

Interim Report

January 1 – June 30, 2023

- Net asset value on June 30, 2023, was SEK 136.8 billion, or SEK 317 per share. During the first half-year, net asset value increased by 8%, corresponding to SEK 24 per share.
- The total return for the period was 21% for the Class A shares and 20% for the Class C shares, compared with 11% for the Stockholm Stock Exchange's total return index (SIXRX).
- During the first half-year of 2023, shares were purchased for a total of SEK 1.1 billion, of which SEK 0.4 billion in Sandvik, SEK 0.3 billion in Handelsbanken, SEK 0.2 billion in SCA and SEK 0.2 billion in Volvo.

	2023 June 30	2022 June 30	2022 Dec 31
Net asset value, SEK M	136,785	113,637	126,477
Net asset value per share, SEK	317	263	293
Share price Industrivärden C, SEK	297.20	227.50	253.00
Debt-equities ratio	4%	5%	5%

SEK M	2023 Jan – June	2022 Jan – June	2022 Jan – Dec
Earnings per share, SEK	30.98	-61.90	-32.34
Dividend income	6,300	5,370	5,479
Dividend paid	3,131	2,915	2,915
<i>Equities portfolio:</i>			
Purchases	1,098	1,886	3,184
Sales	–	–	–

Financial overview

For balance sheet items, figures in parentheses pertain to the value on December 31, 2022. For income statement and cash flow items, figures in parentheses pertain to the value for the corresponding period in the preceding year.

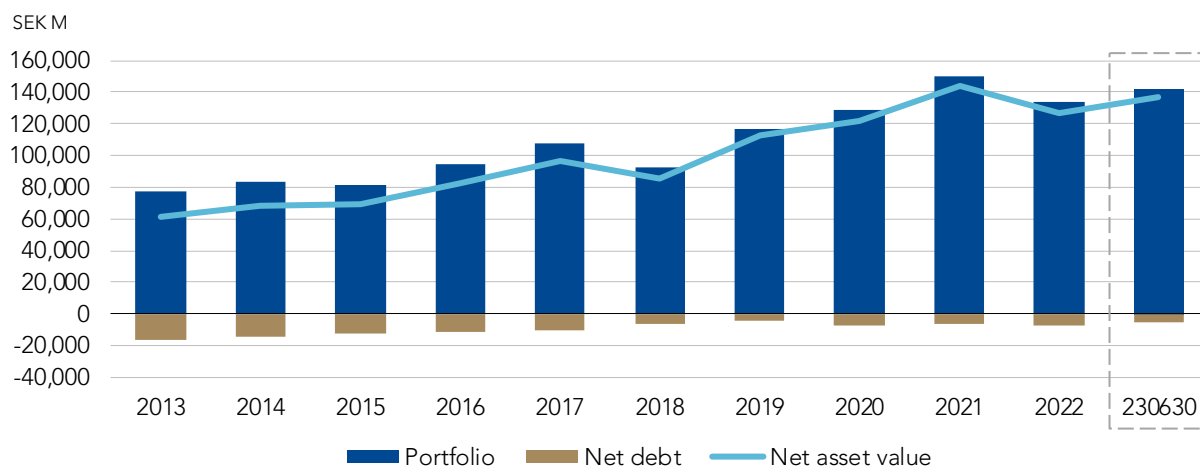
Net asset value

Net asset value consists of the market value of the equities portfolio less net debt. On June 30, 2023, net asset value was SEK 136.8 billion (126.5) or SEK 317 per share (293), an increase of SEK 24 per share during the first half-year.

Holdings	June 30, 2023					
	No. of shares	Share of ownership, %		Market value		Share of value
		Capital	Votes	SEK M	SEK/share	%
Volvo A	166,600,000			38,251		
Volvo B	15,600,000	9.0	27.8	3,479	97	29
Sandvik	173,200,000	13.8	13.8	36,407	84	26
Essity A	33,257,000	10.2	29.6	9,528	48	14
Essity B	38,400,000			11,025		
Handelsbanken A	224,200,000	11.3	11.5	20,254	47	14
SCA A	33,785,290	10.5	29.4	4,656	23	7
SCA B	39,800,000			5,471		
Ericsson A	86,052,615	2.6	15.1	5,284	12	4
Ericsson B	1,000,000			58		
Skanska A	12,667,500	7.7	24.5	1,915	11	3
Skanska B	19,500,000			2,947		
Alleima	50,300,000	20.0	20.0	2,468	6	2
Other				499	1	0
Equities portfolio				142,241	329	100
Net debt				-5,456	-13	
Net asset value				136,785	317	
Debt-equities ratio				4%		

