accountant

Financial statements

Group, condensed

Income statement

SEK M	2022	2021	2022	2021	2021
	Apr - June	Apr - June	Jan - June	Jan - June	Jan - Dec
Dividend income	3,352	5,352	5,370	7,072	8,081
Change in value of shares, etc.	-10,230	-5,878	-32,066	10,758	18,774
Management cost	-37	-37	-70	-70	-127
Operating income	-6,915	-563	-26,766	17,760	26,728
Financial items	-15	-12	-30	-26	-53
Income after financial items	-6,930	-575	-26,796	17,734	26,675
Tax	12	-14	63	-74	-81
Net income for the period	-6,918	-589	-26,733	17,660	26,594
Earnings per share (no dilution exists), SEK	-16.02	-1.36	-61.90	40.89	61.57

Statement of comprehensive income

SEK M	2022	2021	2022	2021	2021
	Apr - June	Apr - June	Jan - June	Jan - June	Jan - Dec
Net income for the period	-6,918	-589	-26,733	17,660	26,594
<i>Items that are not to be reclassified in the inc. statement:</i>					
Actuarial gains and losses on pensions	-	-	-	-	18
Comprehensive income for the period	-6,918	-589	-26,733	17,660	26,612

Balance sheet

SEK M	2022	2021	2021
	June 30	June 30	Dec 31
Tangible fixed assets	16	19	18
Equities	119,715	139,948	149,955
Total non-current assets	119,731	139,967	149,973
Current financial receivables	38	1,657	41
Other current receivables	84	39	41
Cash and cash equivalents	1,035	1,021	697
Total current assets	1,157	2,717	779
Total assets	120,888	142,684	150,752
Shareholders' equity	113,433	135,047	143,079
Non-current financial liabilities	5,501	4,505	5,504
Provisions for pensions	0	28	14
Deferred tax liability	85	156	164
Other non-current liabilities	41	91	103
Total non-current liabilities	5,627	4,780	5,785
Current financial liabilities	1,650	2,695	1,720
Other current liabilities	178	162	168
Total current liabilities	1,828	2,857	1,888
Total shareholders' equity and liabilities	120,888	142,684	150,752

Group, condensed (cont.)

Change in shareholders' equity

SEK M	2022	2021	2021
	Jan - June	Jan - June	Jan - Dec
Opening shareholders' equity as per balance sheet	143,079	120,976	120,976
Net income for the period	-26,733	17,660	26,594
Other comprehensive income	-	-	18
Transaction in own shares	-	-	-922
Cancellation of shares	-	-	0
Bond issue	-	-	0
Dividend to shareholders	-2,915	-3,590	-3,590
Share savings program	2	1	3
Closing shareholders' equity as per balance sheet	113,433	135,047	143,079

Cash flow

SEK M	2022	2021	2021
	Jan - June	Jan - June	Jan - Dec
Dividend received	5,370	5,455	7,159
Management cost paid	-74	-76	-137
Other	-84	-25	-34
Cash flow from operating activities	5,212	5,354	6,988
Purchases of shares	-1,886	-2,283	-4,263
Sales of shares	-	2,004	2,004
Cash flow from investing activities	-1,886	-279	-2,258
Loans raised	1,499	1,489	2,489
Amortization of debt	-1,572	-2,078	-3,056
Change in financial investments	-	125	125
Dividend paid	-2,915	-3,590	-3,590
Cash flow from financing activities	-2,988	-4,054	-4,033
Cash flow for the period	338	1,021	697
Cash and cash equivalents at end of period	1,035	1,021	697

Parent Company, condensed

Income statement

SEK M	2022	2021	2021
	Jan - June	Jan - June	Jan - Dec
Operating income	-23,353	12,136	17,547
Income after financial items	-23,384	12,110	17,495
Income for the period	-23,384	12,110	17,495
Comprehensive income for the period	-23,384	12,110	17,513

Balance sheet

SEK M	2022	2021	2021
	June 30	June 30	Dec 31
Non-current assets	70,538	88,653	95,831
Current assets	1,024	1,597	41
Total assets	71,562	90,250	95,872
Shareholders' equity	61,673	82,565	87,970
Non-current liabilities	5,542	4,624	5,621
Current liabilities	4,347	3,061	2,281
Total shareholders' equity and liabilities	71,562	90,250	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.

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	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Assets</i>								
Equities	119,247	-	468	119,715	149,464	-	491	149,955
Total assets	119,247	-	468	119,715	149,464	-	491	149,955
<i>Liabilities</i>								
Derivatives, etc.	-	42	-	42	-	103	-	103
Total liabilities	-	42	-	42	-	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 as per June 30, 2022, would have affected the portfolio’s market value by approximately +/- SEK 1,200 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.

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

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.

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 July 7, 2022.