During the last ten-year period, net asset value increased from SEK 52.7 billion on June 30, 2013, to SEK 136.8 billion on June 30, 2023. For the last five- and ten-year periods, the average annual growth of net asset value was 7% and 10%, respectively. The chart below illustrates net asset value for the respective year-ends as well as for the period ended on June 30, 2023.

Performance over time



Performance of equities portfolio

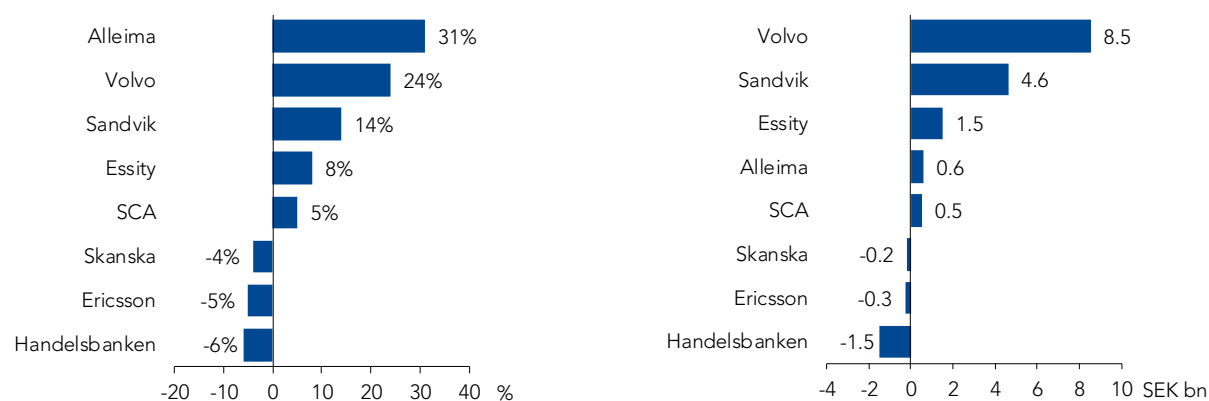
During the period, the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 7.3 billion, or 5%. On June 30, 2023, the market value of the equities portfolio was SEK 142.2 billion. Net purchases amounted to SEK 1.1 billion.

Change in value, investments, dividend income

SEK M	June 30, 2023		Jan – June 2023		Dividend
	Market value	Change in value	Purchase (+) / sales (-)		
Volvo	41,730	5,771	203	2,537	
Sandvik	36,407	3,747	405	861	
Essity	20,553	1,012	–	520	
Handelsbanken	20,254	-3,255	261	1,770	
SCA	10,126	337	228	184	
Ericsson	5,342	-398	–	118	
Skanska	4,862	-446	–	241	
Alleima	2,468	535	–	70	
Other	499	6	–	–	
Total	142,241	7,311	1,098	6,300	

Total return, holdings

January 1 – June 30



Investment activities

During the first six months of the year, shares were purchased for a total of SEK 1,098 M (1,886), of which SEK 405 M in Sandvik, SEK 261 M in Handelsbanken A, SEK 228 M in SCA B and SEK 203 M in Volvo B.

Dividends received

During the first half-year, dividend income from the holdings amounted to SEK 6,300 M (5,370).

Management cost

During the first six months of 2023, management cost amounted to SEK 64 M (70), which on a yearly basis corresponds to 0.09% (0.12%) of the equities portfolio on June 30, 2023.

Financing

Net debt amounted to SEK 5.5 billion (7.4) on June 30, 2023, corresponding to a debt-equities ratio of 4% (5%).

Industrivärden's debt financing consists primarily of MTN loans. The average tenor of the debt portfolio was 31 months (27) on June 30, 2023. During the first quarter of 2023, a new bond of SEK 0.5 billion with a tenor of three and a half years, and two bonds of SEK 0.5 billion each with tenors of five years, were issued. The loans pertain 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

	2023	2022	2022
SEK M	June 30	June 30	Dec 31
Non-current financial liabilities	7,000	5,501	6,500
Current financial liabilities	1,184	1,650	1,682
Provisions for pensions	0	0	4
Current financial receivables	-35	-38	-36
Cash and cash equivalents	-2,693	-1,035	-795
Total	5,456	6,078	7,355

Credit rating

S&P Global Ratings has assigned Industrivärden a credit rating of A+/Stable/A-1. This rating was confirmed on March 27, 2023.

Shareholders' equity

The Group's shareholders' equity at the end of the period was SEK 136,422 M (126,180), corresponding to an equity ratio of 94% (94%).

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 half-year, 402,648 shares were converted.

Share structure on June 30, 2023

Share class	No. of shares	No. of votes	Capital, %	Votes, %
A (1 vote)	260,340,877	260,340,877.0	60.3	93.8
C (1/10 vote)	171,558,231	17,155,823.1	39.7	6.2
Total	431,899,108	277,496,700.1	100.0	100.0

Industrivärden's stock

Stock performance

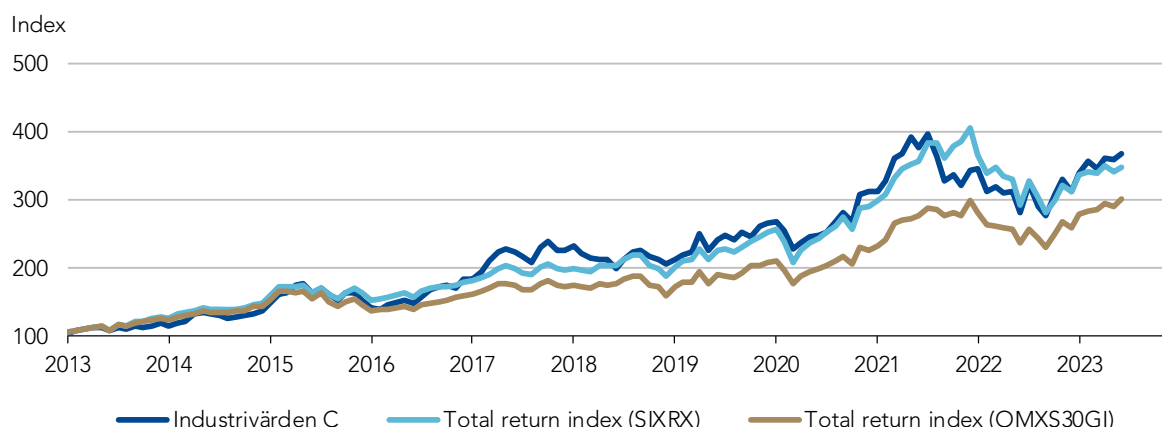
The price of Industrivärden's Class A and Class C shares on June 30, 2023, was SEK 298.80 and SEK 297.20, respectively. On the last day of trading in 2022, December 30, the corresponding share prices were SEK 253.50 and SEK 253.00, respectively.

The total return during the period was 21% for the Class A shares and 20% for the Class C shares. During the last five- and ten-year periods, the average annual total return for the Class C shares was 14% and 13%, respectively. The stock's total return, compared with the total return for the Stockholm Stock Exchange (SIXRX) and the total return for the OMXS30 (OMXS30GI), is shown in the table and charts below.

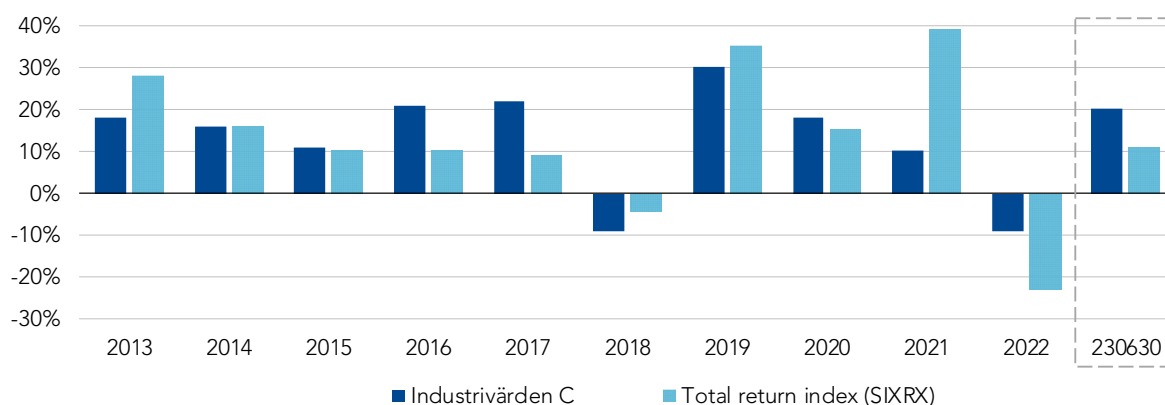
Average annual growth in value for respective period

	June 30, 2023		
	Total return		
	Industrivärden C	Index (SIXRX)	Index (OMXS30GI)
2023, 6 months	20%	11%	16%
1 year	34%	19%	27%
3 years	15%	13%	15%
5 years	14%	11%	11%
7 years	14%	12%	12%
10 years	13%	12%	11%

Total return over time



Total return for the respective year/period



Other report information

Annual General Meeting

The 2023 Annual General Meeting (AGM) was held on April 17, whereby the following decisions were made, among others:

- The AGM resolved to pay a dividend of SEK 7.25 per share.
- Pär Boman, Christian Caspar, Marika Fredriksson, Bengt Kjell, Fredrik Lundberg, Katarina Martinson, Lars Pettersson and Helena Stjernholm were re-elected as directors. In addition, Fredrik Lundberg was re-elected as Chairman of the Board.
- The AGM voted in favor of the directors' fees in accordance with the Nominating Committee's proposal.
- The AGM resolved to re-elect Deloitte AB as the auditing firm for the term until the end of the 2024 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 occurred after June 30, 2023.

This interim report has been subject to review by the Company's auditors.

Assurance

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

Stockholm, July 6, 2023
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
Chief Executive Officer
Director

Review Report

Introduction

We have reviewed the interim report for AB Industrivärden (publ) as of 30 June 2023 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 6, 2023

Deloitte AB

Hans Warén

Authorized Public Accountant

Financial statements

Group, condensed

Income statement

SEK M	2023	2022	2023	2022	2022
	April – June	April – June	Jan – June	Jan – June	Jan – Dec
Dividend income	3,468	3,352	6,300	5,370	5,479
Change in value of shares, etc.	-1,801	-10,230	7,295	-32,066	-19,246
Management cost	-32	-37	-64	-70	-120
Operating income	1,635	-6,915	13,531	-26,766	-13,887
Financial items	-32	-15	-75	-30	-90
Income after financial items	1,603	-6,930	13,456	-26,796	-13,977
Tax	-35	12	-74	63	10
Net income for the period	1,568	-6,918	13,382	-26,733	-13,967
Earnings per share (no dilution exists), SEK	3.63	-16.02	30.98	-61.90	-32.34

Statement of comprehensive income

SEK M	2023	2022	2023	2022	2022
	April – June	April – June	Jan – June	Jan – June	Jan – Dec
Net income for the period	1,568	-6,918	13,382	-26,733	-13,967
<i>Items that are not to be reclassified in the inc. statement:</i>					
Actuarial gains and losses on pensions	-8	-	-12	-	-22
Comprehensive income for the period	1,560	-6,918	13,370	-26,733	-13,989

Balance sheet

SEK M	2023	2022	2022
	June 30	June 30	Dec 31
Tangible fixed assets	12	16	14
Equities	142,241	119,715	133,832
Total non-current assets	142,253	119,731	133,846
Current financial receivables	35	38	36
Other current receivables	26	84	79
Cash and cash equivalents	2,693	1,035	795
Total current assets	2,754	1,157	910
Total assets	145,007	120,888	134,756
Shareholders' equity	136,422	113,433	126,180
Non-current financial liabilities	7,000	5,501	6,500
Provisions for pensions	0	0	4
Deferred tax liability	179	85	134
Other non-current liabilities	67	41	48
Total non-current liabilities	7,246	5,627	6,686
Current financial liabilities	1,184	1,650	1,682
Other current liabilities	155	178	208
Total current liabilities	1,339	1,828	1,890
Total shareholders' equity and liabilities	145,007	120,888	134,756

Group, condensed (continuation)

Change in shareholders' equity

SEK M	2023	2022	2022
	Jan – June	Jan – June	Jan – Dec
Opening shareholders' equity as per balance sheet	126,180	143,079	143,079
Net income for the period	13,382	-26,733	-13,967
Other comprehensive income	-12	–	-22
Total comprehensive income	13,370	-26,733	-13,989
Dividend to shareholders	-3,131	-2,915	-2,915
Share savings program	3	2	5
Closing shareholders' equity as per balance sheet	136,422	113,433	126,180

Cash flow

SEK M	2023	2022	2022
	Jan – June	Jan – June	Jan – Dec
Dividend received	6,300	5,370	5,479
Management cost paid	-87	-74	-132
Other	-88	-84	-111
Cash flow from operating activities	6,125	5,212	5,237
Purchases of shares	-1,098	-1,886	-3,184
Sales of shares	–	–	–
Cash flow from investing activities	-1,098	-1,886	-3,184
Loans raised	1,499	1,499	2,498
Amortization of debt	-1,497	-1,572	-1,538
Change in financial investments	–	–	1
Dividend paid	-3,131	-2,915	-2,915
Cash flow from financing activities	-3,129	-2,988	-1,955
Cash flow for the period	1,898	338	98
Cash and cash equivalents at end of period	2,693	1,035	795

Parent Company, condensed

Income statement

SEK M	2023	2022	2022
	Jan – June	Jan – June	Jan – Dec
Operating income	12,648	-23,353	-13,633
Income after financial items	12,521	-23,384	-13,739
Income for the period	12,521	-23,384	-13,739
Comprehensive income for the period	12,509	-23,384	-13,761

Balance sheet

SEK M	2023	2022	2022
	June 30	June 30	Dec 31
Non-current assets	90,917	70,538	81,319
Current assets	1,177	1,024	221
Total assets	92,094	71,562	81,540
Shareholders' equity	80,680	61,673	71,299
Non-current liabilities	7,067	5,542	6,552
Current liabilities	4,347	4,347	3,689
Total shareholders' equity and liabilities	92,094	71,562	81,540

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 financial position.

Received shares in Alleima during 2022 have been accounted for in the income statement under *Change in value of shares, etc.* as revenue and a corresponding cost relating to the negative change in value of Sandvik has been accounted for in the same line item.

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 occurred compared with the preceding year.

Financial instruments measured at fair value

SEK M	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Assets</i>								
Equities	141,742	–	499	142,241	133,339	–	493	133,832
Derivatives, etc.	–	0	–	0	–	–	–	–
Total assets	141,742	0	499	142,241	133,339	–	493	133,832
<i>Liabilities</i>								
Derivatives, etc.	–	67	–	67	–	49	–	49
Total liabilities	–	67	–	67	–	49	–	49

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 June 30, 2023, would have affected the portfolio's market value by approximately +/- SEK 1,400 M. Further information on risks and uncertainties is provided in the 2022 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, such as earnings per share. 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. Reconciliation of APMs is provided on Industrivärden's website.

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 period divided by the weighted average 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.

Total return, shares

Change in the share price taking into account reinvested dividends. The total return is compared with the total return for the Stockholm Stock Exchange (SIXRX) and the total return for the OMXS30 (OMXS30GI).

Total return, holdings

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 period, the change in market value consists of the difference in value between these two points in time. For shares sold during the period, the change in market value consists of the difference between the payment received for the shares and their value at the start of the period. For shares acquired during the period, the change in market value consists of the difference between the cost of the shares and their value at the end of the period.

Information

Financial calendar

Interim report Jan – Sept: 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

Additional information

Additional 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. In the event of any difference between the two versions, the Swedish version shall take precedence.

Publication

This information is such that AB Industrivärden is required to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the named Head of Corporate Communications and Sustainability, at 11:00 a.m. CEST on July 6, 2023.

Value creating active ownership

Industrivärden is a listed holding company that invests in and works long-term to develop and create value in its portfolio companies. Active ownership is exercised through sizable ownership stakes in a selection of listed companies with strong market positions, good cash flows, financial strength and clear development capacity.

